

BusinessWeek

KEEPING FISCALLY FIT

Travelocity Business Keeps Your
Travel Budgets Lean and Mean



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TONE UP YOUR TRAVEL BUDGET

Today's economic climate and the state of the airline and hotel industries pose several challenges for travel and procurement managers. But that doesn't mean they should resign themselves to take it on the chin when it comes to vendor negotiations. It does, however, place a greater emphasis on this group to tightly manage and optimize their programs.

As demand management has companies considering several alternatives to travel, they will still be on the hook to meet contractual commitments with suppliers. The Travelocity Business consulting team has an eye on the airline and hotel landscape, and offers a wide range of strategies to help keep a corporate travel program afloat in an increasingly competitive and fluid industry.

Combined with Travelocity Business' suite of cutting-edge automated tools, the consulting group helps managed travel programs make business decisions that will keep a healthy budget.

"Negotiations are a year-round process," says DeAnne Dale, TBiz vice president of sales and account management. "Corporations should review contractual performance each month and choose a strategy that dovetails with their tools in order to optimize supplier agreements and maximize results. More importantly, they need a supplier negotiation strategy that is supported by an effective travel policy and accompanying technology to drive compliance."

Airlines Are Navigating Turbulent Skies, But At What Price To Customers?



If a company is not supporting its preferred airline carrier, it shouldn't expect the same level of discounts it has historically enjoyed. Routes have been cut, fares have increased and new ancillary fees seem to appear daily. And yet, airlines have gotten savvier. Many utilize the PRISM Group, a travel information specialist that allows airlines to better determine their carrying costs and set contractual goals with corporations. The flip-side is that corporations face more pressure than ever to live up to their contracts.

TBiz works with its customers to establish market-based preferencing to drive preferred vendor share improvements. The consulting team monitors when a carrier penetrates or leaves a certain market, and what impact those actions have on the company's contract. One TBiz customer wisely used the data to shift share from a non-contracted carrier to a preferred where it wasn't hitting its requirements.

continued on inside back cover



Hotels Set to Play Hardball: Corporations Should Prepare Accordingly

Hotel occupancy levels have dipped steadily over the course of 2008 – 6 percent year-over-year as of October – while room supply has increased. With leisure travel down, analysts have projected a revenue loss of one percent for 2009.

“Negotiations won’t be easy,” says Mike Koronkiewicz, Travelocity Business director of hotel procurement and consulting services. “Hotels will attempt to maintain their revenues in markets where occupancy has not dropped off significantly.”

A company’s ability to secure favorable preferred rates will be largely dependent on its past performance and relationship with the hotel, as well as its willingness to enforce travel policy. Compliance will remain critical. The average room rate at a non-preferred hotel is \$21 more*, not to mention the lost booking as it relates to reaching room night requirements.

“If you can show historically that you’ve increased market share or met room night requirements, you can potentially drive down the actual room rate year-over-year in your top markets,” says Koronkiewicz. “We’re

definitely going to see room rates go down year-over-year, especially for those customers that consolidate and drive compliance with preferred properties.”

Travelocity Business provides its customers with a Compliance Report that breaks down its preferred hotels and associated spend by market. It also indicates which non-preferred hotels are used, so that travel managers can better ascertain whether they should enter into agreements with those properties.

Travelocity Business’ rate audit tools ensure corporate rates are loaded correctly at each property and that travelers are actually receiving these rates when they check in.

Finally, TBiz estimates that its customers save \$40 per room night* by restricting upscale properties in favor of moderate hotels, particularly in secondary markets. The company’s industry-exclusive Market Shift-Share Report shows customers how much they spend in each market and the potential quarterly and yearly savings by moving share to different properties.

*Source: Travelocity Business Customer Data

continued from inside front cover

“Because they must meet their contracted levels, corporations should play an active role in the goal-setting process to ensure what they agree to is attainable,” says Gleneen Orndahl, a TBiz senior airline consultant.

TBiz consultants are adept at sifting through airline contracts in order to find the best value at RFP time. Usually complex in nature, these contracts often build a company’s biggest buy on the airline’s lowest discount. Travelocity Business recently helped a customer use market-based preferencing to right-size its goals and sign a new, more favorable vendor agreement.

Once a company has developed a viable strategy, it must leverage technology properly. Tools like Dynamic Messaging, which allows travel managers to deliver notes to travelers as they shop online to book a trip, can optimize discounts by influencing travelers at the point of sale. “Today’s environment has stressed the need for shrewd consulting,” says Donna Woelffer, a TBiz senior airline consultant. “Airlines are adding a lot of fees, and companies can’t control those costs. But if they keep producing business and manage the elements they can control, they can still do well.”



The future of business travel is in the stars.

It's hard to predict the many challenges of business travel without first consulting the stars – the Stars of Travelocity Business. At Travelocity Business, we leverage the expertise of our people to provide a personal, consultative approach to customer service and apply the world's leading travel technologies to deliver proven savings to your corporate travel program.

Let Travelocity Business help you navigate the world of corporate travel. Let the stars be your guide.™



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