Dining – it’s time to start managing travel’s last unmanaged spend category
Contents

Executive Summary ........................................ 2

Introduction
Don’t miss out on managing 13% of your travel spend ........................................ 4

Business Dining
Where are the pain points? ........................................ 6

Case study
International Consulting Company wants to slash paper work ........................................ 11

The Benefits of a Managed Dining Programme ........................................ 12

How Technology is Set to Transform Dining Management ........................................ 14

Case study
Why PAREXEL wants to manage dining – and sees technology as the solution ........................................ 17

Moving Dining Technology Forwards – Partnerships and Integration ........................................ 18

Steps You Can Take Today ........................................ 20

Conclusion ........................................ 21
Executive Summary

Dining accounts for an average 13% of a company’s travel spend.¹ Yet only just over 1 in 4 companies makes any attempt to manage the dining category.²

Why so few? The dining category is caught in a vicious circle

If businesses could break this circle and start to actively manage their dining spend, they would achieve five key goals unattainable to them today:

1. Improve traveler convenience
   Save considerable time spent on Searching, Booking, Paying for, Invoicing and Expensing meals.

2. Make dining policy succeed
   There is no point in writing a policy that cannot be policed. A managed program provides true data insights into what employees are spending and where.

3. Make major process efficiencies
   Examples include eliminating substantial paperwork; avoiding chasing restaurants for tax-compliant invoices; and achieving fully automated integration with expense reporting and ERP systems (today’s process of scanning receipts is only semi-automated).

4. Track spend for compliance purposes
   Ensure expenditure fulfills tax and other regulatory requirements.

5. Start to reduce spend
   Build a preferred supplier program with corporate discounts and ensure employees do not over-spend.

6. No control

Mobile technology will make dining management a reality

Examples include:

- **WeChat (China)**
  Users can Search, Book, Order items for and Pay for their meal all on one super-app. 64% of restaurants in China accept mobile payment.³

- **dine+go (Europe)**
  Dine+go, publisher of this white paper and an AirPlus International digital venture, is the world’s first corporate dining payment app. The diner can Search for a nearby restaurant, Pay, receive their Invoice and will be able to connect to their Expense report all through one app.

Not all the pieces of the automated end-to-end dining management process are in place so far. For example:

- There is no corporate dining booking tool yet.
- Outside China, more restaurants need to develop compatible point of sale systems.

But partnerships and integrations are driving development all the time.

Steps travel managers can start taking to manage the dining category

- Analyze your existing corporate card and expense reporting data.
- Create meal spend guidelines – for example spending caps.
- Create a list of frequently visited restaurants.
- Communicate dining policy to employees.
- Send reporting to business units and/or senior management.
- Negotiate discounts.
- Investigate the new technology opportunities.
- Centralize payment for group dining via a virtual card.

---

¹ VDR-Geschäftsreiseanalyse, 2016, based on 800 interviews
² BTN Group/Dinova survey of 114 corporate travel and expense managers, April 2016
³ 2017 Mobile Payment Usage in China Report/Tencent/RDCY, Ipsos, August 2017
Introduction
Don’t Miss Out On Managing 13% Of Your Travel Spend

Dining – the blind spot in your travel program

If you run a well-established travel program, you almost certainly have good control of your air and hotel spend. Maybe car rental and rail too. You probably have:
- a policy
- a well-defined booking and payment process
- detailed data
- deals with preferred suppliers
- efficient invoice and expense management

Yet there is one category of travel-related expense where few or none of these controls exist: dining – the meals your employees buy while on company business.

A survey of travel managers in the U.S. shows just how extensively dining is overlooked:

Has your company taken steps to better manage meal spend?⁴

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No, but considering next year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>27%</td>
<td>21%</td>
</tr>
</tbody>
</table>

And it is a reasonable assumption that even most travel managers who said Yes had taken only a couple of steps – perhaps writing some per diem meal price caps into their travel policy.

