

Value PROPOSITION

Travel buyers have long struggled to convince their travellers about the value of using a TMC and it's getting harder, says **Gill Upton**



Here we go again: TMCs find themselves having to reassert their value to travellers and the feeling of *déjà vu* is palpable. The global pandemic was a successful exercise in doing that but two years later a new trigger – access to content – is causing concern.

Blame the huge upheaval of airline distribution technology, changing 40 years of outdated technology for NDC, a retailing model introduced in a non-standard way and at snail's pace by each airline, GDS and OBTA, causing pain points for travel managers.

Fares are visible but not bookable in their OBTA because NDC, GDSs and OBTA are not working seamlessly together. The different objectives of the airline and travel buyer don't help, nor by the airlines playing hardball with each other.

Moreover, it is leisure fares and not business fares that are populating NDC currently. "It's rare to get business fares in NDC," says Clive Wratten, CEO at BTA.

Interlining, refunds and changes to itineraries with NDC bookings can be challenging, while readiness in the OBTA is lacking as some TMCs hesitate to release content, so buyers are sticking to traditional channels to maintain duty of care.

"We see disgruntled clients asking why is this content only available from airlines. We try and explain the positives of NDC but for us to book it it's challenging. Companies are frustrated and it doesn't feel positive and I feel we've gone back 10 years," says Gary James, Head of Sales at Corporate Traveller.

BCD, which is NDC ready with 12 airlines, sees the friction as an opportunity.

"We find many customers looking to us even further to help them navigate the confusion created by the airlines' varying strategies and tactics to encourage customers to book via NDC. So, for us, it has a positive impact on our relationships

with corporate clients," says Thane Jackson, Senior Vice President Global Distribution Strategy & Supplier Partnerships Europe.

Non-compliance

In spring of this year a poll at a special ITM Buyer Knowledge Exchange Session noted that more than half of buyers (57%) cited demonstrating the value of a TMC to stakeholders and travellers as the primary challenge right now, followed by a lack of access to fares through their OBTA (53%) and managing travellers who are price-checking and booking flights themselves (47%).

"So many travellers believe they're a travel manager and will try to find a lower fare thinking they're doing the right thing," says Michael Hill, Head of Indirect Procurement & Global Travel Services at data consulting and research firm Kantar. Selling the benefits of using a TMC has been the foundation of Hill's strategy and some 99% of trips are pre-approved. A policy of lowest logical fare, permitting some degree of flexibility, will trump most attempts at out-of-policy bookings.

Buyers have always grappled with non-compliant travellers but this time it feels different because travellers are younger and want to self-serve, so TMCs and buyers must find technological solutions while stressing the multiple benefits of governance and duty of care.

Kantar's Hill believes he has struck the right balance, with a generous policy, constant messaging and real-time management reporting. "Our Trip Authoriser gives us an awareness of the

“So many travellers believe they're a travel manager and will try to find a lower fare thinking they're doing the right thing”

“Some buyers have started to make allowances for limited bookings outside of the programme to accommodate direct cost savings”



► cost of any trip beforehand so there are no surprises as the conversation has already taken place.

“I report into the Chief Procurement Officer and I can print a Forward Travel Booking report within an hour. That spend information allows me to map it and make sense of it to the stakeholders. If you have data at your fingertips you can target and present spend and trends to different audiences. We literally know where 94% of our employees are at any given moment as the majority is under BCD.”

Direct measures

Buyers are placing a gatekeeper at every stage of the booking process to deter maverick bookers, and some are going further, explains Kerry Douglas, Head of Programme at ITM.

“For example, authorising certain travellers to book outside of policy parameters based on their booking behaviour. By identifying individuals who only use Airline X for example, potential leakage can be managed more effectively by providing the top number of users with a technology solution to book directly with the airline.”

She adds: “Some buyers have started to make allowances for limited bookings

to be made outside of the programme to accommodate direct cost savings. Travellers are only authorised to book directly with air carriers if they complete a detailed additional form within their expense system, basically everything that would normally be captured when booking via their TMC.”

