



7 Simple Ways to Drive Down Lodging Costs:

A Guide for Transportation and Logistics Companies

As we look into the future, we expect to see positive changes for the Transportation and Logistics industry. According to [a report from the Business Research Company](#), the Transportation & Logistics (T&L) market is expected to grow to \$18.69 billion in 2026.

Unfortunately, that sector boom is still a few years away.

2022 saw [a steep reduction in both deal value and volume](#) as economic fears and interest rates climbed. Rising fuel costs and labor shortages plagued an industry that was already trying to keep up with the changing landscape. And all the while, consumers had less money for discretionary spending.

Now, [freight capacity is increasing](#) across the board, but the short-term economic forecast remains tepid. General consensus is that [2023 will be defined by declining volume and declining prices](#).

As we move forward, supply chain issues, demand surges and capacity issues like warehousing shortages are all top of mind for T&L leaders, as the industry is especially vulnerable to economic conditions. These companies frequently function on a tight budget, subject to supply and demand.

But there is good news: By building a more cost-effective travel program for your company, you can save money to expand your margins — and save valuable time booking lodging, paying for travel and managing trips.

Developing a thoughtful travel program will also help you create policies for the unexpected, embrace savings in flexibility and care for your travelers, even as the world around us continues to change.

And [Hotel Engine](#) is here to help.

In this insights-packed guide, we'll answer questions like:

- ✓ How can I make my travel program more cost-effective?
- ✓ How does attrition affect budgeting?
- ✓ How can I increase employee retention?
- ✓ What travel policies should I have in place?
- ✓ How can I simplify the booking process?
- ✓ Can I save time and money simultaneously?
- ✓ How can I avoid losing money on lodging when timelines change?

Let's get started.

Planning a Cost-Effective Travel Program

So, how do you create a cost-effective travel program for your T&L company? Here's a breakdown of the key things to focus on — and how a free-to-use platform like Hotel Engine can help.

STEP 01 Prioritize Your Employees

Unfortunately, attrition is especially rampant in the T&L industry. Jobs often include difficult working conditions, including long hours on the road and irregular sleep and meal schedules.

In fact, **more than half of all new drivers will leave their roles** within the first six months.

So while it might seem counterintuitive, the best way to maximize your travel budget is to ensure you're treating all of your employees well. Yes, it might involve incurring extra costs on the front end — but hiring and training new employees is expensive and time consuming, so you'll ultimately save by investing in retention. Plus, you won't have travel to manage at all if you don't retain your travelers.



Did you know? The total revenue loss from truck driver churn totals \$2.8 billion per year.

Whether you have an enterprise fleet or a smaller operation, valuing your employees and ensuring their job satisfaction is an important way to make your budget stretch further.

Here are some ways to begin:

- **Make sure to follow FLSA regulations.** [The Fair Labor Standards Act \(FLSA\)](#) by the Department of Labor outlines fair pay regulations for employees. For example, the act states you must pay employees for the time spent traveling to and from facilities. Be sure to factor these costs into your travel program.
- **Choose comfortable hotels.** Don't settle for the bare minimum — do your best to book accommodations that will keep your employees feeling safe and comfortable on the road. Platforms like Hotel Engine have direct partnerships with high-standard hotels, so you can maximize your savings and ensure a consistent standard of comfort every time. Plus, you can leverage **pre-negotiated discounts to save up to 60%** and give your employees a higher-quality stay without breaking the budget.

- **Make reimbursements clear.** Communicate to your drivers well in advance about what you'll reimburse them for on the road and what the limits are. Include emergency plans in case travel has to be extended or modified for any reason.
- **Take the burden off your drivers.** With long days and nights on the road, the last thing you want your drivers worrying about is how to pay for their hotel stays. When you use a comprehensive lodging platform like [Hotel Engine](#), you can add incidental coverage to reservations so your employees won't need to put down their own credit card to cover deposits or incidentals.

STEP 02 Roll Out Clear Guidelines Company-Wide

Clear business travel policies will ensure everyone's on the same page, even when they're scattered across America's highway network. Start by [establishing your main guidelines](#) for what the company will and won't pay for, how budget categories work, and where to track travel spend — and convey them to your entire company.

Next, consider some shared “in case of emergency” guidelines. Employees should know what to do if their truck breaks down on a major highway, the last mile extends into another day, or they're stalled in a rural area with no hotels for 50 miles.

As an extra layer, provide best practices for optimizing travel routes. For example, share with employees where they should book travel or accommodations to save costs, like booking just outside the city center for a more competitive rate.

