

Travel Management in Academia

IN THIS ISSUE

- 1 Travel Management in Academia

This month RRTM reports on survey findings of the Society for Collegiate Travel Management's annual benchmarking study and contrasts it to the corporate climate.

- 8 Invitation to Runzheimer's November Travel Management Seminar

- 9 International Business Travel Price Index

Third Quarter 2003

- 10 Domestic Business Travel Price Index

Third Quarter 2003

University and college travel managers are faced with the same challenges as corporate travel professionals. However, there is a uniqueness to university culture—where change is often gradual—that differentiates it from that of a corporate climate.

In mid-September, the Society for Collegiate Travel Management (SCTM) held their annual conference in Point Clear, Alabama. Their annual conference also supports an annual benchmarking survey that provides members a record of change useful in negotiations and internal program administration.

This month's issue of *RRTM* will report on SCTM's benchmarking study and will include Runzheimer corporate travel survey data and commentary when applicable, as derived from its *Survey & Analysis of Business Travel Policies & Costs, 11th Edition*.

SURVEY RESPONDENTS

Sixty-nine percent of SCTM's 61 survey respondents represent public academic institutions, and 31% manage travel for private academic institutions.

University and college travel budgets support athletic, faculty and staff travel. Although athletic travel is often assumed to constitute the largest portion of an academic institution's travel expenditures, it is typically only 10-15% of total travel spend.

Academic travel is likened to corporate travel where an average 81% is domestic and 19% is international travel.

Although one-third of university/college respondents report annual travel expenditures of less than \$5 million, over one-half (54%) report expenses in excess of \$10 million, with 26% reporting expenditures of more than \$20 million (Table 1).

Table 1
Annual Travel Expenditures
(Of University/College Respondents)

Budget Size	Percent of Respondents
Less than \$5 million	33%
\$5,000,001 to \$10 million	8%
\$10,000,001 to \$20 million	28%
More than \$20 million	26%
N/A	5%



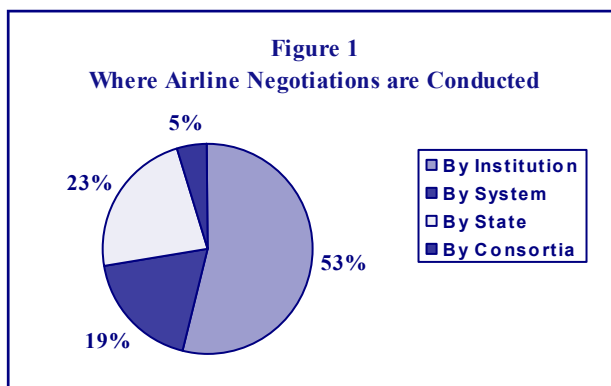
AIRLINES

One-fourth of university/college survey respondents spend less than \$1 million on air travel; however, 23% spend \$5 million to \$10 million, with 11% reporting air travel spend in excess of \$10 million (Table 2). As in corporate travel, air expenditures typically represent 45% to 50% of total travel expenditures.

Budget Size	Percent of Respondents
Less than \$1 million	25%
\$1,000,000 to \$3 million	23%
\$3,000,001 to \$5 million	18%
\$5,000,001 to \$10 million	23%
More than \$10 million	11%

Two-thirds of SCTM's respondents have negotiated airline agreements. (According to Runzheimer's *Survey & Analysis of Business Travel Policies & Costs, 11th Edition*, 88% of corporate travel managers negotiate with airlines.)

More than half (53%) of negotiations are handled by travel managers at their academic institution, while 23% of negotiations are conducted under the auspices of their state's travel program (Figure 1). Nineteen percent of respondents indicate that negotiations are handled by their state's university system, and the 5% that use a consortia consist of smaller schools and community colleges.



The top three contracted airlines of university/college respondents are United and Northwest (both shown at 35%), followed closely by American at 33% (Table 3). Northwest's entry into this year's top three category is notable. Although university and college cultures do not support the use of mandates, travelers are required to use lowest airfare. Northwest recently began to offer universities and colleges a new discount program designed for the university market. With good reason, this caused a shift in use of airlines!

