

Build a Hotel Program that Maximizes ROI

by Robin Carter

Hotel spend is a significant fraction of your overall corporate travel program. It's imperative to understand how to improve your program: whether you should conduct a RFP (and to what extent) or if you should establish preferred hotels in targeted cities. Once you've determined which strategy benefits your organization, it's crucial to strategically negotiate hotel contracts to maximize your returns. However, it cannot be where your investment ends.

One out of six audits uncover inconsistencies between aspects of negotiated hotel contracts and how contracts appear in the system. Oftentimes, these discrepancies revolve around [rate loading](#) and availability. In order to ensure that your hotel program delivers maximum returns, it is crucial to perform regular audits. To maximize the investment in these audits, it's equally as important to understand your current program's health and how your corporate culture influences its success.

Elements Influencing your Hotel Program:

Your travelers are the key to your organization's hotel program ROI. In this circumstance, your employees are your customers: it is imperative that you understand their needs and develop a program to address them. Even within mandated programs, there are benefits to knowing what your travelers want in order to encourage employee compliance.

To gain a complete understanding of your employee's needs, survey your top travelers per division and/or department. Be sure the survey addresses the following considerations:

- The cities your travelers visit most often
- Individual properties and/or hotel chains your travelers prefer, and why
- Individual properties and/or hotel chains your travelers avoid, and why
- Amenities your travelers utilize
- If your travelers are interested in extending business stays for personal travel
- If your travelers book their own travel to build frequent traveler points
- If your travelers are interested in non-traditional, cost-saving options like Airbnb, and
- If your travelers are aware of your current hotel policy and benefits

While not an exhaustive list, these core questions will enable you to develop a hotel program that encourages compliance through mutual benefit. However, as the last bullet point alludes, *program changes won't produce positive results if travelers are unaware of the details and inclusions of your program*. Surveying your travelers may reveal that it's not your offerings, but a lack of internal communication stonewalling your program's success.

Another important aspect to consider when developing or revising your hotel program is your corporate culture. Travel frequency, policy compliance rates, and employee engagement will all determine the limitations of hotel negotiations.

For instance, historically low policy compliance may prevent you from establishing preferred vendors, as your booking volume may not offer a significant enough benefit to potential properties for them to offer you a discounted rate, or respond to the RFP at all. If establishing preferred vendors is a goal, however, [a long-term strategy can be developed to provide future leveraging power](#).

Measuring your Hotel Program's Success:

Once you've examined factors that influence your hotel program, it's time to determine how to measure ROI. In order to do so accurately, it's vital to decide [from the beginning](#) what metrics to use. The benchmarks you select will dictate how and what type of data you collect. For example, comparing preferred vs. non-preferred property rates requires different information than comparing the lowest qualified rate to your negotiated rate. Waiting until it's time to analyze results can be fruitless, as you may discover you do not have the necessary information.

Utilizing the Proper Resources

Maintaining a healthy hotel program requires significant time, resources, and expertise; many organizations are short on one, several, or all of the above.

Many of these same organizations also believe the cost of outsourcing this work is too steep. Yet these companies face the greatest risk of losses, which often can be recouped or avoided when contracted out. The GBTA Foundation's recent study revealed that rate discrepancies cost companies an [average of 14% more than their negotiated price](#). Left unchecked, the rate disparity and cost will only continue to grow.

If your hotel program is underperforming, ask yourself: can you afford to keep paying more for less?



Robin Carter is a Consulting Advisor at Prime Numbers Technology, an industry leader in corporate travel analytics and data reporting.

With over 25 years of industry experience, Robin's expertise includes strategic program management and global account management. In her current capacity, Robin conducts travel program analysis and optimizations for clients and also oversees sourcing solicitations and RFP negotiations.