



Why Keep Buying Like It's 1995:

Advancing Managed Travel, Part 2

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Data management reporting and airline ancillary fees were the top inefficiencies costing their organizations money, according to 150 travel buyers who responded to an online survey conducted this spring by The BTN Group and ALTOUR. Both topics, as well as concepts for buying travel differently are addressed in this second white paper.

Data Management Reporting Woes

Buyer and supplier respondents to the survey cited a litany of inefficiencies that they would like to see improved in managed travel today. From better distribution options to more transparent economics, lower overall costs to more bundled pricing options. However, data management reporting was cited by buyers and suppliers alike as the inefficiency of most concern due to the cost to their organizations.

“Access to complete, clean data,” “reporting that reflects actual savings of managed travel programs, not just savings from negotiated rates,” and reporting that helps buyers “visualize costs,” are among data management reporting enhancements buyers requested.

INEFFICIENCIES OF MOST CONCERN DUE TO COST TO ORGANIZATION

TOP OR SIGNIFICANT CONCERN



Source: The BTN Group / ALTOUR Buying Inefficiencies Survey of 150 managed travel buyers, managers or decision makers conducted March 27-April 2, 2015

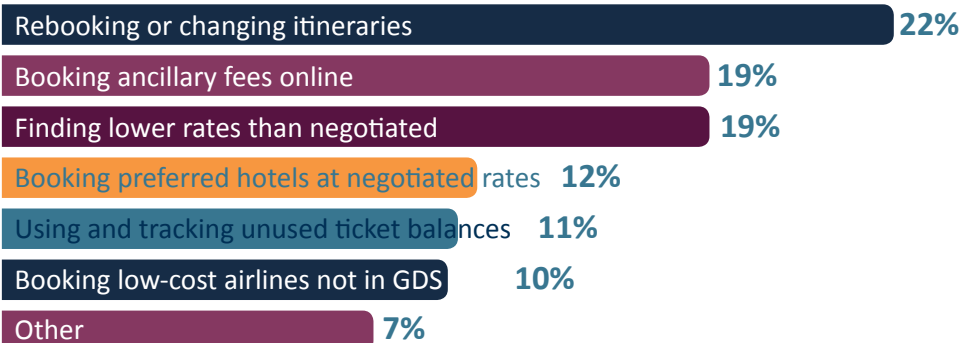
As for data management concerns, more than 85 percent of buyer respondents expressed some, significant or top concerns about data management reporting. Buyers expressed frustration with the accuracy of the data they receive today, as well as insight to the actual savings of the managed travel program.

After data management reporting, supplier respondents identified online booking systems as their second biggest concern, followed by hotel RFPs and preferred supplier contracts and travel distribution practices. Suppliers placed airline ancillary products in fifth place as inefficiencies that cost their organizations.

Booking Challenges

Specific to booking, buyer respondents identified rebooking or changing itineraries as their most frustrating issue, followed by booking ancillary fees online and finding lower fares than negotiated. Several respondents noted that all of the pains listed were among their frustrations.

MOST FRUSTRATING BOOKING ISSUES

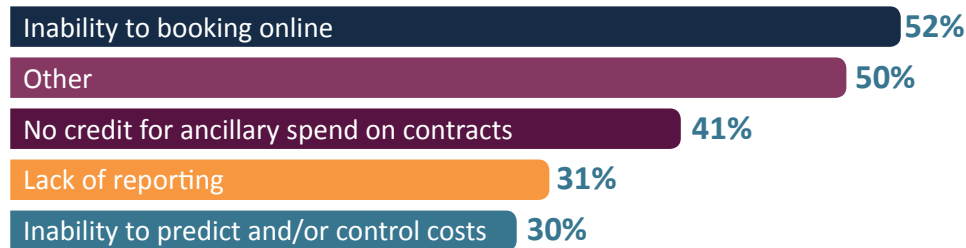


Source: The BTN Group / ALTOUR Buying Inefficiencies Survey of 150 managed travel buyers, managers or decision makers conducted March 27-April 2, 2015

About Those Ancillaries

After data reporting, ancillary fees were the second-biggest frustration for buyers. From the inability to book online to lack of credit for such expenses against airline contracts, buyers expressed frustration. Half of the respondents cited “other” as their top concern with ancillary fees and identified such issues as the cost, lack of visibility during the booking process whether online or offline and airline websites that don’t work properly to manage such fees.