Airlines	2002 Respondents	2003 Respondents
United	49%	35%
Northwest	24%	35%
American	33%	33%
US Air	27%	30%
Delta	18%	25%
Air Tran	4%	18%
America West	18%	18%
Continental	20%	15%
Southwest	16%	15%
Midwest	4%	3%
Other	N/A	23%
Total exceeds 100% because of multiple answers.		

RRTM RECOMMENDS: *We do not know with how many airlines university and college travel managers are negotiating; however, we advise all travel managers begin negotiating with a single carrier on one city pair. The quickest way to ruin a deal is to play one carrier against another.*

LODGING

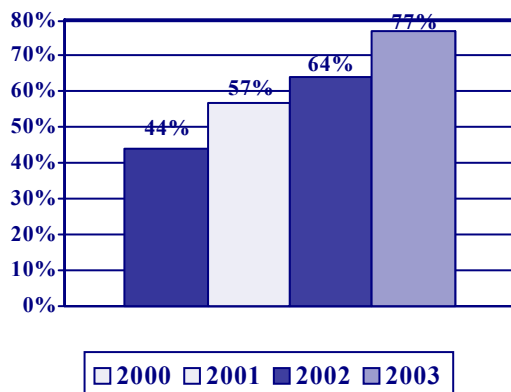
According to SCTM respondents, 40% spend more than \$1 million annually on lodging, while another 44% spend less than \$1 million (Table 4, page 3). University and college travelers use the federal per diem with a twist—they are reimbursed for actual lodging expenses.

Table 4
Annual Lodging Spend
(Of University/College Respondents)

Lodging Spend	Percent of Respondents
Less than \$500,000	28%
\$500,001 to \$1 million	16%
\$1,000,001 to \$3 million	18%
More than \$3 million	22%
N/A	16%

The Big 10 negotiate discounts with local hotels (in their academic institution location) and are able to use discounts when visiting other Big 10 cities. Other schools are following this same course of action and are responsible for the steady increase in the number of respondents that negotiate local hotel discounts. More than three-fourths of respondents (77%) report agreements in 2003 versus 44% in calendar year 2000 (Figure 2). A similar percentage (74%) of corporate travel managers negotiate discounts with hoteliers.

Figure 2
Survey Participants with
Local Hotel Agreements



RRTM RECOMMENDS: *Hotel negotiations offer travel managers an excellent opportunity to control travel costs for their academic institution or organization. Although sit-down negotiations are often impractical for destinations with only modest demand, they can be effective in destinations with large demand.*

For smaller demand situations, a bid sheet solicitation by U.S. mail, fax, or email may be the most effective method.

CAR RENTAL

The largest percentage of university/college survey respondents (35%) spend less than \$100,000 annually on car rental (Table 5). Thirty-two percent of respondents spend between \$100,000 and \$500,000, while an additional 18% spend more than \$500,000.

Table 5
Annual Car Rental Spend
(Of University/College Respondents)

Car Rental Spend	Percent of Respondents
Less than \$100,000	35%
\$100,001 to \$300,000	16%
\$300,001 to \$500,000	16%
\$500,001 to \$1 million	11%
More than \$1 million	7%
N/A	15%

Eighty-five percent of university/college respondents have negotiated car rental agreements, with most agreements (58%) reported to be with Enterprise (Table 6). From a corporate perspective, 73% of travel managers

Table 6
Car Rental Companies With Which
Respondents Have Agreements

Car Rental Companies	Percent of Respondents
Enterprise	58%
National	46%
Avis	40%
Hertz	33%
Budget	25%
Alamo	21%
Dollar	12%
Thrifty	10%
Other	15%

Total exceeds 100% because of multiple answers.

negotiate with car rental companies.

RRTM RECOMMENDS: *As car rental prices increase, often “percentage off” discounts can reap greater savings. Some taxes and fees are not on a percentage basis, so a flat fee may be the only recourse in many situations; furthermore, it is better for buyers because costs are predictable.*

We also recommend seeking larger concessions for extended rentals, e.g., \$43 a day for all one-day and two-day rentals, \$40 a day for rentals of three days or longer.