Hotel Engine makes it easy to [build your travel policies into the booking platform](#), and provides adaptable nightly rate caps that allow your team to book for themselves while keeping your budget on track.

Consider This Scenario



Your driver suddenly needs to book a hotel at 10 pm — but doesn't want to get price-gouged at the last minute. What do you do?



Consider adding your answer to your travel policies. If you don't have an answer, consider adopting a tool like Hotel Engine that can help.

STEP 03 Simplify Bookings to Save Time and Money

When you've got hundreds of drivers on the road, it can be difficult to track hotel stays without a dedicated travel partner.

Typical online booking tools don't allow you to track locations for multiple travelers easily, nor will they allow you to pay for multiple bookings and travelers on a single invoice. Plus, you'll only have access to public hotel rates, which can result in high charges, especially for last-minute reservations.

That's not the case with Hotel Engine. Not only can you book the best rates in real time, saving up to 60% at more than 700,000 lodging partners in both rural and urban areas, but you can track trips for all your travelers from the same dashboard, and pay off all charges on a single streamlined invoice.

Case in Point

The proof is in the numbers: T&L companies that worked with Hotel Engine between 2020 and 2021 saved as much as 32% on company lodging — leading to a combined savings of more than \$2.2 million in a single year.

STEP 04 Keep Flexibility Top of Mind

To guard against uncertainty, many T&L **companies are insourcing their logistics models** by managing and driving their own fleet. Some companies are even using their own transportation to send goods overseas.

This desire to get ahead of supply chain issues is understandable, but things don't always go according to plan — and delays can be costly. Shipping bottlenecks, inclement weather and accidents can halt your drivers' moves on the road. What's more, project-based employees already **spend 20% more per trip** than other corporate travelers, without any unexpected events factored in.

Whether their route lasts a few hours or takes them across the country, you and your employees will benefit from a travel program that gives them the utmost flexibility for whatever comes their way.

For instance: what if the route changes, or a driver has to extend their time at a checkpoint before the last mile? These scenarios are all too common in the T&L industry. That's why it's important to get flexible travel terms like last-minute cancellations and no fees, **which can save you serious money.**

The best travel platforms connect travelers with exclusive hotel rates and allow them to book a new room or change an existing reservation without penalty — even at the last minute.

With Hotel Engine, travelers experience true flexibility. **By adding Flex to a reservation**, you make any booking flexible, regardless of the hotel's policies. Employees can cancel their room if plans change or extend or shorten their stay with just a few clicks.

You'll be credited for any room nights that aren't used, and only pay for the nights they stay.

That's money back in your pocket — and back in your travel budget.



Did you know?

Project-based employees spend **20% more per trip** than any other corporate travelers.

STEP 05 Adhere to Travel Policies and Track Travel Spend

If your corporate travel spend isn't visible, it's easy to go over budget.

In T&L, shipping times can change on a dime, and corporate travel may need to be extended or shortened to match. If you haven't already put policies and systems in place to enforce your policies and track spend, you could face steep last-minute room rates, unexpected charges and cancellation fees.

Making your expectations visible and tracking your travel spend will help you adhere to your budget consistently, or adapt to better optimize your savings.

Make your travel spending visible by:



Encouraging employees to travel smart. Educate your employees on what to do when plans change at the last minute. To avoid high price tags, encourage them to book only on vetted platforms that provide exclusive rates, and avoid purchasing nonrefundable reservations.



Methodizing category limits. Don't make the mistake of setting an overall budget for the haul or a general per diem. Make it easier for your employees by creating categorized budgets for hotels, incidentals and dining, along with custom segments for on-the-road expenses. With [Hotel Engine](#), you can also create custom travel policies. Travel policies can be set by department, role or even individual traveler, and adjust as needed if properties are scarce. That way you can always ensure that they're always appropriate for your business needs.



Digging into the details. Have your employees provide context for their expenses whenever possible. With a clearer idea of why they spent, you can confirm that each expense is valid and work-related. Hotel Engine will assist you with validating hotel and incidental charges as well, to make sure you don't overpay arbitrarily.



Keeping lodging bills in one place. [Hotel Engine's simplified billing](#) allows you to place all lodging on Hotel Engine's line of credit, so you can receive one invoice for all employee stays in a given period. All records are kept in a centralized location, helping you maintain essential visibility.



Routinely viewing and analyzing trends. Assess traveler spend regularly to see if your current budget is realistic. From Hotel Engine's dashboard, you'll have on-demand access to **Trends**, where you can see an up-to-date report of what money has been spent where, and download CSV reports. You'll also be able to see whether your employees are regularly over- or under-spending, and analyze spending by booker, traveler, department and more. You can even break down spending based on [customizable fields you can require at booking](#): fields you can use for things like job codes, client codes, loads — anything that will help you decipher your spending or handle reconciliations.

