

GREENING OF MANAGED HOTEL AND GROUND PROGRAMS BEGINS

With Forecasts for Long Journey Ahead



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Diane Merlino
Writer

Mary Ann McNulty
Executive Director, Content Solutions
mmcnulty@thebtngroup.com

Louis Magliaro
Executive Vice President
& Group Publisher
lmagliaro@thebtngroup.com

Lindsay Straub
Vice President, Sales
lstraub@thebtngroup.com

Mariza Moreira
Group Design Manager

Angelica Mundrick
Senior Graphic Designer

As key drivers push sustainability into the spotlight for corporations and their managed travel, policy, program and procurement changes are extending to hotels and ground transportation.

Across the industry, suppliers, corporations, travel management companies, industry groups and consultants are collaborating on ways to measure and reduce carbon output from travel. While some early adopters are looking beyond air travel to sustainability strategies for hotels and ground transport, many acknowledge that lack of data, standards, equipment or resources have stymied efforts. In this white paper, read about some of the early initiatives and visions in this space, as well as the obstacles yet to overcome.

BIG PICTURE ON CORPORATE TRAVEL SUSTAINABILITY

Within corporate travel, the Global Business Travel Association in "[The State of Sustainability in the Global Business Travel Sector](#)," found that 60% of the global business travel industry has both a sustainability team and a sustainability program in place to address corporate environmental performance. However, only 38% of business travel buyers currently incorporate sustainability practices in their travel management policies.

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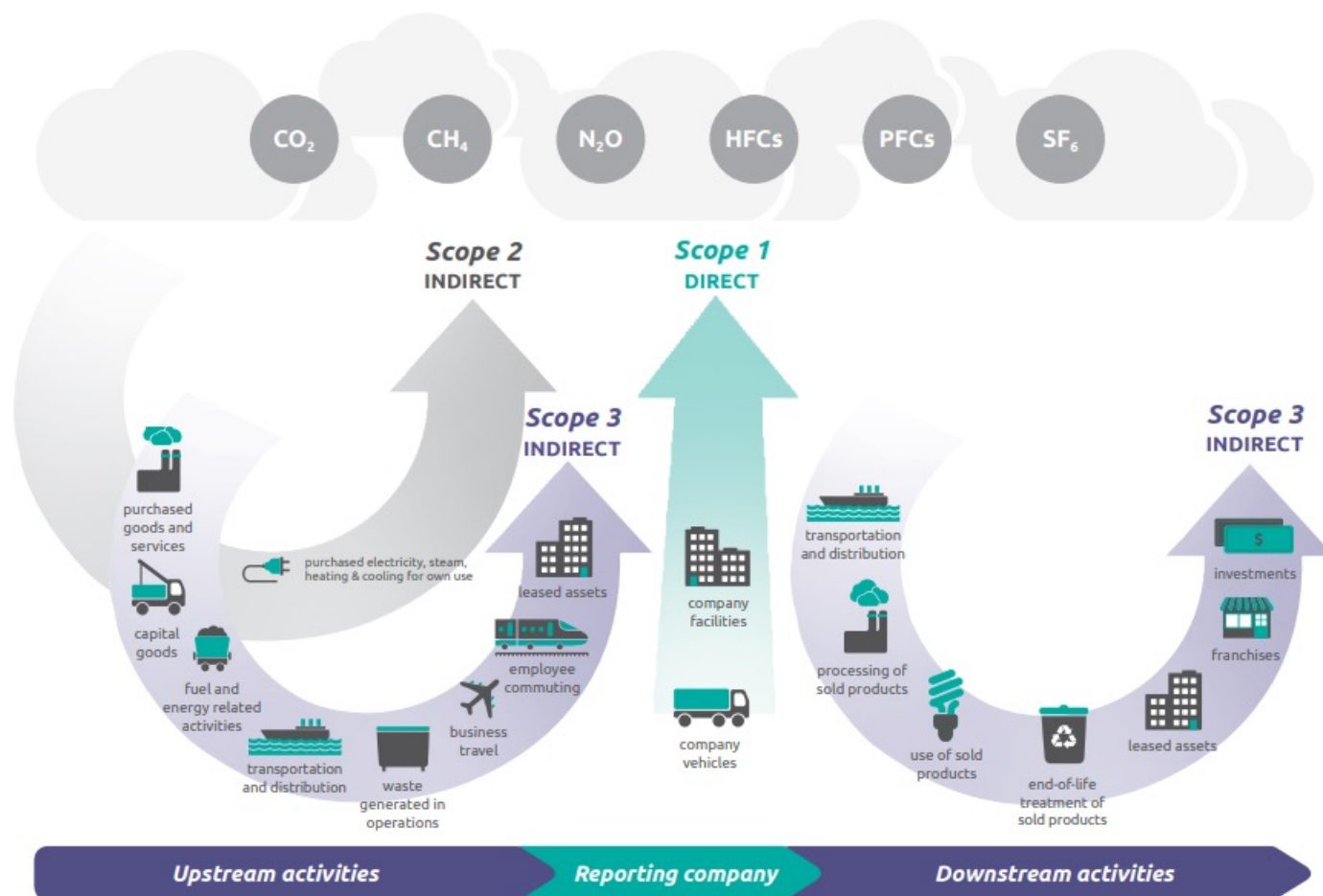
New pressures—from investors, employees and regulatory reporting requirements—appear to be prompting corporations to intensify strategies now, with some targeting 2030 for significant reductions in all carbon output, including business travel. The European Council in late November gave final approval to the [Corporate Sustainability Reporting Directive](#) that will require about 50,000 companies operating in Europe to publish detailed information about their impact on the environment. In the United States, pending [Securities and Exchange \(SEC\) mandates](#) around emissions reporting for public companies, which [have been delayed](#), could require implementation as early as 2023. For the first time, the SEC proposed reporting of Scope 3 initiatives that include business travel and other indirect emissions (see graphic for more on Scope 1, 2 and 3 greenhouse gas emissions).