A major overlooked expense

Yet dining is a category which any business looking for new savings should attempt to manage. It accounts for a large slice of travel and entertainment costs (more than half as much again as car rental), according to analysis by German travel managers’ association VDR:

<table>
<thead>
<tr>
<th>Category</th>
<th>Total Spend (Germany, 2016) € billion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hotel</td>
<td>€13.3</td>
</tr>
<tr>
<td>Flights</td>
<td>€12.4</td>
</tr>
<tr>
<td>Rail</td>
<td>€9.3</td>
</tr>
<tr>
<td>Business meals</td>
<td>€6.6</td>
</tr>
<tr>
<td>Car rental</td>
<td>€4.1</td>
</tr>
<tr>
<td>Other costs</td>
<td>€5.1</td>
</tr>
</tbody>
</table>

Total spend on business travel (Germany, 2016)⁵

Begin to manage the unmanageable

Naturally, there are good reasons why dining remains unmanaged when other aspects of travel have been brought under control. As our interviews with travel managers for this white paper made clear, businesses want to manage it, but can’t find a solution. Reasons include:
- A fragmented supplier base
- High transaction numbers but low average transaction values
- Above all, a lack of technology tools

The good news is the situation is starting to improve. In particular, the mobile age is finally providing technology that makes dining management possible.

Perhaps the underlying problem with dining is that it is a process which usually receives attention only once travelers have started their trip. Travel management has traditionally focused on pre-trip intervention.

Today, intervention is possible on-trip as well. With mobile technology, the phone in your travelers’ pockets can continue to control what they choose and spend, and how their purchases are processed, even after they have hit the road.

Here’s how you can get your hands around that missing 13% of travel spend.

⁴ BTN Group/Dinova survey of 114 corporate travel and expense managers, April 2016
⁵ VDR-Geschäftsreiseanalyse, 2016, based on 800 interviews
The potential to reduce a significant direct expense is a good enough reason to start controlling dining spend. But higher purchasing cost is only one of several pain points caused for employer and employee alike by the absence of a dining management process.

Here is a typical process flow of a business traveler’s air booking inside a managed travel program:

Typical process flow of a business traveler’s air booking

- **Look**: Look at policy – compliant options on online booking tool
- **Book**: Choose preferred airline through online booking tool
- **Pay**: Payment automatically handled through centrally billed account (lodge card)
- **Invoice**: No need to collect invoice. Already captured through automated flow from booking tool to travel management company
- **Expense**: No need to file expense claim because ticket is policy – compliant and already settled through centrally billed account

Now compare this with a typical business meal process flow. Each step in the process carries at least one pain point:

Typical business meal process flow

1. **Look**
   - Find restaurant through TripAdvisor, personal recommendation or walking in off the street. Restaurant selection, and the price paid, may or may not be within policy – if there is a policy for dining

2. **Book**
   - Call restaurant during opening hours and hope someone will answer. Or walk in and hope a table is available

3. **Pay**
   - Attract waiter’s attention to ask for bill. Wait for waiter to bring bill. If paying with corporate or personal card, wait for waiter to bring card machine. If paying with cash from company cash advance, wait for waiter to accept cash and bring change.
   - Request invoice, which may be hand-written or automated, and may or may not be tax-compliant.

4. **Invoice**
   - Semi-automated route (if paid by corporate card): transaction flows automatically into expense report. Either scan receipt or physically attach it to expense claim.
   - Manual route (if paid by personal card or cash): enter payment details into expense claim. Attach receipt.

The contrast between these two process flows is extreme. For dining, the process is much longer and less efficient, and far less controlled.
Pain points for the traveler

For the traveler, the main problem is the time they lose.

Time spent before restaurant
Researching and booking a restaurant may sometimes be fun, and has been made easier by TripAdvisor. But it consumes time when busy business travelers have better things to do.

Time spent at restaurant
On average, it takes diners 10-12 minutes from deciding they want the bill to leaving.¹ That’s redundant time.

Time spent after restaurant
Making an expense claim and attaching receipts eats yet more time, especially if the diner has paid by personal card or in cash and needs to claim reimbursement. Even paying with a corporate card and scanning a receipt into an online expense report is only a semi-automated process.

