

WHITEPAPER

Capitalize on Corporate Travel with Direct Billing



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Capitalize on Corporate Travel with Direct Billing

Hotels are adopting automated billing services to entice corporate travelers

Of all the industries that suffered significant setbacks during the pandemic, hotels were at the top of the list. With travel curtailed—even prohibited in many places—the drop-off was sharp: within weeks, there were no more heads in beds. In fact, according to Statista, there's been a year-over-year decrease in hotel industry key performance indicators. At the end of 2021, U.S. hotels had an occupancy of about 44%, showing a year-over-year decrease of 8.7 percent. Similarly, revenue per available room (RevPAR) dropped 8.3% at \$57.46 U.S. dollars.

¹ Summer 2022 will be the 'busiest travel season ever,' Expedia CEO predicts. He is not alone (Fortune magazine)

³ From Setback To Surge: Business Travel Expected To Fully Recover by 2024 (Global Business Travel Association)

⁴ Welcome to the new world of business travel (Computer World)

Now in 2022, we're travelling again for both business and pleasure. In fact, the World Travel & Tourism Council predicted that U.S. travel will exceed pre-pandemic levels by 6.2%, accounting for almost \$2 trillion in U.S. gross domestic product.¹

As for corporate travel, worldwide spending will likely jump more than 38% this year.³ It sounds great, but it's not all good news: some experts warn that this measure does not necessarily equal more total trips or hotel stays; inflation must be factored into the overall cost.⁴

There's an opportunity for hotels to leverage new automated payment networks to build customer loyalty.



As more companies resort to online meetings and conferences—understanding now that this is a feasible and potentially more economical alternative—the challenge of securing corporate travelers remains a concern. That's why making hotel booking and invoicing seamless and easy for businesses is critical to capturing a greater share of corporate travelers.

Gain a competitive edge with invoice and payment automation

There's an opportunity for hotels to leverage new automated payment networks to build customer loyalty, solve operations pain points, and increase hotel occupancy and revenue while simultaneously modernizing their own invoicing and accounts receivable processes. When hotels streamline their financial management,

specifically for their business vertical, they gain significant competitive advantages.

However, it can be a lot for hotels to manage in the face of staggering staff losses—70% of hotel employees were laid off during the pandemic⁶—especially given the complexity of corporate folios. That's why a direct billing solution, which allows a hotels' corporate clients to reserve stays and check out without a physical payment card, can be a game-changer. All stays are invoiced directly back to the employee's company, and the employee enjoys a smooth guest experience.

Enhancing the customer experience has pushed hoteliers to automate their front-of-house guest services. Technology investments have been made to streamline previously manual processes, such as electronic receipt delivery.

⁶ Research breaks down COVID-19's impact on hotels, travel plans (Hotel Management)



“We take away the pain point of pushing bills by sending corporations a consolidated statement for all their travelers. We make sure the statement is paid on time, follow up with collections if necessary, and, of course, handle the reconciliation.”

— Michelle Faul, VP of Marketing, TreviPay

But for business travelers, those automated receipts still kick off the not-so-automated expense report process. That's why corporate customers love direct billing: all of their accommodation expenses are aggregated, consolidated and submitted automatically to the corporate AP department helping to build their loyalty to a specific hotel brand.

The best direct billing network offers plenty of benefits for hotels, companies, and business travelers. And for hoteliers, it can also automate the entire corporate folio process—not just the booking and checkout—therefore saving time, money, and staff hours.

More bookings, better forecasts, faster cash flow

Hotels that implement a direct billing solution are poised to make the most of these opportunities. For example, this payment method can be promoted to current corporate customers. Sales opportunities like these are ripe for opportunity when offered with pre-negotiated discounts. The result? More bookings—and the opportunity to host more corporate events, too.

With established corporate agreements, hoteliers can forecast and plan more accurately. “This not only helps to ensure that enough rooms are available for events and large blocks, by knowing the expected occupancy rate in advance, hoteliers have a better window into future occupancy rates, which they can then use to project staffing requirements,” says Michelle Faul, VP of Marketing, TreviPay.

The best direct billing solution can do so much more than handle sending out corporate folios and helping with planning. In fact, it can do all the heavy lifting for accounts receivable, including risk decisioning, extending net terms, invoicing, and collections. Hoteliers can stop worrying about tracking invoices and get back to the business of hospitality.

There's another benefit for hotels with a direct billing solution: flexible cash flow access based on outstanding invoices. Reliable payments better support forecasting efforts. Plus, with predictable cash flow, it's possible to manage capital investments, new hires, and other expenses with confidence. No more waiting 30 days or more for corporate guests' A/P departments to get around to paying.



