Hotel Rate Audits –
Don't Leave Money on the Table

May 2017

GBTA
FOUNDATION

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Every year, corporate travel managers and suppliers around the world spend significant time and resources negotiating hotel rates and services to meet the needs of their travelers while keeping the costs in check. Yet, the process alone doesn't ensure accuracy. When hotel rates and room classes aren't entered in the booking channel or accessible, companies end up paying more than negotiated.

This global study was conducted by the GBTA Foundation, the research and education arm of the Global Business Travel Association, in partnership with HRS Global Hotel Solutions. The result shows companies often pay significantly more for hotels than they should…and they don't even know it. Hotel rate audits are not conducted frequently enough and the sources of data companies have at their disposal to monitor this are spotty.

Travel managers should be asking themselves the following questions to approach the topic of rate auditing in their company:

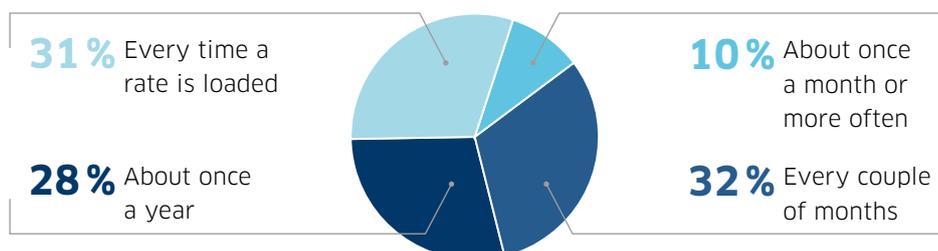| Do I get the rates I have negotiated? | Which auditing methods should I be using? | How often should I conduct the audit (or outsource the task)? | How can I correct erroneous rates as I find them? |

Frequency of Rate Audits

Globally, 86 percent of travel managers state they audit their negotiated hotel contract information, including rates, amenities and other negotiated features, once it is loaded into the system to verify its accuracy. While the initial number looks promising and suggests rate audits are an established element of the process following the hotel rate negotiations, a closer look at the frequency with which rate audits are conducted shows a different picture. The survey results reveal only a minority of travel managers check on their rates with any regularity – only six percent do so monthly and another four percent on a weekly basis. About one in seven travel managers does not perform hotel rate audits. Among those, 42 percent say it is because they have no internal resources to do so and 16 percent say they have no budget to outsource the task. Eighteen percent believe performing such audits does not have a significant impact on the rate, so they don't see it as part of their priorities.

Rate audit frequency:

31 % Every time a rate is loaded

28 % About once a year

10 % About once a month or more often

**32 %** Every couple of months

Only ten percent of travel managers audit rates monthly or weekly. This may explain why we see such a significant discrepancy in negotiated and loaded rates. The issue is underexposed and corporations don't enforce their negotiated rates because they lack the data that supports their case.

One out of six audited hotel contracts contain a discrepancy, most often involving the rate, followed by the room category, amenities, and the cancellation policy. HRS' own audit of more than 500.000 rates reveals that the error rate is actually much closer to 25 percent. So one in four rates shows a discrepancy. While not in the scope of the study, error sources may include lack of industry standards, imperfect links between different technical systems, and human error

Globally, roughly **one in six** hotel contracts contain an **error { 17% }**

Costing companies an average of **14% more** than their negotiated rate
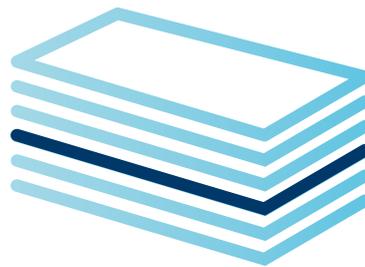
Deviations show that there is revenue-saving opportunity for travel programs. When rate discrepancies are found, companies are paying an average of 14 percent more than negotiated. The breakdown per region is as follows: LATAM saw the largest discrepancies at 18 percent. United States and APAC region are at 14 percent. And EMEA companies pay 11 percent more than negotiated.
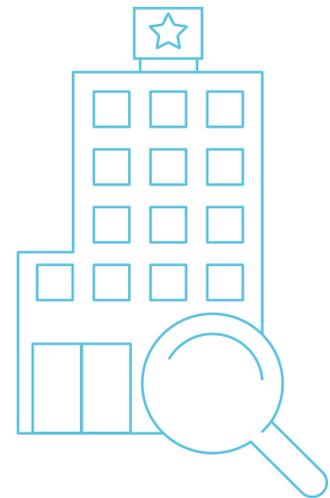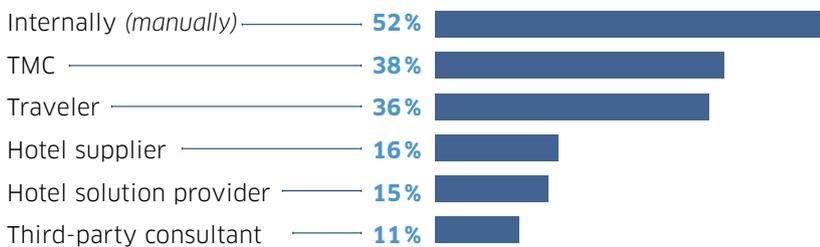
Impact of Erroneous Rates