CARD PROGRAMS

Ninety percent of academic survey respondents report having a card program in place; 71% of card programs reflect individual liability. Use of charge card programs is higher in academia than reported by corporate travel managers at 78%.

American Express is the charge card company of choice as reported by 44% of academic respondents (Table 7).

Charge Card Company	Percent of Respondents
American Express	44%
Diners	18%
JP Morgan	9%
Bank of America	7%
GE Capital	7%
US Bank	7%
Local	4%
Other	24%
Total exceeds 100% because of multiple answers.	

RRTM RECOMMENDS: *Because of its value in consolidating expenses and supplier information, we continue to advocate a charge card program. We believe it will become, in the future, a way to reimburse as well as pay for travel expenses.*

Ghost cards, or Business Travel Accounts (BTA's), are set up for air charges only; usually one account per academic institution or organization, or by department. Over two-thirds (67%) of academic survey respondents report their school has a ghost card program in place. This contrasts significantly with corporate use of ghost cards, reported at 37%.

Of university/college survey respondents with ghost cards, 34% use Diners Club and 24% use American Express for their air expenditures (Table 8).

Ghost Card	Percent of Respondents
Diners	34%
American Express	24%
GE Capital	7%
US Bank	7%
Local	7%
Bank of America	5%
JP Morgan	5%
UATP	5%
Other	17%
Total exceeds 100% because of multiple answers.	

The majority of respondents (90%) have a purchasing card for use on campus, while an increasing number (45%), use the purchasing card for travel expenses. Bank One is specifically noted by 38% of respondents as the most often used purchasing card (Table 9).

Purchasing Card	Percent of Respondents
Bank One	38%
US Bank	9%
GE Capital	2%
Other	51%

TRAVEL AGENCY(IES)

In 2002, Navigant and American Express were the most contracted travel agencies of SCTM's conference survey respondents. Similar to last year, the largest group of respondents use a local agency; however, this year regional travel agencies overtook Navigant for second place.

Thirty-nine percent of university/college respondents use one travel agency for travel services (Table 10). Although a relationship with a sole agency is reported most often by academic respondents, it is in sharp contrast to the 76% of corporate travel managers reporting use of one travel agency. Also significantly different is the reported 21% of academic respondents that do not use an agency, as compared to 10% on the corporate side.

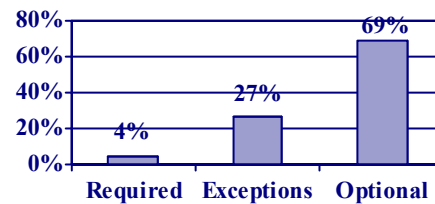
Number of Travel Agency(ies)	Percent of Respondents
None	21%
1	39%
2-4	26%
More than 4	14%

RRTM COMMENTS: Respondents' preference for a working relationship with one agency may assume certain standards and expectations must be met. Loyalty and reliance on one travel agency will be contingent upon productivity and value of services.

Conversely, we see a relatively high percent of academic institutions that do not use a travel agency. This may represent respondents that allow travelers to use airline or airline-sponsored Web sites.

Only 4% of academic respondents require the use of their travel agency(ies) (Figure 3). Again, we see a significant difference when compared to the corporate arena where 75% of travel managers mandate the use of their primary travel agency.

**Figure 3
Use of Contracted Travel Agency(ies)**



As noted earlier in this article, university and college cultures do not advocate mandates. Use of

an agency is at the traveler's discretion (69%), and are often used for complicated trips (exceptions, reported at 27%). Because university and college travelers use federal per diems, if a traveler opts to book a trip on an airline or airline-sponsored Web site, they are not reimbursed until after the trip. Because of this delay in reimbursement, most travelers do not use such Web sites.

Table 11 shows the transaction fees associated with domestic and international tickets. Most, 25% and 27% of academic respondents, report paying between \$31 to \$35 per domestic and international ticket, respectively. This nearly mirrors the \$30 (domestic ticket) and \$37 (international ticket) reported by corporate travel managers.

