

## The Wire...from AirPlus

### July 2009: Corporate travel managers weigh the costs...

**AIRPLUS.** WHAT TRAVEL PAYMENT IS ALL ABOUT.



Supplier costs are an increasing concern for corporate travel departments, but travel managers stay focused on business intelligence and service standards even as budget pressures mount.

In a recessionary economy, corporate travel departments have worked hard to cut costs while maintaining service standards for their travelers. A survey of 147 corporate travel professionals conducted by AirPlus International shows that even while under extreme budget pressure, corporations must stay focused on how to keep their travel programs effective—and they are willing to invest in products and services that are central to that effort.

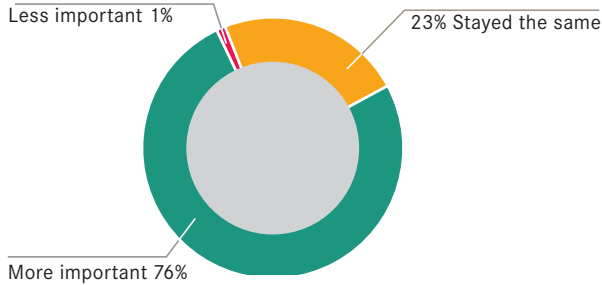
The survey shows that travel departments consider criteria beyond savings opportunities and cost in every major supplier category. More importantly, it is clear that service and other considerations consistently trump cost and savings when sourcing certain types of suppliers.

Data reporting is the most significant standout, far outweighing cost and savings opportunities criteria when respondents choose partners in two supplier categories: travel management company and payment solution. Only 43 percent of respondents indicated that cost was among the company's most important considerations when choosing a TMC. Savings opportunities were important to only 53 percent of respondents. Rather, more than 72 percent of survey respondents indicated that they looked for experienced TMCs that can provide their travel department with the data they need to make smart decisions about travel program tactics and strategies.

#### When choosing a corporate travel supplier, what criteria are important for each type of supplier?

	TMC	Airline	Hotel	Car Rental	Payment
Cost	43.2%	75.8%	68.2%	65.2%	31.8%
Savings Ops	53.0%	74.8%	64.3%	59.1%	31.3%
Product/service excellence	64.8%	48.4%	69.7%	56.6%	25.4%
Data reporting	72.4%	16.4%	15.5%	12.1%	52.6%
Partnership/commitment	58.2%	56.1%	62.2%	48.0%	23.5%
Experience	72.6%	35.8%	42.1%	27.4%	23.2%
Reputation	60.9%	48.3%	56.3%	39.1%	17.2%
Convenience	31.1%	56.6%	65.1%	52.8%	38.7%

**Has the relative importance of the cost and savings criteria changed over the past six months?**

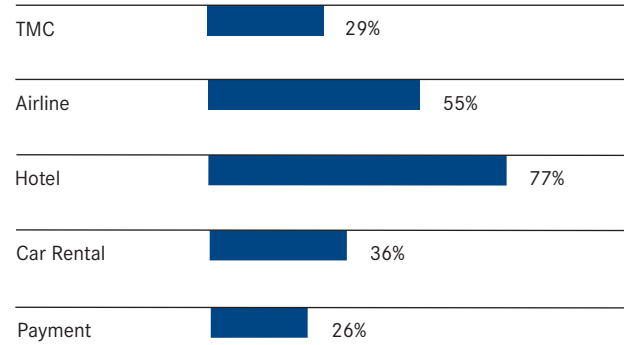


The payment category tells a similar story, with data reporting/compatibility outpacing cost considerations by about 21 percentage points. Nearly 53 percent of respondents indicated the importance of good data reporting when shopping for a payment solution. Convenience, often expressed in terms of the number of merchants where the card can be used, ran a distant second at about 39 percent, while cost and savings were less important to corporate travel professionals.

Product and service excellence proved an interesting criteria. It far outranked cost considerations for TMC partners with a gap of more than 20 percentage points. It narrowly outpaced cost by just 1.5 percentage points in the hotel category. In all other categories, it fell short of cost and savings considerations by a fair margin.

The airline category proved most dramatic, with product and service excellence falling behind cost considerations by nearly 30 percentage points—and all criteria paling in comparison to cost and savings opportunities. There are several dynamics likely at play here. First, airlines historically prove to be the most costly travel supplier category for corporations. As a result, the push to keep costs down may be most intense here. The focus on cost may also point to the fact that there are fewer choices in air carriers when compared to TMCs or hotels, where service criteria make their best showing in this survey. Especially when a travel program requires transportation between specific city pairs or throughout a particular region, air options can be very restricted with consolidation in the industry and recent capacity cuts. Corporate travel buyers may be more inclined to focus on cost as the determining factor in their decision, when there is less opportunity to shop around.

**Have you changed suppliers as a result?**



The AirPlus survey also gauged the relative growth over the past six months in the importance of cost and savings criteria. As the economy has continued to show weakness, it is no surprise that 76 percent of survey respondents indicated the focus on cost and savings has increased when choosing travel program partners. Twenty-three percent of respondents indicated there had been no change in their companies' focus over the past six months, while only 1 percent of respondents said cost and savings criteria had become less important.

As a result of the increased pressure, 55 percent of respondents had changed air carriers and 77 percent of respondents had changed hotel partners. In contrast, only 29 percent had changed TMCs and 26 percent had changed payment partners, which roughly mirrors the value placed on cost and savings criteria for these categories.

**Additional Resources**

**Hotels Slash Costs, To Guest Dissatisfaction**

<http://procurement.travel/news.php?cid=guest-satisfaction-customer-service.Jun-09.30>

**Mining Support: AirPlus Lab Helps Corporations Use Data**

<http://www.procurement.travel/news.php?cid=AirPlus-data-lab.Jun-09.30>

Survey Methodology—For this issue of The Wire, AirPlus International in cooperation with ProMedia.travel surveyed 147 travel management professionals in North American and Europe, June 16-July 10, 2009.