Business travelers are also influencing some greener initiatives in managed travel programs. In a [2022 survey](#) of more than 3,800 business travelers across 25 global markets, SAP Concur found that 48% said having sustainability information for each travel option when booking business travel is very or extremely important. Twenty-four percent said they would decline a business trip if it required using non-sustainable travel options.

GROUND TRANSPORTATION

Sustainability initiatives around ground transportation and car rentals vary considerably, depending on the current status of an organization's overall sustainability policies and how—or if—they apply to its business travel program. The most common initiatives include encouraging rail travel on select routes, contracting with suppliers for hybrid and electric vehicle (EV) rentals (although inventory availability is a challenge),

GREENHOUSE GAS PROTOCOL SCOPES AND EMISSIONS ACROSS THE VALUE CHAIN



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promoting use of smaller fuel-efficient vehicles, and/or buying offsets for car rental carbon emissions.

Following are examples of what some companies are doing now, and their plans for the future, including how sustainability will influence sourcing decisions.

• **Salesforce**

Salesforce incorporated sustainability guidelines and targets into its T&E policy in 2020, according to Jenny Sabine, Salesforce manager of travel services. For ground transportation, Salesforce currently provides guidance in its online booking tool on viable rail options for top routes.

Noted Sabine, “Right now we are conducting a data analysis to see where it makes sense to potentially regionalize our rail policy guidance to require rail travel in certain markets where it presents cost, emissions and productivity savings to the company.”

In terms of car rentals, Salesforce requested hybrid and EV vehicles in its last car rental RFP two years ago. “As demand continues to outweigh supply and government incentives, rising gas prices, and growing climate change concerns grow, we don’t expect this to impact our emissions reduction targets in the short term,” Sabine said. “We continue to collaborate with our supplier partners to send a signal that shifting to lower emission vehicles, like hybrid, plug-in and fully electric cars, is going to be critical to meeting our emissions reduction goals by 2030 and beyond.”