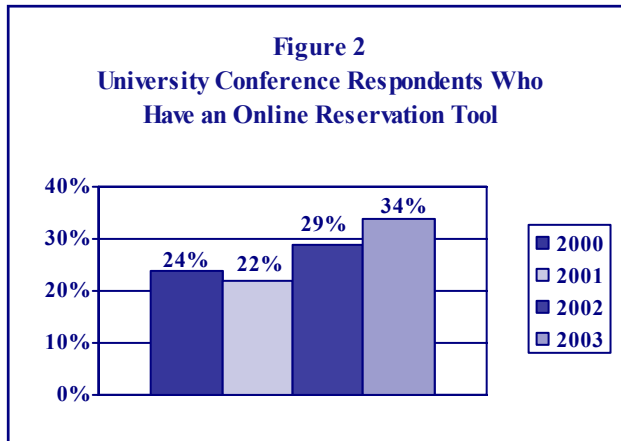
**Table 11
Transaction Fees
(Of University/College Respondents)**

	Domestic	International
\$10 or less	2%	2%
\$11 to \$15	15%	10%
\$16 to \$20	13%	8%
\$21 to \$25	21%	13%
\$26 to \$30	13%	13%
\$31 to \$35	25%	27%
\$36 to \$40	10%	8%
\$41 to \$45	2%	2%
\$46 to \$55	0%	10%
\$56 to \$65	0%	6%

Percentages may not total 100% because of rounding.

ONLINE RESERVATION SYSTEMS

The use of online reservations systems has not taken hold in academia. Thirty-four percent of respondents report having an online tool (Figure 4). Although 66% report not using an online system, 60% report they will be purchasing or implementing one in 2004.



Of respondents reporting an online tool, the most often used system is GetThere, as reported by 33% (Table 12). A surprising second place is the use of Expedia's "corporate" program (14%). An Ivy League school with a \$50 million travel budget recently opted to forego tradition and is currently using Expedia's program. Immediate cost savings were derived through reduced transaction fees—from \$40 to \$5 per ticket.

Table 12
Online Reservations Systems
(Of University/College Respondents)

Online System	Percent of Respondents
GetThere	33%
Expedia	14%
Highwire	10%
ResAssist	10%
Cliqbook	5%
IFAO	5%
Trip Manager	5%
Other	18%

This school's radical travel program change and an interview with its travel manager will be featured in next month's issue of RRTM.

University/college survey respondents report the average adoption rate associated with their online booking system is 8%, well below the average 30% adoption rate reported by corporate travel managers. However, corporate's higher adoption rate may well reflect mandates. In lieu of mandates, colleges and universities tend to "market" new processes to their high volume of travelers. It takes quite a bit of time before the word gets out to the masses; however, once known and understood, academic travelers become "believers."

RRTM COMMENTS: *Runzheimer consulting engagements have often shown a typical online adoption rate to range from 10%-20%. This rate has been standard for a couple years, although we expect adoption rates to increase as more organizations implement communication strategies to encourage its use or simply begin to mandate use of online systems.*

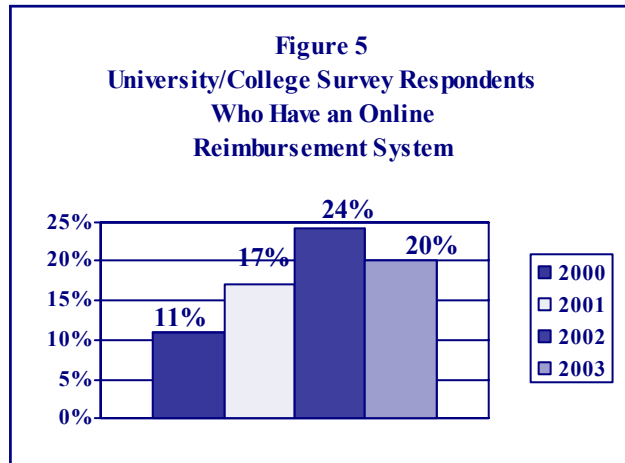
The average transaction fee associated with online booking is \$16-\$20 as reported by 52% of academic survey respondents. This fee is higher than reported from a corporate perspective where the average fee is \$13.

