



Innovation and Sustainability in Business Travel Today

Creating value through service innovations and
sustainable business practices

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Corporation*

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INTRODUCTION

Numerous industry and global market trends are converging in ways that will likely alter the business travel landscape for years to come. As more corporations seek to reduce their carbon footprints and safeguard their reputations, they increasingly look to their suppliers for support. Business travel buyers are seeking ways to become more strategic while also containing costs to make them and the travelers they serve more efficient and effective.

This environment presents an opportunity to lead, to build on and establish new best practices and to help shape the very future of business travel.

One important way that travel suppliers are distinguishing themselves is through a focus on sustainable business practices. The table on the right summarizes some of the approaches that the car rental industry takes to work more sustainably, many of which are applicable to other aspects of the travel industry, as well.

The rise of formal corporate sustainability reporting¹ is an indicator of how important this measure of business performance has become. According to the [Global Reporting Initiative \(GRI\)](#), 95 percent of the world's largest 250 companies now issue corporate sustainability reports, up from 79 percent in 2008. The GRI guidelines represent the world's most widely used framework for sustainability reporting.

In the travel and hospitality sector, there are five major companies that have their sustainability reports level-checked by GRI, which confirms the degree to which companies have used the guidelines in their reporting. With the inclusion of these five sustainability-focused companies – in both ground and air transportation and in the hotel sector – this paper provides a well-rounded view of how the business travel industry is meeting the needs of today's business travelers and business travel buyers.

Travel and Hospitality Sustainability Reporting

Five major companies in our industry issue GRI Level-Checked Sustainability reports.

- Enterprise Holdings
- Las Vegas Sands Corp.
- Marriott International, Inc.
- Southwest Airlines Co.
- Wyndham Worldwide Corporation

Sustainability in Car Rental
Transparency in sustainability reporting
Responsible supply chain
Investment in new technologies and travel technology options, online booking; ease for the traveler
Alternative fuel vehicles, hybrids, and electric vehicles; fuel-efficient car rental options
Customer service/duty of care
Option to purchase carbon offsets
Customized carbon emissions reports
Energy reduction goals and responsible construction
Corporate citizenship/giving back to the community
Product and service innovation
Partnership/leadership

Enterprise Holdings, the owner and operator of the Enterprise Rent-A-Car, National Car Rental and Alamo Rent A Car brands and the largest car rental company in the world, has benefited in a number of ways from its sustainability efforts. For example, in a 2010-2011 survey of environmentally conscious travelers, a group that tends to be skeptical of green claims, Enterprise was ranked as one of the top green travel brands.²

¹ [The Latest Trends in Sustainability Reporting, Global Reporting Initiative, 2013](#)

² <http://cmi.green.com/wordpress/wordpress/green-traveler-study-2010-11/>

MEGATRENDS IMPACTING BUSINESS TRAVEL

Even in this age of Web conferencing and near-instantaneous communication, travel is still viewed as a core business activity. And there's evidence to support its value. Historical data from 2007-2011 across 61 industries demonstrate that the sectors that spent the most on business travel through the recession also tended to post higher growth in profits.³

Megatrends

- Global Economic Recovery
- Carbon Disclosure
- Sustainability Performance
- Value Chain Focus

Business travel is expected to increase by a healthy 5 percent in 2013, according to reports by the GBTA. While the demand for business travel tends to ebb and flow with economic conditions, a host of other factors will have lasting and perhaps permanent impacts on how this travel is managed.

Carbon Disclosure

Investors, customers and governments are becoming more concerned with the economic and environmental risks associated with climate change and are increasingly asking companies to report on and reduce their greenhouse gas emissions. The [Carbon Disclosure Project \(CDP\)](#), a non-profit organization that represents more than 700 institutional investors with \$87 trillion in assets – roughly one-third of the world's invested assets – has seen a meteoric rise in the number of companies responding to its surveys.