Even travel managers who do conduct audits may be missing out on the full savings potential, as a closer look at the rate audit data sources reveals. More than one-half of travel managers (52%) state they perform internal, manual checks, possibly placing an additional strain on resources without the adequate time to dedicate to auditing the loaded rates. Other data sources include outsourcing the task to their TMC (38%), their hotel solution provider (15%), or another third-party consultant (11%).

Some travel managers depend on reports from their hotels and 36 percent expect their travelers to report back when a rate is incorrect, which may be the least effective way to monitor and control discrepancies.

Travelers are seldom fully aware of the negotiated rates and included amenities that the company has in place for all the hotels in their portfolio.

Sixteen percent rely on the hotel to inform the travel managers when a discrepancy occurs. However, hotels many not have the capacity to monitor each contract this closely and, in the interest of building professional trust and brand loyalty, may be reluctant to report these types of issues to travel managers.

Internally *(manually)*	**52%**
TMC	**38%**
Traveler	**36%**
Hotel supplier	**16%**
Hotel solution provider	**15%**
Third-party consultant	**11%**

By not performing regular audits and depending on unreliable sources of data, companies are likely paying far more in hotel costs than they should due to errors in rate loading.

Recommended next steps

Rates deviating from what was negotiated isn't a rare occurrence, but a common industry issue. One out of six hotel contracts contain an error, costing companies an average of 14% more when the rate is involved. Furthermore, companies not performing regular audits and/or depending on unreliable sources of information may not even catch the discrepancies

Conducting regular audits to ensure travelers are receiving the rates and services negotiated can help strengthen a travel program and save companies money.

- **Inaction leads to unnecessary expense:** The nearly one in six travel managers who don't think auditing their negotiated hotel contract information has a significant impact on the rate are likely leaving money on the table. Audits may even pay for themselves with the realized savings.

- **Auditing methods matter:** Assess whether or not the source of the rate audit data is reliable and effective.

- **Frequency matters:** Evaluate whether the current frequency of rate audits is sufficient. To really ensure travelers are using the rates travel managers have secured for them, regular audits of the loaded rates and packages are key.

- **Correction process:** Assess how you can initiate a correction of erroneous rates to ensure your travelers receive the rates you negotiated.

About the Gbta Foundation

The GBTA Foundation is the education and research foundation of the Global Business Travel Association (GBTA), the world's premier business travel and meetings trade organization headquartered in the Washington, D.C. area with operations on six continents. Collectively, GBTA's 9,000-plus members manage more than $345 billion of global business travel and meetings expenditures annually. GBTA provides its growing network of more than 28,000 travel professionals and 125,000 active contacts with world-class education, events, research, advocacy and media. The Foundation was established in 1997 to support GBTA's members and the industry as a whole. As the leading education and research foundation in the business travel industry, the GBTA Foundation seeks to fund initiatives to advance the business travel profession. The GBTA Foundation is a 501(c)(3) nonprofit organization. For more information, see gbta.org and gbta.org/foundation.

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HRS makes business travel easy. Companies and corporate travelers around the world look to HRS to find optimal hotel accommodation and to simplify the travel process. From booking the best rates to payment and annual sourcing activities, HRS provides end-to-end automation and consultative services to more than 40,000 companies. HRS is also the world's largest hotel content provider, offering five million rooms in 350,000+ hotels in 190 countries, all seamlessly available to business travelers and travel agents through all global distribution systems and online booking tools. HRS helps balance corporate hotel programs with unmatched access to independent hotels – which make up more than 70 percent of the world's hotel supply. Our aim - realize savings for the corporations and increase traveler satisfaction.

Launched at its headquarters in Cologne, Germany in 1972, HRS today has 1,500 employees in 27 offices worldwide, with regional locations in London, New York, São Paulo, Shanghai, Singapore and Tokyo.

Further information at
corporate.hrs.com