Consolidated billing negates the need for credit cards

Companies with traveling staff understand direct billing and prefer to work with hotels that offer this service. From a business perspective, they get plenty of benefits that can save time and money, such as:

- Eliminating the need to issue credit cards to employees.
- Managing lodging expenses for contractors.
- Avoiding asking workers to pay with personal methods.
- Covering hotel expenses for employees who don't have credit cards.
- Enjoying pre-negotiated discounts and perks.
- Minimizing manual expense report submissions and reconciliations.
- Receiving guest expense data in a consumable digital format.
- Having consolidated invoices, which streamlines A/R.

Minimizing collection efforts

It is no surprise that travelers expect a contactless experience in the wake of COVID-19 concerns.² Hotels need to distinguish themselves as innovative and guest-centric,⁷ specifically when it comes to the corporate traveler. But automated check-ins and outs, while they certainly benefit guests, do not take into account the burden on a hotel's A/R staff, which must manage payments, collections, and reconciliation.

Consider the following ways in which a proven direct billing and network provider can ease stress and minimize an A/R team's workload, all while maintaining a seamless and frictionless guest experience.



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Get paid faster and increase cash flow

Along with direct billing, the best technology partner will offer built-in invoice payment options that increase cash flow quickly and reliably, reducing the days sales outstanding (DSO). Many hotels saw a significant uptick in DSO in the first quarter of 2022, with larger brands experiencing averages over 45 days.⁸

When a payment and billing network provider handles the underwriting, credit lines, onboarding, invoicing, and collections, hotels receive payment in as little as 48 hours. For hoteliers, shifting these responsibilities to a direct billing provider relieves headaches and frees up time to focus on business growth.

² Business Travel Returns: Five Trends Highlighted During Restricted Travel (TheStreet)

⁷ COVID-19: The great hospitality reset (Hospitality Insights)

⁸ Hyatt Hotels Corp (DiscoverCI)

Minimize EBITDA impact

Although credit cards can help sellers get paid faster, their high transaction fees and the potential for chargebacks threatens EBITDA, or earnings before interest, taxes, depreciation, and amortization. Reducing reliance on credit cards while using other methods to get paid on a similar timeline is a better way to improve EBITDA.

Eliminate the need to chase payments

The time spent following up on outstanding or defaulted charges is time a company's A/R team could spend improving customer service and maintaining their other responsibilities. The ideal direct billing provider takes on the burden of pursuing collections while ensuring that their clients receive their payments in two, seven, 14, or 30 days—which is a significant increase in cash flow.

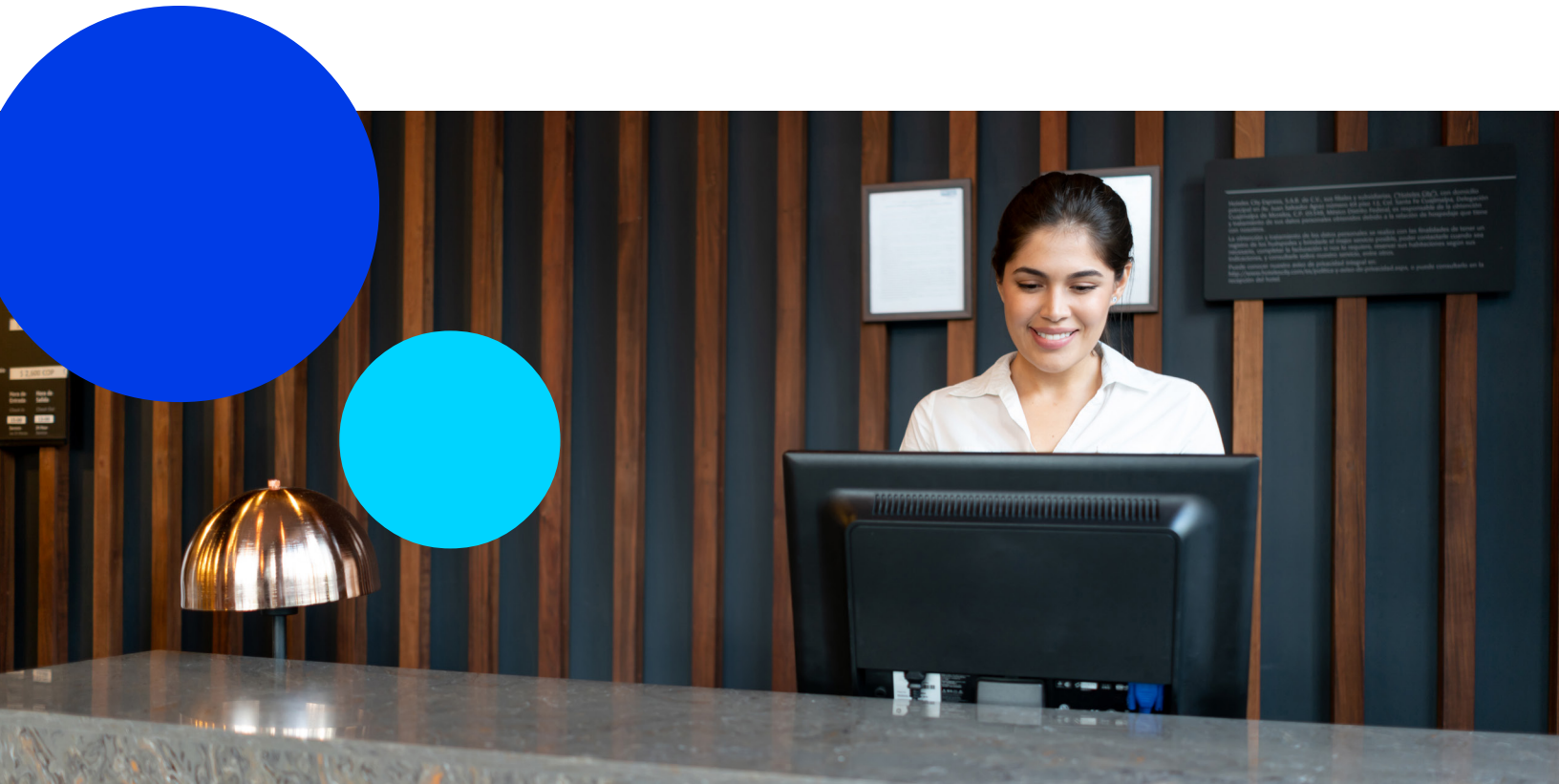
Plus, relieving the customer support team from handling invoicing, collections issues, and customer disputes, allows hoteliers to focus on the human touches that can't be automated, and that matter most to guests.