As more companies commit to carbon disclosure, the demand for carbon reporting from their suppliers also increases. Included in this disclosure is carbon reporting for corporate travel. In fact, business travel is the value chain emissions category (known as Scope 3 emissions) most often reported to the CDP.⁴

To help facilitate the measurement and distribution of this type of data, [The Carbon Accounting Company](#) has developed **Green Hotels Global™**, a software and data system that provides travel buyers with room-night carbon emissions, water usage and other environmental metrics for the hotels registered in its system. The company's President and Chief Operating Officer, Ian Lipton, notes that the hotel industry's first step has been to focus on the standardized disclosure of data by creating a common measurement protocol called the **Hotel Carbon Measurement Initiative (HCMI)**. Other sectors of the travel industry, such as airlines and car rental companies, can be expected to take a similar approach by aligning on a common carbon reporting methodology to meet the needs of their corporate customers.

Sustainability Performance

Key stakeholders increasingly seek assurance that the companies they do business with are responsible corporate citizens that embrace the principles of sustainability. In this context "sustainability" refers to the environmental, social and economic impacts – positive and negative – resulting from a company's operations, products and services.

The impetus to report on and improve sustainability performance is coming from all sides. In a survey of more than 10,000 consumers in 10 of the world's largest countries, nine in 10 people say they are eager to hear about corporate social responsibility initiatives and progress.⁵ Corporations are following suit. Studies show that more than 80 percent of companies are already working directly with their suppliers to measure their sustainability impacts.⁶

Value Chain Focus

Stakeholders' growing appetite for company sustainability performance data is contributing to a heightened scrutiny of the entire corporate value chain, especially as it pertains to suppliers.

³[The Role of Business Travel in the U.S. Economic Recovery, U.S. Travel Association](#)

⁴[Grounded? Sustainability and Business Travel, Business for Social Responsibility, 2013](#)

⁵[Global CSR Study, Cone Communications/Echo Research, 2013](#)

⁶[Six Growing Trends in Corporate Sustainability, Ernst & Young/GreenBiz, 2011](#)

The new GRI G4 sustainability reporting guidelines, released in May 2013, contain multiple new or revised reporting parameters that inquire about the environmental impact, working conditions and societal performance throughout a company's supply chain.

In 2012, the [Dow Jones Sustainability Indices](#) – which track the stock performance of the world's leading companies in terms of economic, environmental and social criteria – made significant changes to the supplier section of its detailed questionnaire to take “a more comprehensive approach to companies' management of both risks and opportunities in their supply chain.” Similarly, the CDP Supply Chain Program has seen significant uptake since its inception in 2009.

EXPECTATIONS FOR TODAY'S BUSINESS TRAVEL BUYER

With the significant increase in business travel in 2013, comes a host of expectations for today's business travel buyer. These include an increased reliance on technology and mobility, better cost management, supplier consolidation for purposes of leveraging cost savings, heightened focus on duty of care and increased attention to sustainability issues.

A 2012 study conducted by the GBTA Foundation found that “companies will be focusing on supplier relationships, searching for the vendors with the green services and solutions to curb waste, minimize carbon footprints and generate results.”⁷ That's not just a theoretical prediction; it's based on that same study's finding that 37 to 43 percent of travel managers anticipate changing at least one of their airline, hotel or ground transportation suppliers based on sustainability criteria.

Bernard Harrop, head of sustainability at the GBTA Foundation, said in a press release on the study, “GBTA has been at the forefront of this issue, which has been of strategic importance for the business travel industry, developing programs like Project ICARUS, the first global travel management sustainability body, representing the interests of the global travel and meetings industry.”

WORKING ACROSS THE VALUE CHAIN FOR SOLUTIONS

Over the past several years, increased emphasis has been placed on working both upstream with suppliers and downstream with customers and consumers to find innovative ways to drive out costs and emissions, foster innovation and ensure the long-term viability of a given company's core business.

Enterprise Holdings plays an active role in addressing major transportation-related issues such as emerging automotive technologies, alternative fuels, fuel efficiency and emissions standards. As the world's largest fleet owner, Enterprise is in a unique position to introduce new vehicles and technologies to the driving public and promote the adoption of hybrid and electric vehicles (EVs).

