

Corporate Travel Industry Trending Towards Biggest Shift in Procurement Process in Two Decades

New Whitepaper from ALTOUR and BTN Finds Industry Pain Points are Reaching a Tipping Point

NEW YORK (September 22, 2015) – As corporate travel volume continues to trend towards growth, the managed travel ecosystem is on the verge of some of the largest changes seen in two decades, according to a newly released [whitepaper](#) from [ALTOUR](#), a leading travel solutions provider with more than \$2B of industry leverage, and [The BTN Group](#).

The corporate travel industry was forced to drastically adapt the procurement process after the reduction and eventual elimination of airline commissions in 1995. Two decades later, travel managers are expressing increasing frustration with the stagnant process as volume continues to grow. As [Business Travel News' 2015 TMC Report](#) found that agency volume is on the rise, data collected by ALTOUR and The BTN Group shows travel managers are increasingly dissatisfied with the status quo and are interested in major overhauls in critical areas including data management reporting, [booking](#) and [airline ancillaries](#).

Key survey findings indicating a major shift in the industry is on the horizon include:

- More than 85 percent of buyer respondents expressed “some,” “significant,” or “top” concerns about data management reporting, including dissatisfaction with accuracy of the data they receive and subsequent insights into the actual savings achieved via their managed travel programs
- Twenty-two percent of managed travel buyers, managers or decision makers surveyed indicated major frustration with rebooking or changing itineraries, while 19 percent noted challenges with booking ancillary products online – a serious issue in today’s technologically advanced world where online itinerary management and ancillary purchases have become commonplace in the consumer sector
- Thirty-eight percent of buyers and 46 percent of suppliers indicated they would be “likely” or “extremely likely” to purchase bundled airline products that were priced higher, but included services that business travelers often purchase separately (e.g. checked bag, preferred seating, or Wi-Fi)

Looking to the Future

According to Ron DiLeo, EVP and Chief Commercial Officer of ALTOUR, now is the time for stakeholders in the corporate travel industry to start proposing radical changes for consideration.

“The industry is on the cusp of a major shift,” said DiLeo. “Decision-makers are tired of buying like it is 1995. The corporate travel industry is poised to capitalize on the technology and success leveraged in other industries to revolutionize the way we purchase travel and deliver service to our travelers.”

Bots for Better Booking Options

One way the travel industry might capitalize on existing technology is to implement scheduling bots, such as those quickly emerging from a variety of tech start-ups. These bots would use access to client and traveler calendars to automate alignment of destinations, frequency and optimum pricing in order to stretch budget dollars.

“We would start by examining travel essential to supporting customers over the next 90 days,” DiLeo said of the concept. “Looking at a wider window of time allows you to plan meetings based on price and savings vs. spending extra time booking the most cost-effective reservation at that moment in time.”

Focus on the Traveler

Today’s business travelers expect seamless experiences. With rebooking and changing itineraries identified as major pain points for corporate travel managers, TMCs are looking to leverage consumer technology to improve the business travel experience.

ALTOUR is re-releasing the MyALTOUR app, which ensures customers never have to leave their individual corporate travel universe.

DiLeo explained, “If a traveler’s flight is cancelled and they are advised by their personal travel app like Triplt or Worldmate, they are sent to the vast online network of travel booking sites to rebook their flights. The new MyALTOUR app will send them straight to their corporate portal where they are recognized and directed to preferred suppliers, easing the process for both the traveler and corporate travel managers.”

The One-Price Model

Another concept DiLeo is currently exploring with ALTOUR research and development is one that mirrors the provider-type business model used in the healthcare industry. A corporation would pay a negotiated subscription fee to a travel management company or other consolidator to cover all travel of those subscribed for a specific period, via preferred providers. Most companies would enroll only their most frequent travelers.

“If a client spends \$10 million in air volume with 70 percent spent by their frequent flyers, this model could provide a way for the client to prepay just \$6 million to travel as often as they want, wherever they want – but they’d have to use the TMCs preferred suppliers,” said DiLeo.

Use of any other carrier would be charged at traditional published lowest logical airfare prices, and all travel would involve a transaction fee to the TMC. Just like the 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.

Taking Responsibility

The biggest hurdle to the impending shift in the industry is who will be responsible for the innovation necessary to push forward. When asked who should innovate solutions for the inefficiencies plaguing the industry, buyers came back with mixed opinions:

- Twenty-six percent cited an industry task force
- Twenty-five percent said it should be the supplier causing the inefficiency
- Twenty-one percent said travel management companies should lead the charge, while just 19 percent felt it should fall to travel managers

Still 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 buyers’ agreement to adopt a change.”

The whitepaper, titled *Why Keep Buying Like It's 1995: Advancing Managed Travel Part 2*, is the second in a series produced by ALTOUR and The BTN Group, based on a survey of 265 managed travel professionals conducted March 27 – April 2, 2015.

To download a full copy of the whitepaper, please [click here](#). For more information on survey methodology, or to arrange an interview with the survey's authors, please contact Heather Dratler (heather@allisonpr.com or 202-772-1449).

About ALTOUR

ALTOUR is a world-class travel solutions provider with over \$2B in industry leverage. As one of the largest independent travel agencies in the world, ALTOUR's global network of more than 1,200 leading travel experts offer personalized service and unrivaled relationships that make travel management seamless for business, luxury and mid-tier leisure travelers alike. ALTOUR Business combines highly skilled agents with industry-leading technology infrastructure to encompass every aspect of business travel management, including expertise in private air charter, meetings & incentives and specific industry verticals. www.altour.com

About The BTN Group

The BTN Group of Northstar Travel Media includes Business Travel News, the leading web and print news source for executives who buy or manage business travel and need comprehensive industry information; Travel Procurement, a quarterly magazine providing trends, case studies and market intelligence for procurement executives charged with travel; and The Beat, an eNewsletter focusing on business travel distribution and technology. The BTN Group's Content Solutions team works closely with business travel suppliers to identify important industry topics to address in webinars, research, white papers and newsletters. The group also produces more than 16 conferences in the United States and Europe each year. BTN has been the voice of authority for corporate travel buyers throughout North America for more than 30 years. www.businesstravelnews.com