

Breathing new life into your 2020 sourcing strategy

CWT Solutions Group

RoomIt 
by CWT

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There's no better way to gain attention than declaring something is dead. Rock 'n' roll is dead. Retail is dead. Email, dead. Some would have you believe hotel sourcing is dead too.

Sourcing isn't dead, but it is **evolving**. With more access to data, technology and multiple rate types, today's sourcing approach doesn't start with a proposal and end with rate loading.

Instead, travel buyers have an opportunity to use advances in data, visualization tools, and predictive analytics to take a category management approach to supplier sourcing and relationships all year.

Dynamic hotel program management to maximize savings

Today's successful hotel programs are built on sound data. Understand your hotel spend, set strategies, source rates, implement your program, and then monitor the data to make changes as needed or to prepare for the coming year.

**Data
Consolidation**



Own
your hotel
data

**Sourcing
Strategy**



Set
priorities

**Program
Sourcing**



Build
world class
programs

**Implementation
& Distribution**



Deploy
your program

**Dynamic
Ongoing Category
Management**



**Monitor &
Identify**
opportunities

Own your hotel data and take actions

The first step in your supplier negotiation strategy is a spend analysis. The more thorough, the better.

Yet, consolidating data remains a struggle with **73% of travel buyers** surveyed by GBTA saying data reconciliation is a challenge due to differences in data formatting.*

Travel Consolidator can consolidate, clean, and analyze multiple data sources, such as agency, expense, credit card, and HR data. With hotel leakage as high as **40-50%** in many cases, data consolidation can make it much easier to understand your true spend.