In some countries, such as Germany, additional admin steps are required, including detailing the name and company of each diner and specifying the purpose of the lunch.

Another challenge is collecting a compliant invoice. Many are still handwritten, but even those which are computerized do not necessarily comply with value added tax rules. Non-compliance leaves the employer unable to recover the VAT element of the bill.

Pain points for the travel manager/employer

Limited control over purchasing costs
Travel managers have little ability to control dining costs.

No potential to manage suppliers
There are an estimated 15 million restaurants worldwide.⁷

Other than fast-food chains, the vast majority are independent. Therefore, negotiating a preferred deal with a supplier often means negotiating with one restaurant at a time. Since average transaction values are lower than other travel sector costs, the economics of spending time on negotiating deals is difficult to justify.

No data
Travel managers have poor visibility of how much employees spend on dining, where they spend it or what they are spending the money on. Lack of data means suppliers also see little evidence for agreeing to corporate discounts.

Inefficient processes
The absence of tools and automated processes eats up the time of employers as well as diners. There is much paper to be shuffled by accounts departments, not to mention additional tasks such as contacting restaurants to re-issue invoices if the originals are non-compliant with tax requirements.

Non-compliance
Lack of data, process and technology tools creates multiple potential non-compliance issues around dining: Limited ability to audit whether travelers are spending responsibly in line with corporate governance principles.

Limited ability to monitor spend in line with travel policy.

Potential non-compliance with tax requirements.

Inability to track spend on customers (essential for regulated sectors such as healthcare).

The dining management vicious circle
All the problems outlined above create a vicious circle that makes the challenge of managing dining even more formidable:


¹ The WebMiner Blog

‘The absence of tools and automated processes eats up the time of employers as well as diners.’
Case-Study:
International Consulting Company Wants To Slash Paperwork

“Dining is one of the blank spaces in our travel program,” says the travel manager for this leading international consultancy. “It is very difficult to manage actively.”

The travel manager would like process automation and standardization around dining, mainly to cut time spent on admin. “The current system creates a lot of paperwork,” she says. “For example, the person who leads a team dinner has to fill in a special paper form listing the names of all the people who attended. We also need a lot of people to ensure we are compliant with tax requirements. It’s a ridiculous situation when you see how high-tech the rest of our world is.”

The travel manager also points to the inconsistency of the paperwork provided by restaurants. Some issue automated, fully compliant invoices, others basic written (and often invalid) receipts. “Sometimes our people have to return to a restaurant to ask for a new invoice,” she says.

She believes a dining payment app would potentially eliminate many of these inefficiencies, as well as offering technology of the kind expected by the company’s youthful workforce expects. “The business case for an app would be paid for by reducing the work of the people in our accounting team,” the travel manager says.
The Benefits Of A Managed Dining Program

Improve traveler convenience
Save time travelers spend on booking, ordering, paying and handling expense reporting for their meals. Avoid them worrying whether their meal is within policy or not.

Make dining policy succeed
A familiar saying in business is: “What gets measured gets managed.” In travel management, another way to express this could be: “Only write a policy you can police.” Once travel managers gain detailed data, they can finally monitor a meaningful policy, creating rules such as:
- Which restaurants should be used
- How much can be spent
- What can be consumed, such as not allowing alcohol

A data-led dining program also helps companies move away from per diem policies where travelers are given a fixed sum per day to spend as they like on living costs. Per diems often lead to employees being given

Track spend for compliance purposes
Examples include:
- Is the expenditure in line with tax rules? For example, in Germany dining spend above a certain limit is treated as a benefit in kind.
- In line with reporting rules, how much did a pharmaceuticals company spend on entertaining doctors?

Start to reduce spend
Companies are increasingly adopting a philosophy of trusting their travelers to spend responsibly. Yet there are undoubtedly savings to be made. As one interviewee for this paper put it: “The average spend per meal on a business card is 1.5-2 times greater than on a consumer card. It’s no secret that it’s easier to spend your business’s money than your own.”

