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Agent's Corner: Here's to 'Auld Lang Syne' with Norman Gage

AirPlus talks with Norman Gage from Advantage Business Travel about the many challenges faced and awaiting the TMCs in the UK, new opportunities 2010 will bring, as well as his thoughts on New Year's resolutions...

- AirPlus:** How do you look back on the past year, 2009? Has it taught us valuable lessons or has it stood in the way of progress for the BTM industry?
- NG:** The problem for the travel industry with last year was that it took some time before the impact of the country's problems started to take affect, it hit about the middle of November 2008 and continued throughout the year. As a consequence we were looking over our shoulder and comparing a tough year with a good year right up to November 2009. Now we can more directly compare. However what has happened has happened, we should learn that budgets, forecasting, etc. should be based on sound judgment of the economic realities and not as a plus or minus on prior year performance.
- AirPlus:** What are the challenges that lay ahead for TMCs in 2010?
- NG:** I believe that 2010 will be another roller coaster of a year, it will be like riding it with one eye blindfolded, encountering more ups and downs and with tighter curves. The challenge will be trying to anticipate them in good time, to ensure the ride is as smooth as possible.
- AirPlus:** Year 2009 saw many companies reinforcing their travel policies. As the economy stabilises do you foresee travel policies becoming more relaxed or just the opposite?
- NG:** The financial pressures that have driven the pressure on compliance will not diminish during 2010, in fact it will get more widespread and it will get even tighter as the benefit to corporates becomes more apparent.
- AirPlus:** As a result of the corporate travel decline in 2009, many TMCs have looked at alternative ways to raise revenue. Do you see ancillary services developing as core business activities in 2010 and could you give some examples?
- NG:** The decline in travel spend should be analysed from three different angles, firstly the TMC: - since the abolition of commission, sales volume has had little significance to the TMC, who gains its remuneration direct from the client through transaction fees. The decline in transactions has been far less than sales volume decline. The corporate: - due to the airlines needing to fill seats, the average price on all routes has fluctuated, the canny corporate who does business with a TMC that is quick on their feet, has been benefitting from spot pricing.

This phenomenon has grown in momentum and carries the more vogue title of “demand management”. And lastly the airline:- in the rush to attract travellers, airlines have slashed prices, even though they have, despite the outward signs, maintained a high cost structure, so the loss in revenue has affected them the most.

AirPlus: They say ‘beggars can’t be choosers’, and with travel budget cuts, many corporates had to make do by replacing face-to-face meetings with conference calls. Do you think the budgets will increase/ decrease or remain flat in 2010, and what does the future hold for business travel?

NG: There is a lot of talk at the moment about bubbles, and at some stage during 2010 I believe that the conference call bubble will burst, we always hear when things go wrong at an airport, a hotel or on the trains, but the disciples of teleconferencing seem to sweep under the carpet the foibles of video conferencing.

AirPlus: Following the UK Government expense scandals, both public and private sectors are tightening their travel policies and looking at ways to become more transparent. In what ways can the corporates become more compliant? Should the TMCs be taking the lead role to drive compliance?

NG: The TMC should work hand in glove with their corporate clients to ensure that the corporate client’s aims and objectives on compliance are conceivable, believable and achievable, and that the TMC has the process in place to recognise any “maverick” traveller.

AirPlus: Do you see the increasing popularity of social media (i.e. twitter, facebook, LinedIn) merely as a fad or as a new way of communicating and networking with clients and partners? Do you believe it can bring more business for TMCs?

NG: We discussed these types of communication with our business travel members back in July. They resoundly felt that twitter was a fad, facebook was great for personal use, but LinkedIn had distinct possibilities, by either creating networks for themselves to exchange news, views and ideas, or by setting up a network of say the Finance Directors of their clients, or the Marketing Directors.

AirPlus: What is Advantage Business Travel’s New Year’s resolution and what is your wish for 2010?

NG: When I read the question I immediately thought of two things, the first was that 80% of all predictions will not happen, and secondly a Chinese proverb along the lines of “Be careful of what you wish for “...