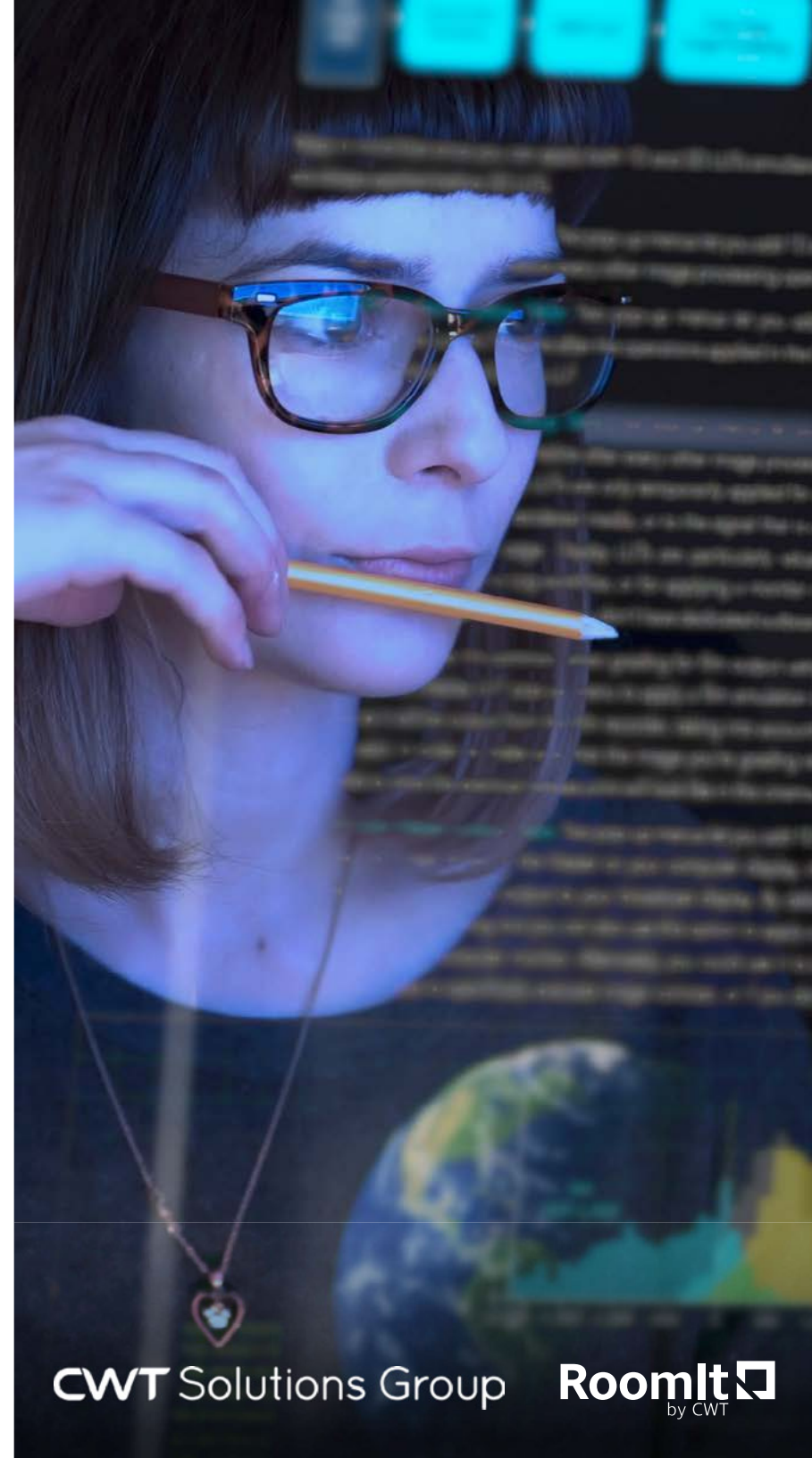
Improve
spend visibility



Reinforce your
negotiations power



Engage your
team globally



Set your priorities

Who doesn't want it all? When thinking of your travel program, you probably want savings, efficiency, increased traveler satisfaction, and more.

Unfortunately, it can be difficult to accomplish all of those goals effectively during the sourcing process. To achieve the best results, speak with your hotel partners and consultant about your program goals and measurements, so you can agree upon the best strategy.



Do you have the power?

Before investing hours negotiating with properties, wouldn't it be nice if you knew how likely you were to secure discounts that meet your expectations?

We have launched a Negotiation Power Index© with the goal of doing just that. This index considers market and client data. At a market level, we analyze supply and demand, including city occupancy rates and room inventory.