Meanwhile, “We’ve made choosing lower-carbon travel easy and efficient,” Sabine said. “We optimized our online booking tool to recommend lowest-emission modes of travel and make these options easy to choose. This enables mode-switching on routes where a more sustainable form of transportation has been identified, such as traveling by rail instead of air.”

• **Entertainment Technology Firm**

Carey Pascoe, director of travel for a global entertainment technology firm, also has encountered limited EV and hybrid rental availability. “We want to encourage the use of hybrids, but haven’t yet,” she said.

AWAITING RESOURCES, PRIORITIES TO DO MORE

Other companies have yet to turn their attention to carbon emissions from business travel—defined as indirect, Scope 3 by Greenhouse Gas Protocol—as they focus on the greenhouse (GHG) emissions emitted directly from sources they own or control, defined as Scope 1.

“Our sustainability goals are all focused on Scope 1 at this time,” said Jodi Woods, senior global category manager for travel and meetings with medical device manufacturer Becton, Dickinson and Company. “While we have engaged with our sustainability group to discuss our travel program, our sustainability team is prioritizing our Scope 1 emissions since that will initially make a greater impact.”

For small- and midsize companies, lack of organizational resources to move business travel sustainability policy and initiatives forward is often an impediment.

“As of right now, my company does not have a sustainability program for travel procurement,” said a travel manager for a midsize retail organization based on the East Coast. “It is certainly on my radar ... I am probably going to start working on it in Q2 of 2023.” Knowing where to start is also a challenge. “The bigger companies have a full team of people whose job it is to make sure the company is fulfilling its sustainability goals,” she said. “At smaller companies like ours we don’t have anybody. We need resources to put this into play.”

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“Right now the industry does not have enough electric vehicles to provide a good option.” She noted that her company’s entire business travel program, including car rentals, is currently carbon neutral via offsets.

Pascoe said her company “went through the rigors of adding hybrid vehicles” to its contract in 2022 and negotiated a reasonable rate, but “our current booking platform is not able to support booking a hybrid or EV class of vehicle.”

An anticipated extra expense of renting EVs will likely impact the budget for a business trip, Pascoe added, but “overall it could end up helping the company because we are not going to be reporting or offsetting that the same way. There are savings in the long haul, and it reduces the company’s carbon footprint, which is very important. From a policy perspective, once the inventory is available, we are going to update the language so that you can select an EV and pay more.”

When it comes to sourcing and contracting with car rental firms in the future, “sustainability is going to be a decision factor,” Pascoe said. “It will be part of a holistic review. I am looking at it from a procurement perspective, where there are a lot of factors in your decision making, and sustainability is going to be part of the equation. If three bids come back fairly equal but one is leading in sustainability, that’s going to be our choice.”

• Columbia Sportswear Company

At Columbia Sportswear Company, “sustainability has been on the company’s roadmap for quite some time, and is a priority for 2023, so we will be creating strategies surrounding emission reductions and sustainability across the entire travel program,” said Jerry Underwood, global travel manager.

“As a company, sustainability is at the top of our list of priorities. It is important to us that our supplier partners have products and plans in place to help us reduce our footprint, and they are working hard to reduce their footprint as well,” he added. “When we are sourcing car rental suppliers, we are going to be looking for partners who bring low-emission and electric vehicles to plug in on our campus. We will be looking for creative

“Right now we are at the measuring phase and working toward a more holistic strategy on the rental car front.”

— Jerry Underwood, Columbia Sportswear Company

solutions from those companies,” he said of the vision. Sustainability initiatives of ground transportation suppliers “will absolutely have a big impact on sourcing,” Underwood said.

For now, Underwood said, he’s looking at introducing hybrids into the program and other options to reduce its carbon footprint. “At some point, we will look into offsets. Right now, we are at the measuring phase and working toward a more holistic strategy on the rental car front,” he added.

Regarding increased costs anticipated in the move to EV rentals, “We will have to make some decisions around how we balance emissions versus cost, and make sure things are configured in a way that helps employees make the right choice when it comes to selecting options that will reduce emissions,” Underwood said.

