

Travel Procurement's "Should Be" Future

1. RFPs should be goal-based, not price-based.
2. Procurement should reduce demand for carbon and low-value travel.
3. Carbon intensity should be the new cost savings.

Goal-based RFPs focus on non-savings goals:

RFP TYPE	Priced-based RFPs	Goal-based RFPs
PRIORITIES	Lower costs, More savings	More successful trips Healthier, safer travelers Less traveler attrition Fewer carbon emissions Fewer low-value trips
KEY METRICS	“Savings”, Discounts	Trip success and ROI Road warrior attrition rate, Travel’s carbon intensity

A goal-based RFP reveals your best travel partners

GOAL-BASED RFP QUESTIONS

“How will you do a **notably better job than your competition** at...

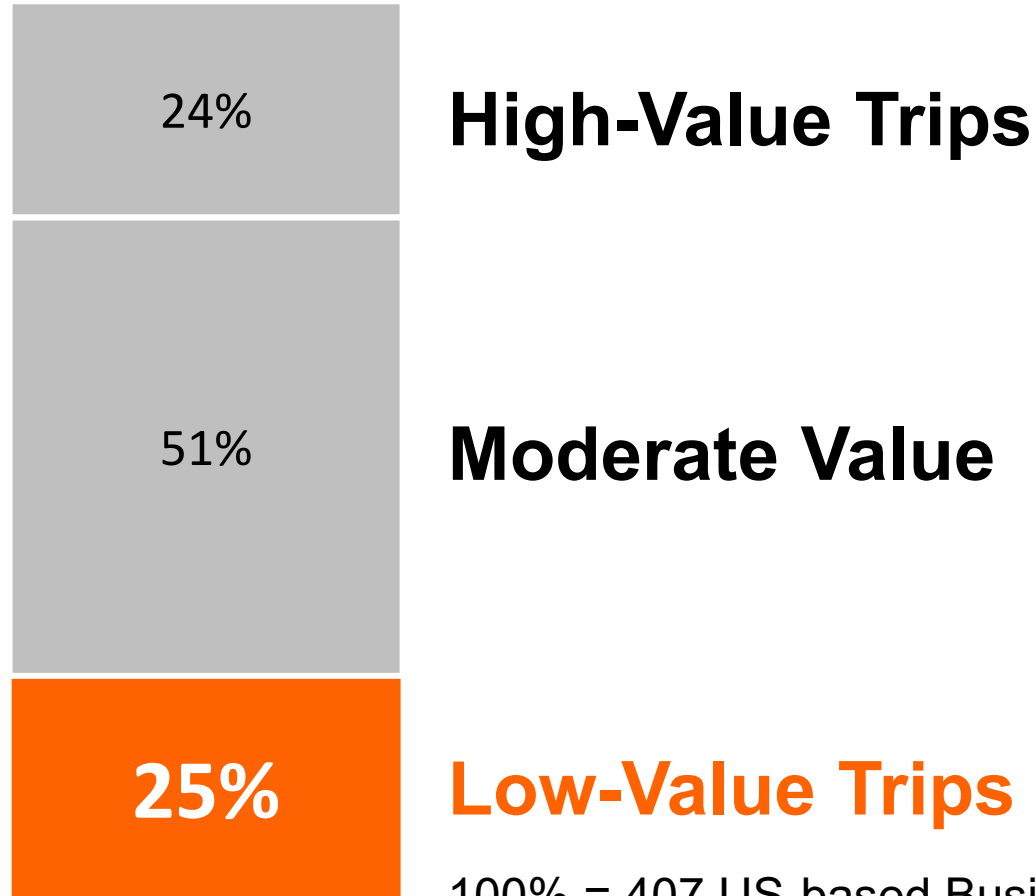
- Improving our trip success rate?”
- Reducing our travelers’ concerns about traveling?”
- Reducing our rate of road warrior attrition?”
- Reducing our travel-related carbon intensity?”

Discounts don’t matter.

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25% - 30% of business trips are low value



Low-value trips add little to no economic value.