In addition, if travel managers have data they can show to suppliers, and a genuinely effective policy, they can think for the first time about appointing preferred restaurants. This would reduce spend in two ways:
- Only giving preferred supplier status to restaurants whose average price is within the company’s meal cost expectations.
- Negotiating discounts.

The problem of a fragmented supplier landscape does of course remain, but even so there is now potential to achieve discounts with key suppliers. As one travel manager told us: “Dining is the tail end of our spend and therefore is not managed. But there is one city in the US where we always use the same five restaurants, so why not strike a deal with them?”

A less tailored savings opportunity made possible by new technology is to use restaurant booking apps (see next section). Some offer discounts.

Gain major process efficiencies
Accurate invoicing
An effective automated program can deliver guaranteed tax-compliant invoices. No need to chase restaurants for correct invoices if the original is deficient.

Integration
E-invoicing can also flow data into online expense reports and company ERP systems, saving time not only for travelers but also accounting staff (see Integration section below).
How Mobile Technology Is Set To Transform Dining Management

Mobile is the key to achieving all the objectives for dining management outlined above. Apps are emerging which can handle different stages of the process flow of a business meal. These include dine+go, the publisher of this white paper. However, there is not yet a single app which can manage every stage of that cycle.

Here are some examples:

### Dining app key functions

<table>
<thead>
<tr>
<th>Bookatable</th>
<th>Dinova</th>
<th>WeChat</th>
<th>dine+go</th>
</tr>
</thead>
<tbody>
<tr>
<td>Search</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Book table</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Order food</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Pay</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Invoice</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Expense</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>

- Set menus only – not specified dishes
- No – but diners from participating corporate client are recognized by their corporate card when they pay, and a discount is applied.

Perhaps the two most complete realizations of end-to-end automation so far are WeChat and dine+go, although WeChat mainly serves the consumer market, dine+go has been built specifically for the corporate market.

### WeChat – leading China’s mobile payment revolution

China is by far the world’s most advanced market for mobile payments. Non-banking mobile app payment transactions rocketed from 3.8 billion in 2013 to 97 billion in 2016. That’s roughly 70 mobile payments per person.

WeChat is China’s leading super-app. It is like Facebook, Amazon, Skype, Apple Pay and many other well-known Western apps combined in one. Parent company Tencent has 600 million active mobile payment accounts and also handles 600 million payment transactions every day. 64% of restaurants and 74% of fast-food chains in China accept mobile payment.

#### How WeChat works in a restaurant in China

**Step 1** – The diner uses the WeChat to Look for a restaurant. They Book it.

**Step 2** – At the restaurant the WeChat user scans the QR code on the corner of the dining table to open the restaurant’s menu on their phone. They Order the items they want on the phone.

**Step 3** – At the end of the meal, the diner can Pay automatically through the WeChat app, with the bill deducted directly from their bank account.

### dine+go – the world’s first corporate dining payment app

dine+go from AirPlus International is aimed specifically at the corporate market. It automates within a single app all of a business diner’s needs from the time they enter the restaurant.

**Step 1** – The diner checks in at the restaurant, which opens an Order for them in the dine+go app. The diner orders from a waiter, who enters the selections on an iPad. The order appears on the diner’s dine+go app in real time.

**Step 2** – The bill appears on the diner’s app. They check it and tap to Pay. Payment can be taken from digitally embedded versions of a centrally billed account (via a virtual credit card number), corporate card, consumer card, frequent-flyer account or lunch vouchers.

**Step 3** – The guest receives an electronic Invoice.

**Step 4** – The e-invoice can be routed automatically to the diner’s automated Expense report.

---

† Payment and Clearing Association of China

‡ 2017 Mobile Payment Usage in China Report/Tencent/RDCY, Ipsos, August 2017
The rise and rise of invisible payment

At the heart of the managed dining technology revolution is payment. Payment is the process which confirms the transaction and generates the necessary data and automated administration to fulfill all the needs of the corporate process (management information, tax compliance, ERP upload etc.). Payment can play this central role because it too has gone digital. Using a plastic credit card was for decades a kind of semi-automation. But now payment is going fully automated and fully invisible. Invisible payment is where the customer has little or no work to do to complete a transaction. Examples include:

Uber – Once the customer has registered their card, all rides are paid for with a single tap of their app.