Looking further ahead, the Taylor family, the owners of Enterprise Holdings, has donated \$35 million to the Donald Danforth Plant Science Center in St. Louis, Mo., and its Enterprise Rent-A-Car Institute for Renewable Fuels. Led by some of the nation's foremost biologists, much of the team's work focuses on using algae to produce “third-generation” biofuels that someday could be used on a large scale to power cars, trucks and aircraft.

Marriott International, one of the world's leading lodging companies with more than 3,700 properties in 74 countries and territories worldwide, addresses supply chain sustainability in a number of ways. The company includes a sustainability clause in all of its contracts, advising suppliers of its goals and encouraging similar focus from them. Marriott also provides suppliers with a supplier code of conduct, which contains a number of sustainability related elements. But, understanding

“Our supplier engagement effort will help us better understand our suppliers' sustainability policies.”

–Denise Naguib, Vice President, Sustainability & Supplier Diversity, Marriott International, Inc.

⁷http://www.gbta.org/foundation/pressreleases/Pages/rls_070312.aspx

that simply pushing out expectations to suppliers can only take it so far, Marriott also seeks to proactively engage its supply chain.

"We are working on a large supplier engagement effort with our procurement company for the North and Central America market," reports Marriott's Denise Naguib, Vice President, Sustainability & Supplier Diversity. "This will take the focus directly to the supplier, asking them to provide their sustainability policy to us."

At **Las Vegas Sands Corp.**, a leading global developer of integrated resorts, the chief sustainability officer is also the chief procurement officer. This approach provides the company with checks and balances in managing its thousands of suppliers and, presumably, additional focus on sustainable procurement. Las Vegas Sands also offers a variety of "green" options for meetings, such as the recycling or repurposing of convention waste, the availability of locally grown and/or organic foods and the organization of community volunteer projects.

Wyndham Worldwide, a diversified company that encompasses hotels, vacation exchange, vacation and rentals and timeshares, has instituted a Green Supplier initiative to partner with vendors who have a commitment to sustainability. Key suppliers complete a survey that analyzes environmental practices, policies, tracking, documentation and reporting. In 2011, 16 percent of the company's total \$1.5 billion supplier spend was with suppliers who meet the Wyndham Green Supplier criteria. The company's goal is to increase this to 30 percent by 2017.

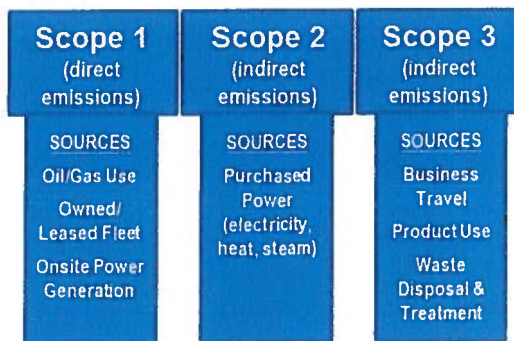
OFFERING LOWER CARBON ALTERNATIVES

As more companies seek to lower their carbon footprints, they are looking to their business travel suppliers for assistance. According to The Carbon Accounting Company's Ian Lipton, 82 percent of the Fortune Global 500 companies are reporting their carbon footprint, and about 25 percent of those do so at the level of business travel.

Southwest Airlines, known for its fierce customer loyalty, is making considerable strides in increasing its fuel efficiency, and thus lowering its emissions. From 2011 to 2012, the company saved nearly 29 million gallons of jet fuel, the approximate equivalent of 4,500 round-trip flights between Chicago Midway and Las Vegas, as reported in its 2012 *Southwest Airlines One Report*.

Central to the company's energy reduction strategy is its fleet modernization plan, which includes the acquisition of more fuel-efficient aircraft and the accelerated replacement of its older planes. This will save fuel cost, improve operational efficiencies and reduce the Scope 3 emissions of Southwest customers that include business air travel as part of their overall footprint.