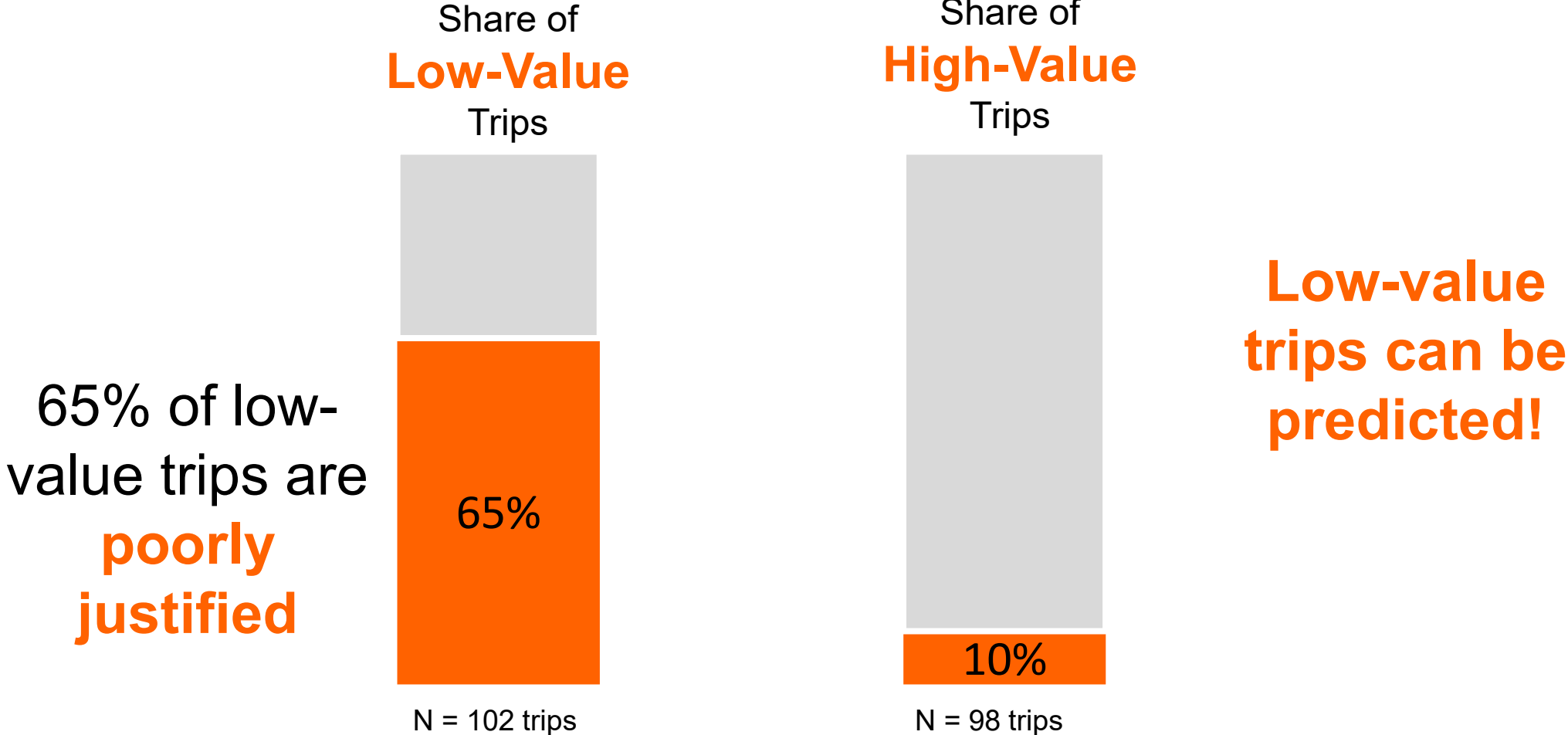
Companies can save 25%-30% of their travel spend,

AND reduce their CO2 emissions by this much.

100% = 407 US-based Business Trips

Source: The Justified Business Trip by tClara, 2023

Most low-value trips are poorly justified



65% of low-value trips are **poorly justified**

Low-value trips can be predicted!

Source: The Justified Business Trip by tClara, 2023

Source: scott@tclara.com

Low-value trips should be predicted before they are purchased

REQUIRE PRE-TRIP ASSESSMENTS

What's the business goal?

How justified is this trip?

What's the trip's expected ROI %?



Predict low-value trips.

REQUIRE POST-TRIP ASSESSMENTS

How valuable was the trip?

Could it have been done virtually?

What now is the trip's expected ROI %?



Improve the prediction model.

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**Carbon Intensity is a simple ratio.
It makes comparing tickets and travel programs easier.**

The ticket's carbon intensity is

$$\frac{\text{A ticket's CO2 in kg}}{\text{The ticket's price}} = \frac{500 \text{ kg CO2}}{\$500} = 1.0 \text{ kg CO2} / \$$$
$$\frac{10 \text{ million kg CO2}}{\$10 \text{ million air spend}} = 1.0 \text{ kg CO2} / \$$$