Another tack is to feed back the booking details to your duty of care provider and TMC to support the most critical aspect of corporate travel – duty of care and risk management.

ITM’s Distribution Taskforce has produced an Airline Retailing Guide with recommendations on how to communicate internally with travellers about the proliferation of lower fares, to stress the importance of supporting company policy. It also shares advice on how to anticipate and avoid conflict with senior management, such as clarifying travel policy and identifying which unbundled service items are permitted by the company.

It’s an issue vexing buyer Carol Fergus at Fidelity International. “We link security and risk to the travel programme and explain that we are not going to be able to support employees if they book out-of-policy. We make it difficult for them to do it,” she says.

Fergus appreciates that buyers have to embrace NDC but is nonetheless concerned. “My focus is to make sure I’m not losing out cost-wise,” she says. Her analysis to check for any missed savings via NDC proved fruitless. “There are not any. We have a cheapest on the day policy in any case, and if there is a cheaper fare the booking conditions do not apply,” she adds.

Fergus is reviewing all technology this year in the hope of reducing journey friction so travellers can carry their itineraries on their phone for example.

Like Kantar’s Hill, Fergus sends out annual reminders to use the TMC and reinforces the importance of using one. “Luckily, 90% of my world is with one TMC so that makes it easier,” she says.

Simon Potter, Singapore-based Chief Procurement Officer of Inchcape Shipping Services, sees no need in the short-term to change the messaging to travellers, but will monitor should maverick booking increase, currently at less than 10% across the EMEA region.

While he absolutely sees the value of the TMC he warns that opinion might change. “If the gap widens between the price from the airline and the price from the TMC, ►

► that will put pressure on me as the budget holder of travel," he says.

In a current tendering process he has been surprised by the huge disparity in prices that have come back from a 24-hour test exercise to price 50 flights. "These are major players with the same access to fares and this is where NDC is starting to influence fares and that's undermining the role of the TMC in the long term."

He is cognizant that TMCs don't necessarily have the cheapest fares but should be competitive. "It's then a win-win if they can access the content and justify the value," says Potter. "I'm looking for a TMC making the best use of the technology and servicing." Blue Cube has managed that in the UK market for Inchcape.

Tech talk

It is up to TMCs to bring together the best travel technology to add value and create the best content in a single platform. Those corporates who arrange the majority of bookings on their OBT will need more persuasion of the value a TMC brings. Arguably TMCs with proprietary technology at scale should be able to deliver more easily all content seamlessly. On the other side of the fence, buyers must ensure compliance mandation of the policy.

Disruptors such as Navan (NDC ready with 13 airlines) and Spotnana are making light of these industry changes with technological innovation, claiming they are in stark contrast to the legacy travel management systems and reducing cost to customers by avoiding GDS charges for example.

Traditional TMCs are not standing still, testified by a new wave of consolidation with a major focus on technology. ITM's latest Pulse Check survey flagged up that 72% of buyers believe that TMCs will continue to be the critical primary partner in

“ If the gap widens between the price from the airline and the price from the TMC, that will put pressure on me as the budget holder of travel”

their programme in the next five years.

However, buyers were also almost evenly split on whether they believe the TMC sector is adapting to changes in the distribution landscape, with 56% agreeing and 44% disagreeing.

Bigger picture

What buyers do all agree on, though, is that they would like open and honest conversations with all the parties involved – TMCs, airlines and OBTs.

"While we know there's work to do across the entire supply chain in solving all the service requirements to support NDC for corporate customers, we are up front with our customers about what's ready, the risks, the costs and what's coming next and further out," argues Jamie Pherous, Managing Director of CTM.

These industry changes go beyond the travel industry, says Laura Busby, Commercial Director of Good Travel Management. "Other industries have the same issue with a move to self-service and customers wanting to do everything on their phone. I get that and we need to adapt, so it's an opportunity for us to adapt our service delivery model," she explains.

"We definitely see that with a lot of younger travellers. We have to be the go-between between the travel team and the traveller. It's harder for TMCs to get it right and we constantly evolve."