TOP CONCERNS ABOUT AIRLINE ANCILLARY FEES



Source: The BTN Group / ALTOUR Buying Inefficiencies Survey of 150 managed travel buyers, managers or decision makers conducted March 27-April 2, 2015

New Buying Concepts

Buyers and suppliers also were asked to indicate the likelihood of buying a new type of airline product that might be priced higher than the cheapest ticket available but come bundled with services that business travelers often purchase separately: checked bag, preferred seating, Wi-Fi, etc.

While few ruled out such an offering, “it depends” garnered the biggest response. However, 38 percent of buyers and 46 percent of suppliers indicated that they would be “likely” or “extremely likely” to purchase just such an offering.

INTEREST IN NEW ‘HIGHER COST/HIGHER’ AIRLINE FARE MODEL

If an airline were to develop an offering that cost more than the cheapest fare but included one checked bag, preferred seating, Wi-Fi and other items currently sold separately, how likely would you be to contract for it?

	Extremely	Likely	Depends	Not Likely	No Way
Buyers	10%	28%	54%	4%	4%
Suppliers	13%	33%	48%	4%	2%

Source: The BTN Group / ALTOUR Buying Inefficiencies Survey of 265 travel management professionals, 150 managed travel buyers, managers or decision makers and 115 suppliers, conducted March 27-April 2, 2015

Improvements In Managed Travel Buyers Requested

- › Better distribution options
- › More spend transparency
- › Fewer hidden costs and overrides
- › Global consistency and consolidation
- › Better data access direct from suppliers and TMC
- › Better control over ancillary fees
- › Reports on ancillary fees
- › One rate with extras included
- › Transparency of ancillary charges during bookings
- › Transparency

“All are just concepts - like going to the car show and seeing concept cars. Some might not materialize, but they are designed to get you thinking.”

Ron DiLeo,
EVP and Chief Commercial Officer,
ALTOUR

Can Bots Find Better Booking Options

Another concept for managed travel bookings, according to ALTOUR Chief Commercial Officer Ron DiLeo involves use of bots, access to client calendars and scheduling of optimum trips to stretch budget dollars.

“You would take travel you know you need to do to support customers over the next 90 days,” DiLeo said of the concept. Customers would have to provide access to their work calendars to a bot, which would align the traveler and customer calendars with the destinations, frequency and optimum pricing. “Some trips might be simple round trips, others might be combining three legs of a trip. You are planning your meetings around cost-effective travel rather than booking meetings and then trying to get the most cost-effective reservation to serve that schedule,” DiLeo said.

Scheduling bots are quickly emerging from a variety of tech start-ups. The founder of one of them, Dennis Mortensen of X.ai told Bloomberg News that at least 47 startups are trying to do what his firm does, eliminate the flurry of emails to schedule even the simplest meeting. Some of these virtual assistants promise to schedule travel as well as meetings and most use female names such as Amy, Clara, Cloe, Julie, Riley and even “Money Penny,” the secretary in James Bond films.

“All of those things exist, where you have access to people’s calendars, the ability to make multiple reservations at the same time,” DiLeo noted. “Salesforce.com gives you access to create that social network against your customers. It’s something I put into our own incubator in terms of product development.”

One Price Covers All Travel

Another concept that DiLeo has explored mirrors a preferred provider-type business model used in healthcare and other industries, where a corporation would prepay a negotiated subscription fee to a travel management company or other consolidator to cover all travel of those subscribed for a specific period from preferred providers. Given the subscription price, most companies would enroll only their most frequent travelers.