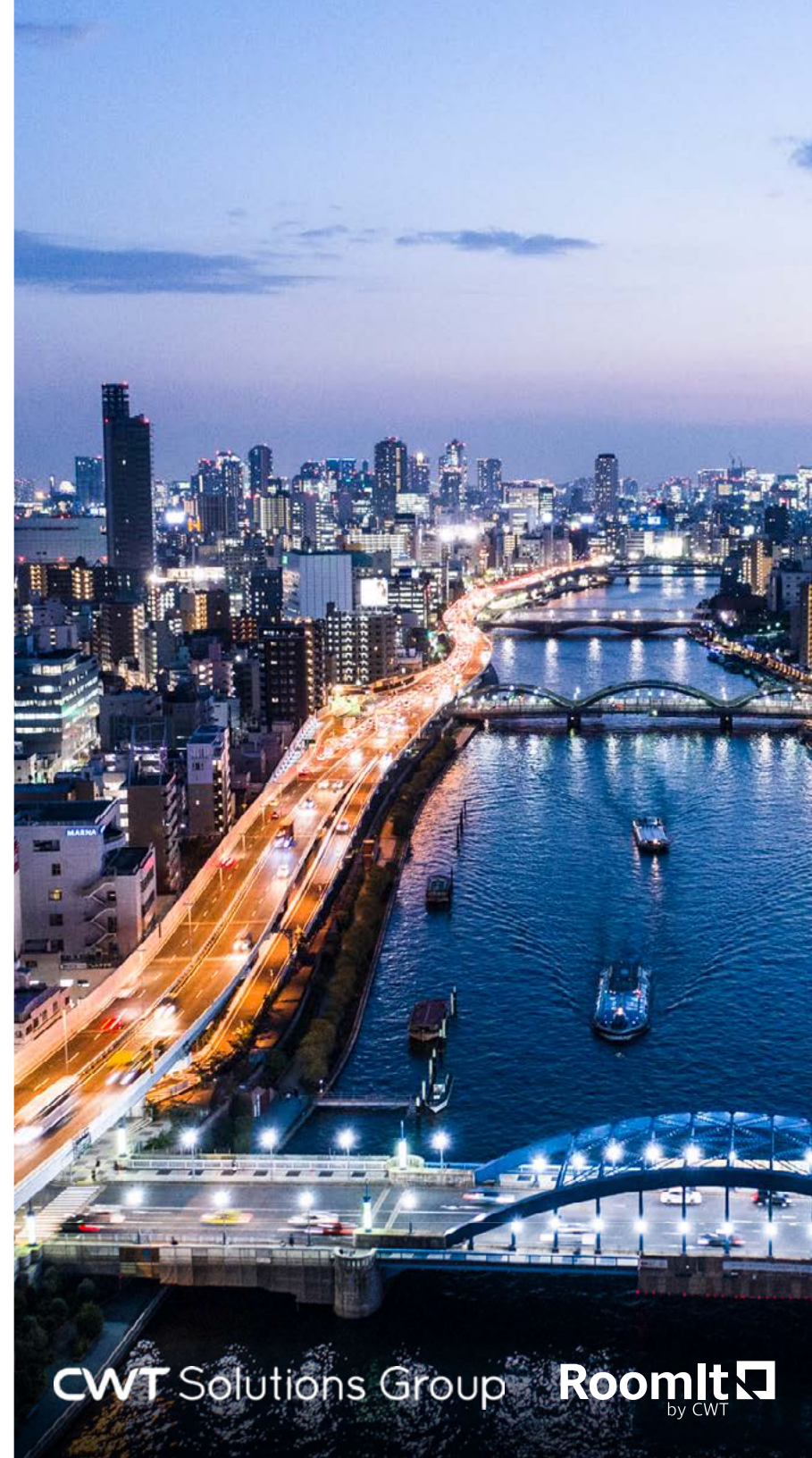
From a client perspective, we consider travel patterns, supplier usage (hotel volume, market share, etc.) and change capacity. The resulting index can further help you decide when you should invest resources on sourcing and when you are better off relying on other rate sources.



Build a world class program with the right rate mix

For years, buyers have said the old RFP process doesn't work. It's too time consuming, too manual, too inefficient. We don't disagree.

But, there are smarter, more targeted approaches you can take now and still drive significant savings.



Sourcing then and now

You shouldn't try to negotiate fixed rates with everyone.

We advise our clients to negotiate fixed rates in the cities where they have the highest volume (typically over 150 room nights per year) or where there are high occupancy rates.

When you have high volume or the ability to demonstrate you can shift share, this can be one of your best opportunities for savings.

CWT Solutions Group negotiates discounts anywhere from **20-60% off BAR.**

Fixed rates can help you lock in significant discounts. However, if the economy and hotel demand slows in 2020, rates tied to BAR may fall below your fixed rates.



Take a targeted approach



Increase your negotiation power



Save time to focus on added value



Simplify the process and communicate

Beyond Fixed Rates

Offering your travelers a mix of rate types can ensure you increase availability and have access to low rates, even in markets where you have fewer room nights.