Amazon Go – A food store being piloted in Seattle, where shoppers simply fill their basket and walk out. Smart technology calculates exactly what the consumer has taken and deducts the sum from their account.

dine+go is another example of invisible payment. The advantages of invisible payment for corporate dining are obvious:

For the traveler – Ultra-convenience through one-tap payment. No need to ask for bills or wait to pay.

For the employer – Payment through the usual corporate payment mechanism (e.g. centrally billed account or virtualized corporate card). Instant, accurate transmission of transaction data into expense systems, ERP, management information reports and so on.

Case-Study: Why Parexel Sees Technology As The Solution To Managing Dining

About PAREXEL
PAREXEL is a biopharmaceutical services organization helping clients bring their new treatments to patients faster through its drug development and launch services. PAREXEL has offices in 85 locations in 52 countries and approximately 18,900 employees.

Along with small meetings, PAREXEL Director Procurement & Travel Benjamin Park regards dining as one of the last two partially unmanaged categories related to corporate travel. He has two main reasons for wanting to rectify this situation. “It’s about the process, and the leveraging of rebate opportunities,” he says.

Easier admin process
Park would like a more automated process for dining payments and expense management to relieve employees of their administrative burden. Examples he points to include the need to calculate the average spend per attendee for the meal, and a requirement for healthcare companies to provide detailed reporting after entertaining healthcare professionals. “There is still a lot of manual entry involved,” he says.

Supplier agreements
Park believes he could control dining spend better if he had a standardized process that delivered consistent, consolidated data. “Our people do the right thing, so this is not to police them,” he says. “We don’t want to track where people are going but we know there are five to ten restaurants near our headquarters they use regularly. We would love to have good quality data to show how much we spend with them and how much we spend within a 2km radius, so that we have the potential to move market share.”

Moving forward
Park is confident technology will enable him to start managing dining, with a more automated payment process key to making change happen. “Our goal is to get rid of company credit cards where possible,” he says. “We would like our people to pay virtually.” Park believes the spread of virtual cards will encourage the creation of a corporate dining booking platform, which he also considers critical to the development of dining management.
Moving Managed Dining Technology Forwards
Partnerships And Integration

Technology has made a promising start at helping companies to manage dining. Their potential will become even more fully realized as they mature through partnerships, integration and acceptance. Here is how managed dining technology is like to evolve next.

**Next steps for booking tools**

There is not yet a tool for making corporate dining bookings in the same way as corporate air or hotel reservations. “My dream app is one which shows the traveler their allowance in each city and which restaurants they can spend it in,” one travel manager told us. “I want it to say: ‘The lunch allowance in Tokyo is $50 – here are 10 restaurants you can book which meet that requirement.’” It should all be part of a single company travel app which goes beyond booking flights and hotels, and is linked to our normal payment processes.

Next steps for payment tools

Dining payment tools could:

- Either evolve as booking tools as well, or partner with dining booking tools.
- Accept a wide range of payment types and multiple competing issuers.

Next steps for expense tools

Expense management apps today provide a semi-automated process for managing dining expenses. The traveler can take a photo of their meal receipt and attach it to their expense report, which has already taken a feed from the card transaction. The expense provider then checks compliance with policy and tax rules, sometimes automatically but often manually. However, today’s receipt scans rely on optical character recognition technology that is far from perfect. Integrating with a fully automated solution, where payment triggers the generation and transmission of an e-invoice, would be much more efficient and reliable.

**Next steps for restaurants**

There is no point in corporate clients having dining booking and payment apps if restaurants don’t adopt point-of-sale technology to interact with it. The maturity of POS technology, even in restaurants used by business diners, is extremely variable. The most advanced are using tablet-based digital technology for accepting bookings, taking orders and payments, handling inventory, managing staff and so on. Others still use landline phones and pen and paper.

