



The shock of the new – how to integrate Airbnb and Uber into your managed travel programme

Strong employee demand is pressurising businesses to let their travellers book Uber and Airbnb, even though these new ground transportation and accommodation “disruptors” raise duty of care and other management challenges.

The enormous numbers tell their own story. Two billion rides have already been booked through Uber. More than 160 million bookings have been made through Airbnb. Both of these relatively new players in ground transportation and accommodation have been enthusiastically embraced by not only leisure but also business travellers, who account for ten per cent of Airbnb bookings. Yet travel managers are still figuring out how to engage with these “disruptors” that, for every advantage they offer corporate travellers, seem to pose an equal challenge for their employers.

“They may create difficulties but there is no doubt these two new giants of the travel industry are here to stay,” says Søren Schødt, managing director of TravelpoolEurope. “The time for debating *whether* to work with Uber and Airbnb has passed. It is now a question of *how* to work with them.”

The simple reason Airbnb and Uber can no longer be ignored is that travellers like them so much. Both offer attractive, easy-to-use booking apps. Both offer features that were (originally, because now they are being caught up) unavailable through conventional options. Uber allows passengers to hail a car by tapping their phone wherever they are, not necessarily out on the street. Airbnb enables guests to stay in a relaxing home rather than a formal hotel. Both are often more reasonably priced than their traditional competitors.

Business travellers don’t see why services which work so well for them in their private lives can’t translate to their working lives as well. But employers have to take a wider view, for example taking their corporate duty of care into account. Here are some of the issues which need working through before allowing travellers to use Airbnb and Uber.

Risk management

The problem

Duty of care and liability are perhaps the biggest difficulty employers have, especially with Airbnb. Paradoxically, the travellers themselves regard both Airbnb and Uber as

Perspectives on Travel & Expenses

safer than their conventional alternatives. An Airbnb user can look at where they are staying before they book, they can chat to the host and they can check guest reviews. A Uber passenger can hail a ride without going on to the street, and they can see the name and a photo of their driver in advance.

For the employer, though, there are concerns that Airbnb properties are not directly inspected or certified, for example for security or fire safety. Instead, the owner self-certifies. Also, it is the owner, not Airbnb, who is legally liable if something bad happens to a guest. And with hundreds of thousands of Airbnb for Business properties, it is also impossible for employers to inspect the properties themselves or even rely on reports from their own travellers.

The solution

Airbnb insists that it is safe. If it weren't safe, it could not be used by any travellers, not just business travellers, it says. One example of the precautions Airbnb takes is verifying the identity of hosts through driver licences, passports and social media analysis. Regarding liability, it says staying at an Airbnb property is just the same as allowing employees to stay with friends and family during a business trip, and that there is no insurance policy which excludes travellers from staying at one of its properties. In addition, Airbnb provides cover for claims arising from death or bodily injury on top of the guest's own insurance.

With Uber, the situation is different. It can potentially assume direct liability for vehicles driven in its name.

However, there is a different kind of risk management issue connected with Uber, and to some extent Airbnb as well. Uber's activities are designated as illegal in some countries and cities, mainly in Europe. For example, in March 2017 Uber said it would shut down operations in Denmark following the introduction of new taxi laws which include requiring drivers to have a meter in their car. Companies therefore need to ensure their travellers never use services like Airbnb and Uber in breach of the law in the markets they visit.

Managed travel eco-system

The problem

Neither Airbnb nor Uber is integrated into the traditional managed travel eco-system. The most obvious example is that they cannot be booked through global distribution systems (although Airbnb has reportedly been in talks with Sabre about how they could co-operate) or even general online corporate booking tools. They can only be booked directly on their own apps or websites.

The solution

Both companies have taken active steps to close the gap with the managed travel world. Perhaps the most important breakthrough is payments. It is now possible, for example, to store corporate card details in an Uber app, alongside private consumer card details. If the ride is on company business, the passenger pays with the corporate card. Payment through centrally billed accounts is also on its way.

Both Uber and Airbnb also offer corporate identification at point of sale so they can collect data for their corporate customers to improve visibility. For example, Airbnb for

Perspectives on Travel & Expenses

Business offers a travel management dashboard which includes reporting such as room nights booked and average daily rates.

Variable pricing

The problem

One problem with Uber is its surge pricing policy. In contrast, if business travellers book a ride with a conventional ground transportation provider, they pay a fixed price. Travel managers don't like uncertainty, and surge pricing at peak times can make an Uber much more expensive than normal.

The solution

Most studies conclude Uber is cheaper than taxis most of the time, especially as it discourages tipping. Since ground transportation is a relatively small travel expense, perhaps the lack of certainty about what the exact final amount will be is not so important.



The Travelpool Europe perspective – find ways to work with Airbnb and Uber

Tackling the Uber/Airbnb question is now an essential issue for many employers. The good news is there are more ways to engage with them than a couple of years ago. Here are some options to consider:

- Talk to other departments within your business, including legal, human resources and security, to see how you can adjust traditional practices to work with the new-generation suppliers.
- Negotiate where possible with the new suppliers. For example, some travel managers have reported success in changing Uber's standard insurance coverage terms.
- Adapt policy so travellers know where they stand but also to mitigate risk for the company. Example: specify whether Uber and Airbnb are allowed or not. If they are allowed, make it clear that they are not mandatory or sole suppliers.
- If you do allow Uber and Airbnb, make sure travellers pay for them using a corporate payment option.
- If you decide to allow Airbnb, understand the VAT recovery situation. Is VAT applied to the price of the stay itself or the booking fee, or both, and is it treated as domestic or foreign VAT? It could make the price comparison with conventional hotels look very different.
- In spite of all the hype, Airbnb and Uber are not the only games in town. An attractive alternative to Airbnb, for example, is serviced apartment hotels, which offer less informality and greater homeliness than a hotel but are more standardised and regulated than Airbnb.

Overall, our view is that we are not currently in favour of corporate travellers using Airbnb. There is a lack of sufficient assurance about security, it is not possible to manage the quality, it cannot be booked through regular corporate booking tools and it has the potential to disrupt preferred hotel programmes. Where Airbnb is used, we recommend making a policy rule to allow it only for longer stays of a week or more. We think Uber is fine to allow in countries where there are no problems with its legality.