Case in Point

Combined Transport, a trucking company servicing 48 states and Canada, needed a streamlined lodging solution that could create visibility around spend. In just over a year, they found the features they needed to book business travel with Hotel Engine and saved over \$111K.

STEP 06 Maximize (And Capitalize On) Rewards

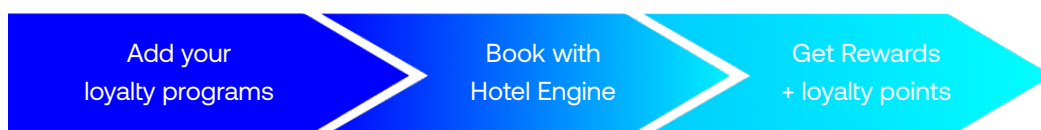
One frequently missed opportunity to improve the efficiency of a travel budget is to maximize rewards earnings. Booking with frequent traveler or hotel loyalty programs can earn you valuable points and discounts to help reduce your travel costs.

However, accumulating these points and applying different guests' loyalty numbers can be complicated when you're using standard booking tools. You may have to book directly with a hotel, airline, or travel company to receive them, and each individual room or traveler will be handled separately, which means you'll have to keep track of their loyalty information yourself.

The exception is Hotel Engine. With Hotel Engine, **you can easily double your rewards earnings**, and even allow your employees to earn points for business stays on their personal loyalty accounts.

Each reservation comes with Hotel Engine Rewards redeemable for discounted (or even free!) stays — and because of Hotel Engine's unique partnerships with hotel brands, each guest can also earn loyalty rewards from top hotel programs like Hilton Honors and Marriott Bonvoy on eligible rooms. And, you can store the loyalty information for each guest alongside their other contact information to autofill each time you book for them. It's a great way to reward your workers (and incentivize them to stick around) without any extra effort or cost on your part.

By doubling the rewards you earn by booking with Hotel Engine, your budget will be even more cost-effective.



STEP 07 Plan for the Last Mile

The most critical time in T&L is last-mile delivery. This market is expected to **grow by \$62.71 billion by 2027**. Last-mile delivery can present T&L companies with major challenges if things don't go to plan: **more than half of the total shipping costs** are involved in this final sprint.

With online retail skyrocketing, delivering consumer goods on time is even more crucial — and you may experience added pressure if your travel program doesn't simplify the last mile for drivers and team members.

Here's how to make every last mile count:



Take away admin tasks. The last thing drivers need to do during the last mile is to be keeping tabs on all their receipts. **Hotel Engine's direct billing** can consolidate all lodging expenses for each of your drivers, from the room nights to the room service, in one streamlined invoice. Without those additional admin tasks, your drivers can stay focused on the success of each trip.



Plan for the unexpected. In a perfect world, every delivery would make it to the end user on time. Unfortunately, dangerous storms and supply-chain issues often impact last-mile delivery. Create protocols for delayed shipments and how drivers can handle additional travel expenses. With Hotel Engine, you can set tiered travel policies that adjust based on hotel availability, so you can always stay in (or close to) budget, even when the unexpected happens.



Provide around-the-clock support. Even the best-laid plans can sometimes fall short, and that's when it's important to have a support system to fall back on. While you may not be able to provide 24/7 support to your travelers personally, you can get best-in-class service by partnering with Hotel Engine, whose US-based Member Support team is available all day, every day, all year round. With that kind of support, you and your team can truly rest easier.

Conclusion

Case in Point

SRP Companies has experienced improved booking and budgeting through its partnership with Hotel Engine. Claudia Bradshaw, a Field Operations Manager at SRP, notes that travelers can easily extend or shorten their own trips without impacting their bottom line.

“ We have over 50 partners set up in the Hotel Engine platform to support our functional and regional structure, each with a department cap that helps everyone book within budget and helps us stay on track. The recent implementation of tiered travel policies provides the flexibility to support an as-needed change to individual travelers, without impacting the larger company lodging goal. ”

Online retail is exploding, and T&L companies should maximize the opportunity while they have it. By creating a more cost-effective travel program, you can ensure the efficacy of your budget even in uncertain economic conditions, and empower your employees to travel smart when surprises happen on the road.

For a platform that will help support a cost-effective travel program for your T&L company, choose [Hotel Engine](#).

With more than 700,000 vetted lodging partners, exclusive savings of up to 60% and easy-to-use features for billing, you can protect your travel program from route planning to the last mile.

[Sign up for your free account to start saving today.](#)