• Smartsheet

Michelle Amos, Smartsheet global travel program manager, said, “For 2023, it is about educating travelers and helping them understand how they can make an impact through the choices available to them, such as selecting a green-labeled rideshare or hybrid when renting a car.”

According to Amos, more comprehensive data is needed from car rental vendors and some rideshare companies before sourcing decisions and specific traveler recommendations can be made at Smartsheet.

“Until we have the data that provides a baseline, we cannot move forward with firm directives and



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— Michelle Amos, Smartsheet

recommendations for travelers or determine how their behavior will impact contract performance,” she said. “Once we have the information and trending data, it will allow us to have targeted conversations around the vendors’ sustainability performance in relation to our contract terms.”

She added, “From a procurement perspective, there won’t be a huge shift solely based on a vendor’s sustainability commitment. Cost is still king. But education of the traveler is available. Allowing them to make a selection based on their priorities and choices they feel are important will drive market share.”

HOTELS

In [BTN's 2022 Hotel Survey](#), almost 97% of travel buyer respondents said their organization places some degree of importance on sourcing sustainable hotel partners.

Despite the high level of interest, sustainability initiatives in the accommodations segment “have traditionally been difficult to measure and communicate,” said Andy Menkes, founder and CEO of Partnership Travel Consulting. “We have seen a lot more focus on sustainability in the hotel RFPs for 2023, but you have to rely in large part on self-certification.”

Here are examples of how some travel managers are taking on the challenge of making their hotel programs more sustainable. For most, initial steps focus on adding or expanding sustainability inquiries in hotel RFPs.

• Columbia Sportswear Company

Underwood echoed the sentiment of many travel managers in saying, “This is the segment of the ecosystem that is most perplexing to us—how to measure our impact ... and manage it.”

At some point, Underwood said, he plans to include sustainability questions in its hotel RFPs and evaluate responses. Beyond that, plans are less clear. “It feels much more complicated and much more difficult to actually measure or ensure that they are doing what they say they are going to do,” he said of hotels. “This is very much in its infancy, more than any other sector in the ecosystem,” he said.

Future efforts will include requiring hotel partners to provide data on their carbon output, Underwood added. He also may look at the possibility of developing set standards for hotels and auditing their compliance.

“In some instances, particularly at our most heavily used properties which tend to be local to our largest offices, we may have some ability to do in-person audits,” Underwood said. The company could verify hotel practices—for example on recycling or LED light bulb use—against claims in the RFP. “That would put a strain on our resources, but I think it is important enough. If we create standardized practices that we expect, then it would make it easier to communicate them to supplier partners and to audit those.”

Sustainability initiatives by hotels and how they respond to Columbia Sportswear’s RFP questions and standards will matter. “Most assuredly it will have a big impact on sourcing,” Underwood said. “You only have a certain number of options when it comes to rental cars, but there are a million options on the hotel front. So, if one of our most heavily used, most preferred hotels is not able to deliver on their commitments related to sustainability, we will absolutely make a change.”

Rates will matter, but will not be the only factor under consideration. “I am going to drive rates as well as I can, but once that piece is done, we will have some ability to direct travelers on our online booking tools to rate properties as most preferred, preferred, or not preferred,” he said. “I would suspect that price being the

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same, someone who is more able to help us with our sustainability efforts will become most preferred, and those who are not will fall somewhere below that.”

• Salesforce

At Salesforce, Sabineu partnered with the company’s sourcing and sustainability team in 2020 to add additional questions to its hotel RFPs. “We learned a lot from that experience, and that is now guiding our strategy this year,” she said.

Fragmentation and lack of consistency in hotel certifications and green labels make it difficult to rate the sustainability performance of hotels, and, “our travel booking technology didn’t offer the functionality to prioritize or flag at an individual hotel supplier level,” Sabineu said. “There are some encouraging steps, however, like company-specific data from hotels around carbon, waste and water management which we have been exploring ways to incorporate to improve the integrity of our emissions data.”