**The smaller the carbon intensity, the better.
We have to pay more to pollute less.**

Higher travel prices will reduce travel's carbon intensity

TRAVEL'S CARBON INTENSITY FALLS WITH HIGHER PRICES

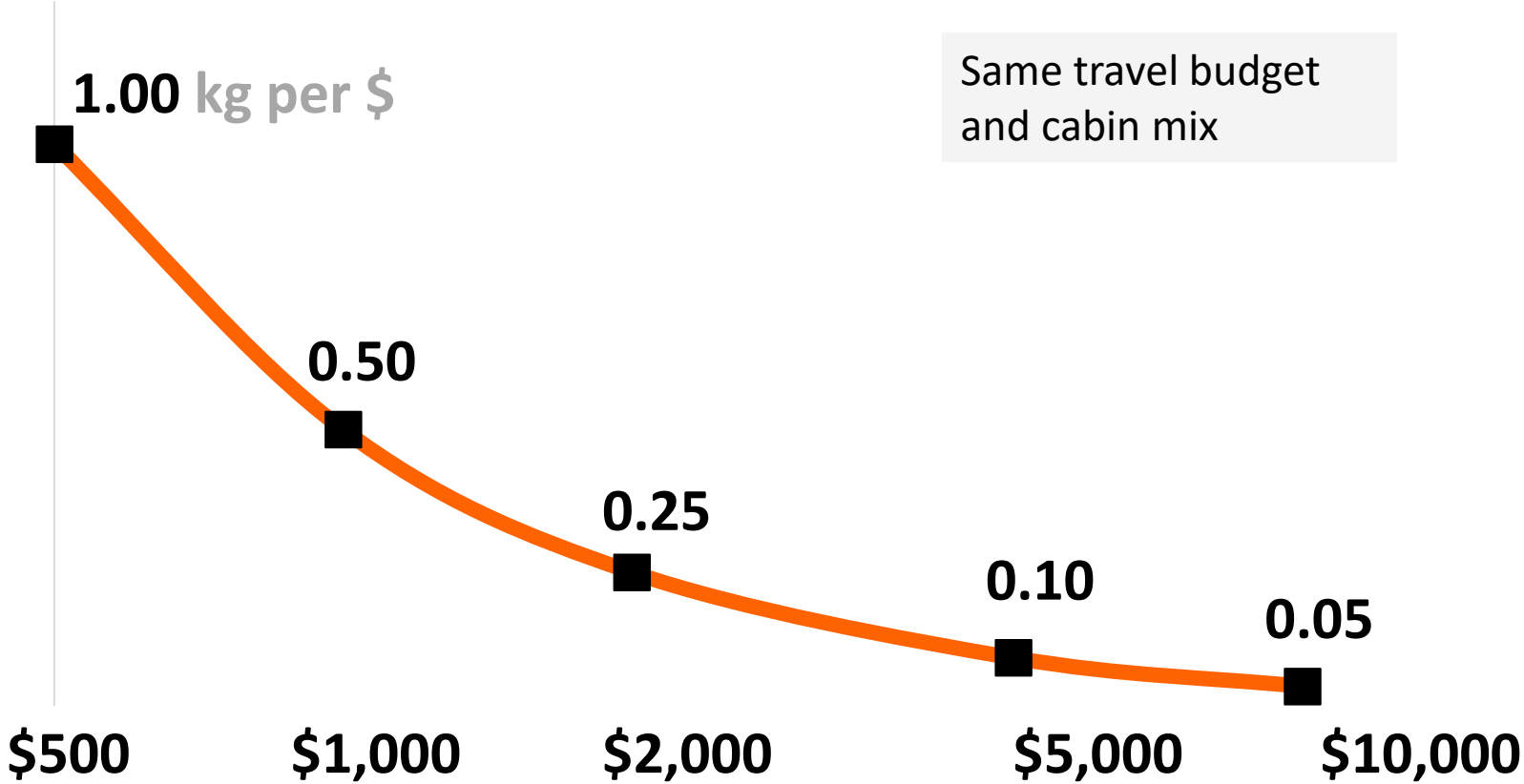
CARBON INTENSITY:

$$\frac{\text{Trip's CO2 kg}}{\text{Trip's Price}}$$

Assume 500 kg CO2 per trip

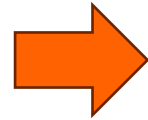
Same travel budget and cabin mix

If The Avg. Trip Price Is:

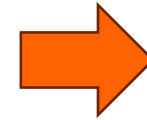


Use lower carbon intensities and their higher prices to buy higher-quality trips

More flexible itineraries
Premium cabins
Direct flights
Popular days and times
Higher-quality hotels



Reduce
Traveler
Friction



More successful trips
**Better traveler health,
safety, well-being**
**Less road warrior
attrition**
Fewer trips, less CO2