However, the signs are promising that restaurants will automate quickly, partly to improve efficiency and partly for compliance reasons. Countries like Austria and France are cracking down on tax evasion by restaurants. Austria, for example, now requires restaurants to register each invoice in a central system, and that means they need an electronic POS.

Automation of payments is also accelerating. China is leading the world in mobile payments but other countries are rapidly going cashless. The first cashless restaurant opened in the UK in 2016, for example, 10 andVisa has offered restaurants in the US $10,000 to go cashless. However, many countries remain heavily reliant on cash – Germany is a prime example.

---

18 Tossed opens the UK’s first entirely cashless restaurant, *The Telegraph*, 14 March 2016
11 Visa offers restaurants $10,000 if they stop accepting cash, CNN Money, 14 July 2017
Steps You Can Take Today

In addition to harnessing emerging technology, there are several other steps your company can take to gain better control of dining spend.

Analyze your existing corporate card and expense reporting data

The limited information available today can at least provide an estimate of total meal spend, creating the business case for taking action to manage dining.

Create meal spend guidelines

One example is to specify caps on how much can be spent on meals in different cities. If you have enough of your own data, you can calculate your own caps for the cities most dined in by your employees. However, specialist consultancies also sell this information. One survey of 114 travel managers in the US found 23% of respondents’ companies imposed daily limits on meal spend, while another 29% imposed separate caps on breakfast, lunch and dinner.⁶

Create a list of frequently visited restaurants

With help from colleagues in other locations, upload to your travel intranet a list of restaurants commonly used by company employees. The list can be qualified: for example, only those which are reasonably priced, including healthy eating options and are close to company locations.

Communicate policy to employees

As with all other aspects of your travel program, actively communicating to the business is essential. Let travelers know what is expected in terms of where they should eat, how much they should pay, how they should pay and how to handle expense reporting. The usual rules of communication apply. Keep it simple, include endorsement from senior management if you can and try to make it fun. You could include TripAdvisor-style reviews from employees for preferred restaurants, for example. And use different forms of communication to target a range of demographics in your organization, including admin training sessions, social media tools, newsletters and lunchtime roadshows.

Police the policy

Send very brief reports to business units and/or senior management. These could include total spend (to show why this is a category worth managing) and a list of employees who repeatedly or severely breach spending guidelines.

Negotiate discounts

If you have at least some data on dining spend, it may be sufficient to approach the restaurants where your employees dine most frequently – or their local competitors – for a discount. Your negotiating position will be considerably strengthened if you can demonstrate to the supplier that you have taken some or all of the other steps outlined above.

Investigate new technology opportunities

Keep abreast of innovations such as corporate dining booking and payment apps which could significantly improve management of your dining program.

Conclusion

Most large companies have had managed travel programs in place for a couple of decades or more. Yet however successful they have been, the business always wants more from them. Finding fresh opportunities to improve an already mature travel program is an enormous challenge.

Mobile technology is providing a solution to that challenge. It has already answered other needs within the travel program, from better communication with travelers to improved crisis handling. Now mobile is also beginning to shine a light on categories of travel spend that have been overlooked for too long. Ground transportation (taxis and limos) has undergone the mobile revolution. Dining is next.

Some of the benefit will be a potential for lower dining costs – the ability to gather data on, negotiate with, and book, preferred suppliers looks much more promising for the future.

But for many companies the biggest reward of may well be efficiency savings – from less time spent by travelers waiting to pay in restaurants or managing expenses, to far less time spent by accounts teams on processing those expenses.

The time has finally come to manage what is no longer unmanageable.

⁶ A Fresh Look at Corporate Meal Expense Management, The BTN Group/Dinova, April 2016
Acknowledgements

dine+go would like to thank interviewees from the following companies for contributing their expertise to this white paper: Bookatable, International Consulting Company, Concur, MobileXpense, orderbird, PAREXEL International.