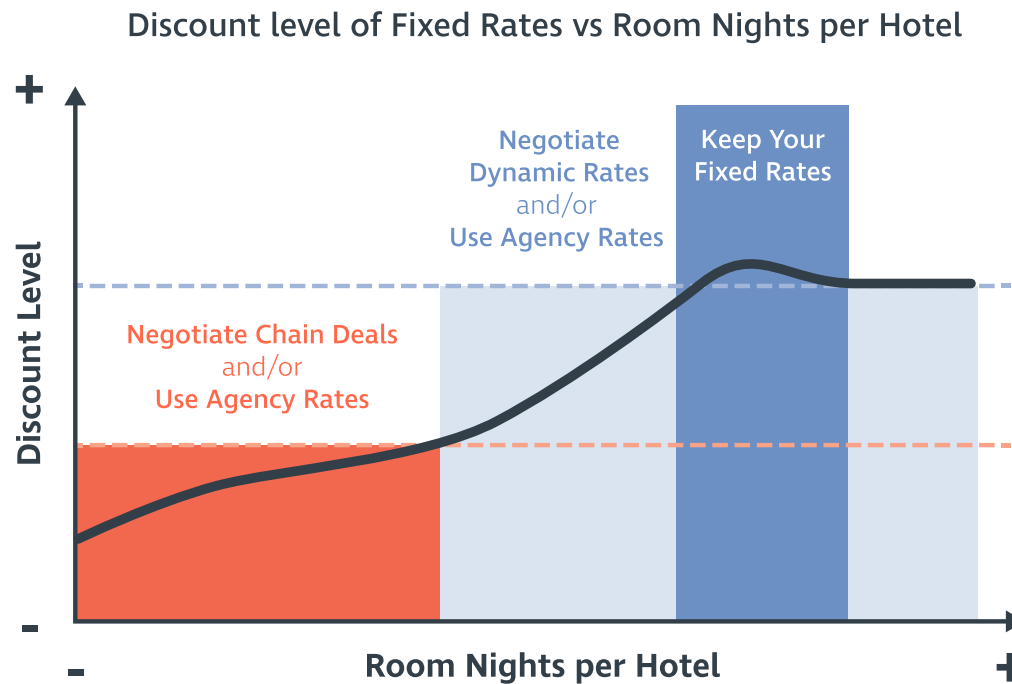
You can rely on agency sourced content, like RoomIt Rates, which offer **up to 20% off** the best available rate (BAR), plus amenities like last room availability, loyalty points, free WiFi, and same day cancellation.

Or, you can negotiate dynamic rates, which typically provide a discount of **10-25% off** BAR with limited or no amenities.

While the discounts are not as steep as fixed rates, you can often negotiate multi-year discounts, improving efficiency.

You should use dynamic rates for about **10-20%** of your hotel program.

Chain-wide rates are beneficial if you want to consolidate all of your stays to one or two brands. Otherwise, agency or dynamic rates can offer deeper savings and more amenities.

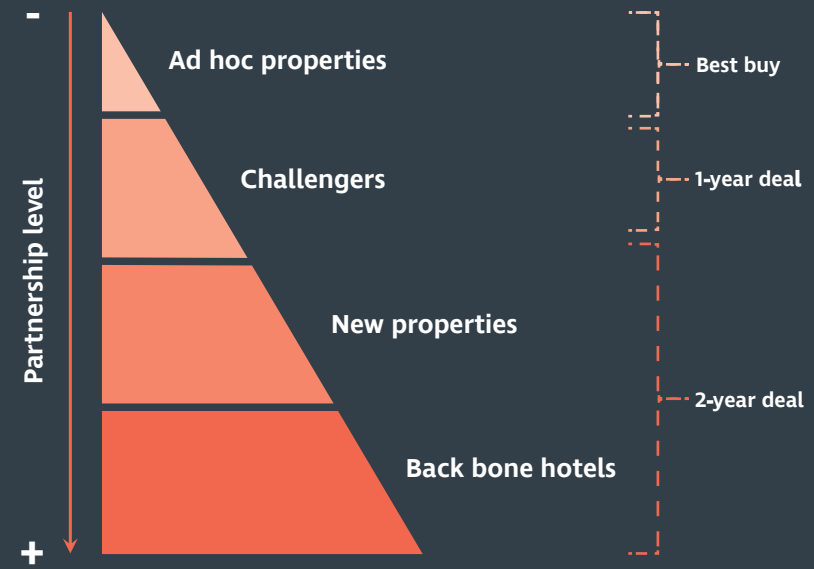


In it for the long run?

Negotiating multi-year deals can be a good way to save while driving efficiency.

Where should you start? Just like in most relationships in life, it depends upon how strong of a partnership you have built with the property. That prime hotel near your headquarters is a back bone hotel and is a good option for a two-year deal.