As those initiatives mature, Salesforce is continuing to collaborate with hotel sourcing partners to develop a customized selection scorecard that will enable the company to objectively measure and incentivize the sustainability performance of hotel suppliers. “Our goal is to continue to work collaboratively across the business, and externally with supplier partners to determine the right sustainable path forward,” she said.

• Entertainment Technology Firm

Beginning in fiscal year 2021, “We integrated sustainability questions into our annual hotel RFP,” said Pascoe. Except when a geographic region is excluded, the company selects only hotels with green initiatives, such as certifications or science-based targets.

And while she agrees with colleagues that hotel certification standards “are all over the place” and differ significantly for older structures and newer builds, “I think the hotels are making great strides in this area,” Pascoe said. “The major brands have really stepped up, so we didn’t have to change or walk away from a lot of partnerships.”

“Our goal is to continue to work collaboratively across the business and externally with supplier partners to determine the right sustainable path forward.”

— Jenny Sabineu, Salesforce

THE JOURNEY AHEAD

While some sustainable business travel practices are more advanced than others, there is overwhelming consensus that these initiatives are critical for the future and that the journey has begun. GBTA’s Delphine Millot, senior vice president of sustainability, told BTN that the race to net zero is “in motion” and pointed to the [Science Based Targets](#) initiative, where 100 of 3,000-plus corporations have unveiled targets specific to business travel.

In GBTA’s 2022 sustainability study, 67% of travel buyers said they believe the industry should commit to a collective climate target. For its part, GBTA and its sustainability committee developed (and will continue to update) a [sustainability toolkit](#) with modules for transportation and accommodations.

A multitude of new sustainability practices, consulting firms, travel management companies and industry suppliers also offer services to corporations.

Various industry associations and alliances also are forging green programs and guides. For example, the [Sustainable Hospitality Alliance](#) of 15 hotel companies offers measurement tools designed to help hotels calculate carbon and waste output and water usage. Others proposing solutions include the [World Travel & Tourism Council](#), [Global Sustainable Tourism Council](#) and [American Hotel & Lodging Association](#).

For corporations and their own sustainability experts, the challenge is to identify solutions that align with their own sustainability strategies and approaches.

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AN INDUSTRY IN TRANSITION

Other obstacles along the journey toward more sustainable business travel may be concerns of higher costs, lack of data or even reduced travel. [GBTA's 2022 research](#) on the state of sustainability in the global business travel sector identifies higher costs associated with sustainable travel options (82%) and the lack of transparent sustainability data (63%) as the major challenges facing the industry. To overcome these hurdles, the majority of respondents, which included industry professionals and external stakeholders such as policy makers, think tanks and NGOs, identified improved access to sustainability data (63%) and a change in the industry culture (63%) as the top facilitators. In "[Reshaping the Landscape: Corporate Travel in 2022 and Beyond](#)," Deloitte's Transportation, Hospitality & Services practice, said 3 in 10 companies expect sustainability to result in an 11% to 25% reduction in travel budgets by 2025.

Despite the formidable challenges facing every segment of the industry, many travel managers are optimistic.

"A lot has to come together across the entire ecosystem, not just what everybody is doing, but how they are going to report on it," Pascoe said. "It's exciting because we are seeing progress, and everybody is engaged. On the other hand, it's also frustrating from a boots-on-the-ground functional perspective because there is a lot of work to do."

Underwood believes the next five years, "will be transformational for the business travel industry in terms of creating sustainability standards across the ecosystem and standardized measurement. That's really the challenge right now. Nobody is measuring it the same." Underwood noted that he can turn to his TMC, supplier partners or internal resources for data and "none of it is the same" today. "I think there will be consistency in the industry in the years ahead, and that is really exciting."

Amos agrees. "Knowledge is power," she said. "Without knowledge of impacts, there is no story to provide direction on shifting behaviors. And without technology, there can be no reporting. It is technology that is going to allow us to progress to a more sustainable industry." ●

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