Loyalty-building benefits for businesses

Increasing loyalty program membership is a priority for hotels, so it's no wonder they also want to increase loyalty among businesses and corporations that are frequently booking work-related travel. When a business has a line of credit with a hotel chain and has had a positive booking and billing experience, they are more likely to book with them for future travel.

From the employee perspective, there are also loyalty-building benefits: the fast, frictionless experience provided by a direct billing network is ideal. They don't have to use a personal credit card, make sure they have a corporate credit card, worry about spending limits, keep hotel-related receipts, or file expense reports. It's one less thing to stress about when they're away from home.

The foundation of building loyalty is a great experience, and when it comes to accommodations, businesses will choose brands that are easy to work with and that they trust. When a hotel joins a direct billing network, they can attract and retain stickier customers.



CASE STUDY

How Choice Hotels builds loyalty with direct billing



Choice Hotels, one of the largest lodging franchisors in the world, needed to increase its average occupancy rate (AOR) and build loyalty among corporate travelers with a direct billing and network technology solution for a seamless payments and invoicing experience. They picked TreviPay to solve this problem.

TreviPay's direct billing solution offered configurable options to accommodate Choice Hotels' needs. Now, this franchisor allows corporate guests to make reservations and check in and out—all without presenting a physical payment card. It's a streamlined and efficient experience for the guest, the company, and the hotel.

TreviPay's direct billing solution is built to be easily integrated. In fact, Choice Hotels has signed on a number of their franchisees to leverage this technology, which makes it easy for a booker to find a hotel that offers this service. The process is simple: Prequalification is done at booking and again at check in. At checkout the hotel simply picks direct pay as the payment method and clears the stay. On day 14, the hotel gets paid and TreviPay signals to Choice corporate that it has been paid so that they can clear the A/R.

Direct billing positively impacts Choice Hotels' bottom line all the way to the corporate level by providing a new revenue line item. It also helps retain and bring on new franchisees by making it easier to reconcile with corporate's A/R department.



“We’ve always made it our business to make corporate travel easy. TreviPay’s direct billing solution was simple and fast to integrate and allows us to better serve our corporate clients while also protecting our franchisees from the risk of extending credit.”

Abhijit Patel, Vice President, marketing and distribution strategy and operations, Choice Hotels

Increase revenue with TreviPay

As business travel continues to fluctuate, direct billing is the best way to win corporate accounts that can quickly increase revenue and AOR. Combined with a proven hotel billing and network solution from TreviPay, automating business folios from start to finish can be a real game-changer. After all, you've already built out a trusted network of hotels—all you need is a direct billing solution to amplify your corporate sales.

"The all-digital billing experience can increase revenue per available room and average occupancy rate for hotels by promoting a seamless experience for both the guest and the corporation," Faul says. "This experience is likely to incur repeat business and loyalty, which, in turn, drives profitability as more rooms are booked."



About TreviPay

TreviPay is the global B2B payments and invoicing network built to optimize trade between buyers and sellers. With more than four decades of experience building networks, TreviPay is the preferred B2B payment method of corporate buyers and sellers globally, processing \$6 billion in transaction volume across 32 countries, 19 currencies and 90,000 active buyers. TreviPay gives clients the power to offer trade credit, and is trusted by major brands – with 80,000 selling locations – to deliver invoices with net terms and guaranteed payment across all sales and distribution channels. TreviPay has created the only fully managed payment and invoicing network to support B2B commerce of the future.

For more information, visit TreviPay.com.