

Behaviour economics: Why corporate travellers make specific travel decisions

Combining insights from psychology, judgement, decision making and economics, the field of behavioural economics considers why individuals make purchasing decisions, what they will buy and how much they are willing to spend.



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"In corporate travel, decisions that are made daily can have a significant impact on a company's bottom line and on the wellbeing, productivity and morale of the corporate traveller," explains Nicole Adonis, FCM Travel Solutions South Africa GM.

"By understanding behavioural economics, subtle changes to travel policies can be implemented to 'nudge' employees to behave and choose travel options that fit within the company's travel policy."

An example, cited by Adonis, is providing travellers with a choice of three hotels at three different price points, instead of only two. "In this scenario, most people would choose the middle-ranged price option, not the most expensive or the cheapest. This theory is dubbed the 'decoy effect', so introducing a third decoy option influences a person's behaviour to choose the option you want."

At a time when corporate travel budgets are being slashed, encouraging staff to comply with corporate travel policy and efforts to save travel costs is critical. "Companies have to get creative and do things differently if they want to succeed," says Adonis.

Corporate travel decision-making

An understanding and application of behavioural economics into corporate travel decision-making can deliver not only on achieving compliance, but also reduce traveller friction, which occurs when business people travel too much or have poor travel experiences.

Your TMC, as the corporate travel expert, should be in a strong position to assist you proactively to achieve this compliance as well as mitigate the negative impact of travel friction on your staff and your company.

"At FCM Travel Solutions, for example, we've spent some time researching what travellers can expect in 2019 and have compiled a paper on such trends as behavioural economics, traveller friction, personalisation and streamlined payment options. The paper is available on our website to anyone who has an interest in corporate travel and where it is heading in 2019," concludes Adonis.

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