If you're trying out a new hotel challenger, you may not know how often your travelers will book the new property or how they will feel about it. In this case, a one-year trial run is more appropriate.



Other content sources

Your TMC may also provide third-party hotel rates. These can include third-party hotel content from sites like Booking.com and Expedia Partner Solutions, which provide discounts off BAR.

Adding third-party hotel content to your program provides your travelers with more property choices in more destinations. Plus, travelers will have access to the same discounted rates they find online, so they will no longer need to shop around.

Other options include agency consortia rates, like CWT Hotel Programme, and GDS rates, which are usually public rates.

Agency rates drive savings

In an analysis of over **250,000** CWT client hotel searches:

- RoomIt Rates were lower than client negotiated rates **14%** of the time and met them **10%** of the time
- Third-party hotel content was lower than client negotiated rates **25%** of the time and met them **14%** of the time.

* Source: Analysis of 250,000 CWT client searches in myCWT in 2019

Mixing it up

How does a mix of rates drive compliance?

The Quarterly Rate Mix report can help you understand which rates are available in your top destinations.

Public rates may not be available in all cities. If your client rate is sold out, travelers may book outside of your approved guidelines or channels.

However, by offering a mix of rates you increase availability. And, travelers may have access to rates even lower than your fixed negotiated rate at times.

Destination		Rate Mix				
		Client Rate	Third-Party Rate	CWT Rate	Public Rate	RoomIt Rate
MILAN-IT	Italy	\$94	\$139	\$73	\$135	\$126
TURIN-IT	Italy	\$58	\$119	\$46	N/A	\$107
ROME-IT	Italy	\$121	\$147	\$118	\$131	\$66
DUSSELDORF-DE	Germany	\$127	\$136	N/A	N/A	\$227
ASSAGO-IT	Italy	\$137	\$253	N/A	N/A	\$134
STOCKHOLM-SE	Sweden	\$190	N/A	N/A	N/A	N/A
LONDON-GB	United Kingdom	\$239	\$254	\$382	N/A	\$238
BERNE-CH	Switzerland	\$173	\$91	N/A	\$201	N/A
NAPLES-IT	Italy	\$107	\$106	\$155	N/A	\$134
MUNICH-DE	Germany	\$154	\$263	\$264	N/A	N/A

**This is an example based on one client. Results may vary.*

Deploy your program

You spend hundreds of hours sourcing and then what? On average rates are loaded incorrectly **40%** of the time. Or, your rates may not be available according to the terms of your contract, causing your travelers to book outside of your program.



Automatic auditing

We can help. Our 360 Audit Suite uses bots to automatically audit loaded rates to ensure accuracy.

We can also audit rate availability and squatter rates, breakfast, internet, parking, and cancellation policy if loaded according to provided specifications throughout the year.



Check GDS
rate loading



Monitor rate
availability



Protect against
squatters



Control behavior
before check-in

Monitor and identify opportunities

While the RFP season is a hot topic, the real savings are realized throughout the year.

You can only benefit from the rates you've negotiated if your travelers actually book them.

According to a joint study we conducted with GBTA, only 30% of business travelers know they should book preferred hotels. Yet, 67% of travel buyers required travelers to book preferred hotels*.



Discover changing travel patterns

Data also helps you track your hotel performance and identify any gaps.

Perhaps a new project has started and you suddenly have high volume to a destination. You can view hotel spend by cities, hotel group, and more so you can add hotels to your program as needed.



