

# SMEs and rising costs: What does it mean for business travel?

With little or no cash to spare, many SMEs are reconsidering their business travel needs, wondering whether they'll ever be able to travel again. Oz Desai, GM Corporate Traveller, says it's a frustrating situation to be in. "Travel is back on the agenda, with all that means in terms of growth, opportunities, and relationship-building, and yet rising costs mean that most small business owners have to think twice before making any travel decisions."



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In terms of air travel, demand is far outstripping supply at the moment – there are simply not enough seats to provide for how many people want to fly. Coupled with skyrocketing fuel prices (according to IATA, the price of jet fuel has increased by nearly 150% in the last year), and passengers are now paying anywhere between 20% and 30% more for air tickets than they did in 2019. Looking locally, tickets have been impacted by the liquidation of Comair: with 40% of domestic capacity removed, the industry is expecting prices to continue to rise.

As if that's not enough, car rental has also been affected. Of course, the much-lamented price of petrol makes daily rentals more expensive, but an added complication comes in the form of fleet shortages (and the forces of supply and demand).

The trick for SMEs is to keep travel costs down. According to Desai, there are a number of ways to do this:

## 1. Book in advance

Last-minute bookings are still dominating travel behaviour – even though it's the most expensive option.

"We know Covid's shadow looms large, and that people are still waiting until the last moment to book any travel. But this makes travel very expensive. Ideally, you should still book flexible fares, but for best pricing, look to book 1–3 months ahead for domestic travel and 2–8 months ahead for international travel," says Desai.

## 2. Use a TMC

Not only will a travel management company help you navigate the current challenges around visas and flight availability, but they often have access to specially-negotiated rates and fares which are not always publicly available.

"When it comes to booking flights and accommodation, many people believe that there's a bigger selection on the Internet," says Desai. "This is not always true. Often your TMC will have access to unique rates. Failing that, they'll use their buying power and negotiation skills to secure the best rates on your behalf – whether it's flights, accommodation or car hire."

### **3. Introduce per diems for your frequent travellers**

Your TMC can help you set reasonable per diem for your employees, based on the length, location and even time of year of their trip.

"There are tools which can help you determine a fair per diem," says Desai. "It's a much safer option than handing over the company credit card, and you can also decide whether to eft your travellers an amount up front – or reimburse them on their return. But ultimately, your travel consultant will have the latest information, based on best practice, at their fingertips."

### **4. Redeem points and miles**

You might think that your business is too small – or your travel too infrequent – to warrant a frequent flier or hotel loyalty programme. According to Desai, every little helps.

"Chat to your TMC about loyalty programmes. They'll manage the programme, points and admin on your behalf, and your team will often receive instant benefits, including priority boarding, lounge access (handy when stretching per diems), free upgrades, free Wi-Fi and parking at participating hotels, and so much more."

### **5. Update your tech**

The right travel tech can save you money too – if your online booking tool (OBT) takes both your budget and travel policy into account.

Desai says that today's OBTs can calculate your recommended spend on things like hotels and flights, then pick the best options in line with your travel policy. You'll also get a holistic overview of past, present and future trips, meaning you can keep a handle on your travel spend without any nasty surprises down the line!

The big corporate players are travelling again. According to the Global Business Travel Association's (GBTA) June 2022 Recovery Poll, most travel management companies (84%) are reporting their bookings have increased month on month; while significantly, nine in 10 (88%) of GBTA buyer and procurement members feel their employees are "willing" or "very willing" to travel for business.

"The good news is that there is no reason for SMEs to be left behind. There are ways for SMEs to keep their travel

programme going while keeping the budget in check," concludes Desai.

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