RRTM COMMENTS: *If travelers are booking their own trips, agency transaction fees should reflect fulfillment services, usually a much lower figure than these reported averages. Booking fees from online system suppliers may be bundled with agency fulfillment fees.*

Many academic institutions and corporations have become dissatisfied with their financial relationship with their agency; loss of commissions has virtually mandated new financial agreements. A fee-based financial arrangement must support increased substantive services and productivity.

ELECTRONIC REIMBURSEMENT SYSTEMS

Twenty percent of academic survey respondents have an electronic reimbursement system in place (Figure 5). Of these respondents, 42% indicate the system was developed in-house.



In a recent *RRTM* article on Expense Management (June 2003), 34% of corporate survey respondents reported use of an electronic reimbursement/expense system. Generally, such systems require a substantial investment by the academic institution or corporation and may often be cost prohibitive. However, we expect to see increased use of this technology.

Of SCTM's survey respondents that do not currently have an electronic reimbursement system, 35% indicate they will purchase or implement such a system in 2004.

CHALLENGES

As we compare travel programs and processes between academia and corporate America, we have reported on significant differences in some areas of travel management and use of technology. However, as we report on the challenges faced by university and college travel managers in 2003 and those expected in 2004, any dissimilarities between the two groups cease to exist.

Table 13 shows that Web fares have been problematic in 2003 (67%) and are expected to be a challenge for university and college travel managers in 2004 (61%). Other challenges expected in 2004 include agency fees (46%), loss of negotiated discounts (49%), followed closely by airline rule changes (48%).

Table 13 Challenges of 2003 and Expected in 2004		
Challenges	2003	2004
Web Fares	67%	61%
Agency Fees	NA	46%
Loss of Negotiated Discounts	41%	49%
Airline Rule Changes	56%	48%
Security Issues	18%	25%
Vendor Bankruptcies	5%	20%
Other	18%	13%
None	0%	3%
Total exceeds 100% because of multiple answers.		

RRTM would like to thank John Harner, Director, Travel Management Services, Indiana University, and Advisory Board Member for the Society of Collegiate Travel Management, for allowing us to publish SCTM's 2003 Benchmarking Survey and for providing his valuable insight regarding university and college travel programs. We would also like to thank Ian Thomas, Partner, Academic Travel Consulting, for conducting this survey with SCTM.

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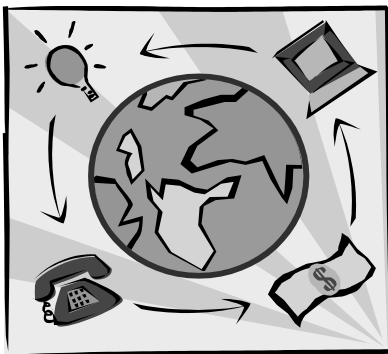
Runzheimer November Seminar

Travel Management Survival Training— Mastering the Uncertainties

Date: November 10-12, 2003

**Location: Doral Desert Princess
Resort**

Cathedral City (Palm Springs), CA



Topics include:

- **Quantifying the Value of Managed Travel**
- **Travel Uncertainties**
- **Online Booking Technology—Implementation, Selection & Adoption**
- **Travel Alternatives**
- **Impact of Low-Cost Carriers**
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- **T&E Reporting Technology**
- **Survey Results and 2004 Forecast**
- **Open Forum**

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International Business Travel Price Index Third Quarter 2003 Index Increases 2.41% from 2nd Quarter 2003

**Runzheimer's International Business Travel Price Index
Increases to 259.7 for Third Quarter 2003**

3rd Quarter 2003

**Travel Price Change
from 2nd Quarter 2003**

Total: +2.41%

Components

Airfares: +3.6%
Lodging: -1.4%
Meals: -1.8%



The index consists of a weighted average of three key cost areas: airfare, meals, and lodging. The airfare portion of the index includes 20 city-pairs, with origination in North America, and travel to key cities outside of North America. The destination cities cover five continents. Runzheimer based the city selections on their prominence within their region of the world and their desirability as business destinations, as determined in part by survey data from *Runzheimer's Survey & Analysis of Business Travel Policies & Costs*.