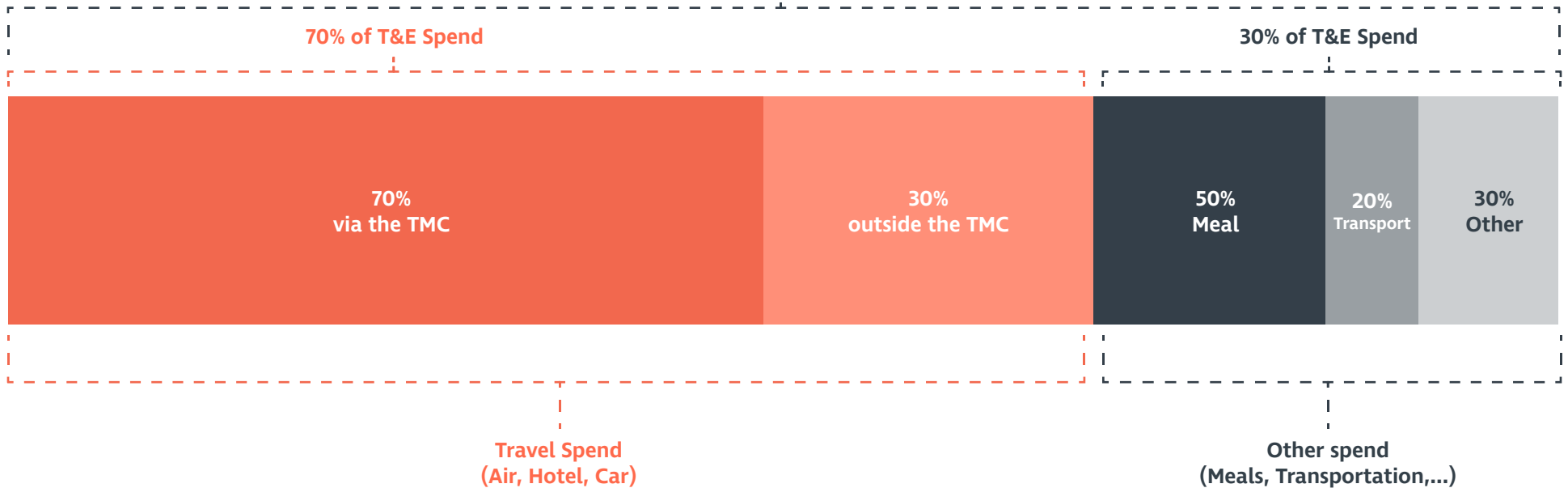
Find new ways to save

Travel Consolidator helps you get the full picture of your TMC, expense card, HR, and any other sources of spend all in once place, so you can take actions based on a clear picture of your travel program.

Understand your total cost of trip and uncover new insights into spend categories you may have had little visibility into previously. For example, one client used the data to identify that three of their top meal suppliers were hotel chains.

They then used this information to negotiate food and beverage discounts for their travelers.

Total Hotel Spend



Gazing into the future

Luckily, with the advances in data science you don't need a crystal ball to predict increases in rates.

Our consultants can build predictive models to look at a variety of factors to determine if rates will increase at your preferred suppliers. If they are expected to increase more than average or more than similar suppliers in the area, you may want to encourage travelers to book other properties or add challengers to your RFP solicitation list.

You may also use the predictions to widen negotiated booking classes and room types, renegotiate specific discounts or rates, review contractual targets, or adjust online tool settings.



Predictive analytics in action

How we helped a global technology company protect their travel budgets from a pricing surge at their top supplier hotel.

1. Who:

A leading global technology company with a key workforce based in Western Europe.

2. What we did:

CWT Solutions Group built an advanced data modeling report to sift through the client's historic travel data and 85 macroeconomics KPIs. This data was analyzed to identify patterns and correlations in order to generate robust predictions for the company's future spend, specifically the number of trips and cost per trip.

3. Risks:

We projected with high probability that its top supplier would trigger large price increases due to availability constraints. Our projection also showed a **1% and 5%** quarter over quarter **decrease** in average room rates for two alternative suppliers.

4. Solution:

We helped the client to identify **\$150,000** of savings by shifting a significant portion of bookings to the alternative suppliers.

Conclusion

Sourcing still provides valuable discounts to many travel programs. But, today, there are many tools available to help you efficiently and effectively negotiate the best deal from better data consolidation to predictive analytics. Plus, there are numerous content sources available to ensure your travelers have access to discounted rates around the world.

The key is to utilize all the tools available to you all year to maximize your savings during and after the RFP season. And, if you're stretched too thin (who isn't), you can rely on a trusted team of consultants to develop, negotiate, and continue to monitor your hotel program for you.

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