Enterprise Holdings offers the world's largest fuel-efficient fleet. Approximately 58 percent of the company's vehicles average a highway fuel efficiency rating of at least 28 mpg and 28 percent average 32 mpg or better. Enterprise also offers services that help companies better manage their carbon footprints. These include the opportunity to purchase carbon offsets as part of their vehicle rentals (through Enterprise's partnership with **TerraPass**) and the ability to request customized carbon emissions reports based on vehicle type and miles traveled.



IMPROVING IN-HOUSE SUSTAINABILITY PERFORMANCE

In line with stakeholder expectations and sound business practice, companies across all sectors are working to improve the sustainability performance of their operations by reducing environmental impacts, providing good working environments and giving back to the community.

Energy Reduction Goals

Using less energy – and reducing greenhouse gas emissions in the process – has become a common mantra in business today.

As part of its "20/20 Vision," announced in 2010, **Enterprise Holdings** is committed to reduce both its energy use and energy costs by 20 percent over a five-year period. The company is more than halfway to that goal, having achieved reductions of nearly 12 percent.

In 2012, **Marriott** established a goal to reduce energy consumption by 20 percent by 2020 as well, using 2007 as its baseline. The company reports a reduction of 4 percent so far.

Similarly, **Wyndham Worldwide** set a goal of reducing its carbon emissions by 20 percent per square foot by 2020, with an interim goal of 12 percent by 2016. In 2011, the company reduced its emissions by 5 percent per square foot.

Sustainable Building and Construction Protocols and Certifications

Third-party organizations around the world certify buildings as "green" by virtue of being constructed with locally sourced, environmentally friendly materials and featuring designs that conserve natural resources. The most widely recognized and applied program is LEED certification, developed by the U.S. Green Building Council (USGBC), which is used in 135 countries.⁸ The travel industry has embraced the long-term cost savings, goodwill and health benefits of green building protocols.

In 2008, The Palazzo, owned by **Las Vegas Sands Corp.**, earned a LEED Silver certification, making it the first hotel on the Las Vegas strip to achieve this status. Las Vegas Sands currently enjoys green certifications for six of its eight integrated resort properties worldwide.

Marriott has worked with the USGBC to develop a LEED Volume Program, which provides a streamlined path to LEED certification for a group of properties based on a pre-approved prototype and process. The program can save hotel owners approximately \$100,000 in upfront costs and six months of design time on new hotel development. Owners expect to save 25 percent in energy and water consumption for the life of their buildings and recoup their initial investments in two to six years. Marriott opened two LEED Volume Program hotels in 2012 and has 12 more in development.

Wyndham Worldwide has achieved LEED Silver certification for interiors at its corporate headquarters building, which has also received recognition for purchasing 100 percent of its electricity from wind power. Through the Green Franchisee Advisory Board of the company's Wyndham Green Council, it shares best practices with its many franchise owners and encourages them to seek green building certifications and other sustainability achievements.

In 2011, **Enterprise Holdings** established the Enterprise Sustainable Construction Protocol (ESCP), a set of guidelines for new construction and for retrofitting existing Enterprise Rent-A-Car car rental locations. The company estimated that it would invest approximately \$150 million in sustainable construction over a five-year period and expected to save as much as 35 percent in energy and water utility costs. The Enterprise Rent-A-Car O'Hare Airport location, which is compliant with ESCP, is the car rental industry's first LEED Silver-certified independent rental facility.

Giving Back to the Community

Today, most large companies give back in myriad ways to the communities where they operate and do business. This is especially true for organizations in high-visibility sectors like the travel industry.

Enterprise Holdings' 50 Million Tree Pledge is a public/private/non-profit partnership with the Arbor Day

*The Enterprise
50 Million Tree Pledge
is one of the largest corporate
conservation efforts in history.*

⁸ <http://www.usgbc.org/about>

Foundation and U.S. Forest Service. Working with its partners, the Enterprise Holdings Foundation is underwriting the planting of 50 million trees over 50 years in U.S. national and state forests and in international locations where the company does business, including Europe and Canada. In total, it is a gift of \$50 million in today's dollars. To date, nearly 8 million trees have been planted.