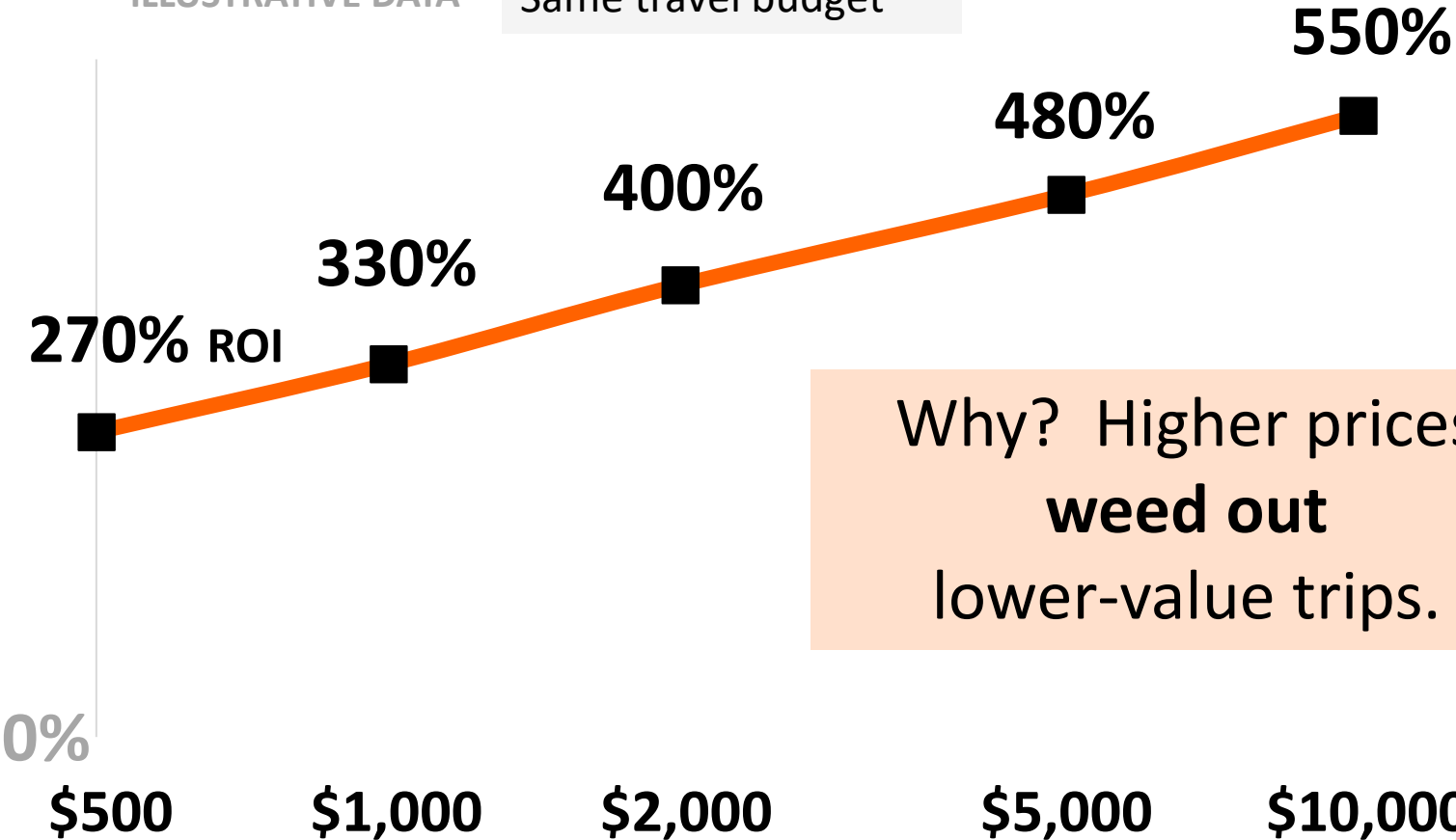
Reducing carbon intensity by paying higher prices will increase travel's ROI %

TRAVEL ROI % =

ILLUSTRATIVE DATA

Same travel budget

$$\frac{\text{Net Expected \$ Value from All Trips}}{\text{Total Travel Costs and Travelers' Time Value}}$$



Why? Higher prices weed out lower-value trips.

If The Avg. Trip Price Is:

\$500 \$1,000 \$2,000 \$5,000 \$10,000

A rude awakening?

Discounts on travel prices **do not**

- Make trips more successful
- Improve traveler well-being
- Reduce traveler attrition
- Reduce carbon emissions

**Reducing travel's
carbon intensity does.**

Carbon intensity should be the new cost savings.

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Learn how to calculate any trip's Return On Investment