Hotel and meal data are based on hotels and restaurants frequented by North American business travelers overseas. Lodging and meal costs are based on 5 nights of lodging and 6 days of meals (breakfast, lunch, and dinner).

Runzheimer's International Business Travel Price Index is designed to give the North American travel manager the ability to evaluate the movement of international travel costs quarterly, and to anticipate any impact to his or her travel budget. *

*Airfare portion of Index data is provided by Amadeus Global Travel Distribution.

Domestic Business Travel Price Index Third Quarter 2003 Index Increases 3.1% from 2nd Quarter 2003

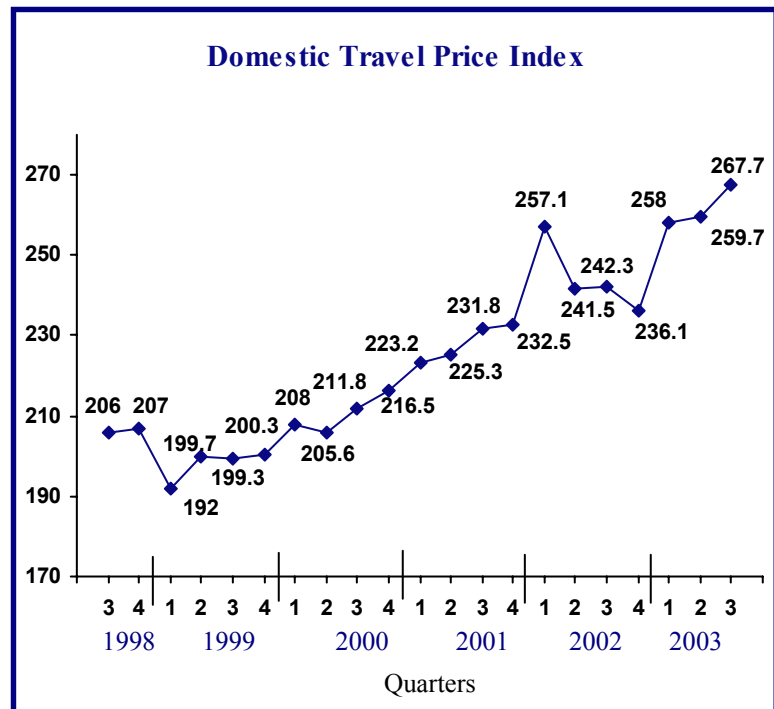
**Runzheimer's Domestic Business Travel Price Index
Increases to 267.7 for Third Quarter 2003**

3rd Quarter 2003

**Travel Price Change
from 2nd Quarter 2003**
Total: +3.1%

Components

Airfares: +4.7%
Lodging: +2.0%
Meals: +1.4%
Car Rental: +1.2%



The index represents average roundtrip airfares between 20 heavily traveled business city-pairs, as reported in an airline reservation system; per diem and car rental rates for three days from the *Runzheimer Guide to Daily Travel Prices*. The base year is 1988, equaling 100. The total Travel Price Change is figured from a weighted average of the components (airfares, lodging, meals, car rental). The Runzheimer Domestic Business Travel Price Index reflects recent trends in business travelers' airline ticket-purchasing habits.

From Second Quarter 1992, after much of the airline industry significantly altered its fare structure, the basis of the index remains unchanged with the following exceptions: The airfare portion of the index is determined by combining "business discount" airfares (which are calculated in the same way in which they were calculated prior to Second Quarter 1992) and "actual coach" fares (i.e., those reduced-rate fares designed to appeal to travelers who had formerly purchased "full coach" or "Y-fares" prior to the restructuring. Note that "actual coach" fares are not necessarily "Y-fares" because some of the airlines have maintained the "Y" designation on some of their fares in markets where travelers are able to purchase "actual coach" tickets at considerably reduced prices. However, in markets where "actual coach" fares are not offered, "Y-fares" are included in the calculation of the index). Note also that the index does not take into account the effects of any losses of negotiated corporate discounts that companies are likely to have experienced.

* Airfare portion of Index data is provided by Amadeus Global Travel Distribution.