Enterprise gives back through a range of other philanthropic efforts as well. In 2012, the Enterprise Holdings Foundation granted more than \$16.4 million in funding to charitable causes. Approximately 80 percent of foundation giving went to fulfill employee requests to support local, community organizations.

Wyndham Hotel Group, part of **Wyndham Worldwide**, has partnered with the non-profit organization, [First Response Team of America](#), to help manage natural disasters. By studying weather patterns and communicating with leading meteorologists, this non-profit organization anticipates when and where the next natural disaster may strike, so they may position their rapid response teams near potential disaster locations nationwide. Wyndham donates Wyndham Rewards points to these first responders to use toward hotel accommodations while deployed in nearby disaster zones.

Southwest Airlines has established a Medical Transportation Grant Program (MTGP), which provides complimentary, round-trip tickets to non-profit hospitals and medical transportation organizations to assist families who are facing serious illnesses to get the treatment that they need. In 2012, Southwest provided \$2.4 million in free transportation to more than 60 hospitals and organizations in the United States.

PRODUCT AND SERVICE INNOVATIONS

To remain competitive and differentiate themselves, companies in the travel and hospitality industry have instituted some creative offerings for their business customers.

Las Vegas Sands Corp. supports its customers in a number of unique ways. "Two popular service innovations are our Sands ECO360° Meetings Impact Statement, which helps our customers measure the environmental impact of the meetings they hold with us, and our Green Meetings Concierge service, which provides a knowledgeable single point of contact for organizations seeking to host environmentally responsible conferences," notes Katarina Tesarova, Executive Director of Sustainability for Las Vegas Sands.

In connection with its fleet modernization initiative, **Southwest Airlines** introduced a unique new cabin design in 2012, dubbed "Evolve," which benefits the customer, environment and company. Southwest has already retrofitted hundreds of aircraft with the new cabin design and plans to use it in new aircraft as well.

The new cabin results in a plane that is 635 pounds lighter, lowering fuel consumption, greenhouse gas emissions and costs. Southwest reused the seat frames in its existing 700 aircraft fleet, saving approximately \$50 million in cabin redesign costs and reducing waste. Additionally, the Evolve interior features recyclable materials that are more durable than previous materials; the company expects this to increase the typical lifespan of its seats by 50 percent.

"Our Evolve cabin is a prime example of Southwest Airlines' triple bottom line filter at work."

-Marilee McInnis, Senior Manager, Culture and Communications, Southwest Airlines

Enterprise Holdings operates car-sharing programs in nearly 40 states, plus Canada and the United Kingdom. Enterprise CarShare helps customers reduce expenditures, traffic congestion and fuel consumption within both their rental vehicles and owned fleets. The service is used by businesses to reduce fleet costs, lower carbon emissions by simply introducing newer more fuel efficient vehicles, and offer employees convenient access to the cars they need, where and when they need them.

CONCLUSION

Today's business traveler is more inclined than ever to factor sustainability considerations into travel arrangements and accommodations. Corporations can help reduce their carbon footprints by encouraging green choices through their travel management programs. According to a survey by Community Marketing, Inc., 60 percent of business travelers indicated that their companies did not have a policy promoting environmentally friendly travel and 17 percent were unsure.⁹ The same study showed that 84 percent of business travelers would support or strongly support such policies.

If price and product are the same, how does a travel buyer in a corporation select the best business travel provider? In order to make strides in the travel industry supply chain, corporations should select those companies who are raising the sustainability bar in their individual travel category. The companies featured in this paper work effectively with key stakeholders to incorporate sustainability goals into comprehensive, long-term local planning, and, in the process, better meet the needs of their constituents, clients and customers in communities they serve.

ABOUT GBTA



The Global Business Travel Association (GBTA) is the world's premier business travel and meetings organization. Collectively, GBTA's 5,000-plus members manage over \$340 billion of global business travel and meetings expenditures annually. GBTA provides its network of 21,000 business and government travel and meetings managers, as well as travel service providers, with networking events, news, education & professional development, research, and advocacy. For more information, visit gbta.org

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⁹<http://cmigreen.com/wordpress/wordpress/green-traveler-study-2010-11/>