For a client that spends \$10 million on air with 70 percent for frequent flyers, the model might provide a way “to prepay for frequent travelers to travel as much as they want, wherever they want, but they would have to use our preferred suppliers,” he said.

Use of any other carriers would be at normal, published, lowest logical fares and all travel would involve a transaction fee to the TMC. Just like in a healthcare model, if a corporation only enrolled half of their travelers, the fee paid might be reduced to align with the percentage of the total air expenditures for the period.

“All are just concepts,” DiLeo said, “like going to the car show and seeing concept cars. Some might not materialize, but they are designed to get you thinking.”

Based on the frustrations and inefficiencies cited by buyers and suppliers, it's clear that managed travel buying practices today – many leftovers from 1995 – aren't working. But it's up to innovative travel buyers and suppliers to innovate and shape new concepts. Asked who should innovate solutions to the inefficiencies, about 26 percent of buyers cited an industry task force, while 25 percent said it should be the supplier causing the inefficiency, 21 percent said the travel management company and 19 percent said travel managers.

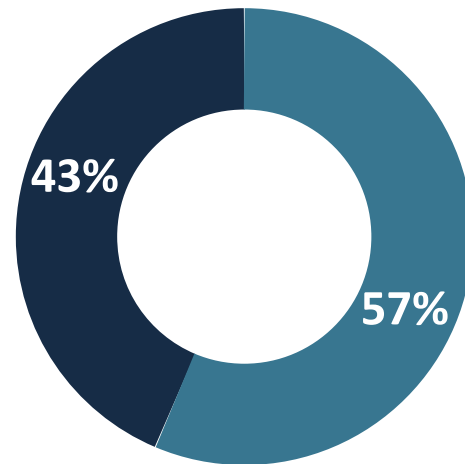
Others expect third-party innovators to take on the task or a “partnership with suppliers and buyers – suppliers have to want to make the change with the buyers' agreement to adopt a change.”

METHODOLOGY

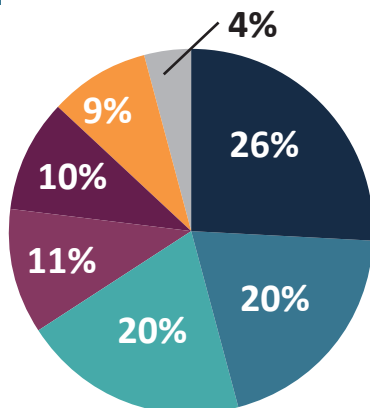
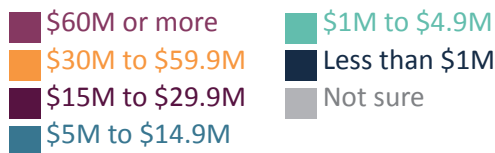
RESULTS ARE BASED ON 265 RESPONSES COLLECTED MARCH 27-APRIL 2 TO AN ONLINE SURVEY FIELDIED BY THE BTN GROUP.

TOTAL RESPONDENTS

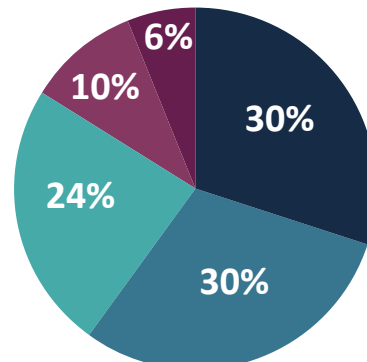
Corporate Travel Buyers	150
Suppliers	115



BUYER U.S.-BOOKED AIR SPEND



SUPPLIER RESPONDENTS



Source: The BTN Group / ALTOUR Buying Inefficiencies Survey of 265 managed travel professionals conducted March 27-April 2, 2015