

# The role of traveller centricity in business air travel

A nice-to-have or a fundamental?

August 2016



# Foreword



**As travel management programmes reach maturity and maximum savings through traditional practices, traveller centricity has emerged as the most effective philosophy to increase trip productivity and compliance – through the support of the people on the road. The basis of traveller centricity is communication. This landmark analysis, made possible through the vision and support of Turkish Airlines, explores five areas in which increased communication between travel managers and business travel managers can be improved to everyone’s advantage. This advantage includes expanded revenue streams and greater savings, while restoring traveller resources.**

This report asks two key questions: a) How can corporations and their carriers work together to improve traveller experience; and b) where do they need to focus to achieve a real shift in traveller satisfaction? While there are many facets to a business trip, air travel is the pivotal point.

Responses came from 175 ACTE members from around the world. Their input identified the key areas of the air experience, defined travellers’ priorities for air, and described what changes can be made to best fulfill the corporate objective and traveller preference. The report ends with three recommendations for corporations, derived from the polling and focus groups with travel managers.

Traveller centricity allows travel managers to pick and choose practices best suited to their travellers and their companies, without compromising existing savings programmes. It is a philosophy tailored for the future. This report addresses the air component, the crucial link between any two points. Once again, I would like to acknowledge the generous support of Turkish Airlines and the corporate buyers who contributed their insight to this project.

**Greeley Koch**

Executive Director

Association of Corporate Travel Executives

# Introduction

## **Traveller centricity may be a compelling theory, but how are airlines helping travel buyers to make it a reality?**

Today, traveller centricity is a big theme in the business travel world.

It's not just about the softer side of traveller satisfaction and productivity. It's also about hard business benefits. Because, if a company is successful in giving its travellers the policies, tools and experiences they actually want, programme compliance also benefits.

Increased programme compliance can bring down the total costs of business travel. And many travel managers say they are moving beyond the negotiation of hard, cost-based bargains with their suppliers and taking a more holistic approach. For example, a recent ACTE survey conducted in 2015 revealed that 84 per cent of travel managers are looking to traveller behaviour rather than supplier cost reductions to drive future savings<sup>1</sup>.

At the same time, by taking a traveller-centric approach, companies are better able to meet their duty of care obligations – because everyone's itinerary is known, and individual travellers have no reason to rebel against approved policies and trusted suppliers.

The theory may be compelling. But how is it reflected in today's airline-sourcing programs? And what are airlines doing to help their corporate clients to take a traveller-centric view?

To answer these questions, ACTE asked travel managers about the factors that influence their choice of carrier, the extent to which they consider the traveller experience, the methods they use to gather traveller feedback, and the quality of their on-going communications with airlines.

On the surface of it, the survey results reveal a “knowing disconnect” between what travel managers expect from their preferred carriers and what they believe matters most to their travellers. But, speaking directly to travel managers, a more nuanced picture emerges, with buyers often seeking a cost-based agreement with their preferred carriers, but finding other ways to ensure traveller needs are met.

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<sup>1</sup>The evolution of travel policy: A global view of the future.

### Methodology and sample

ACTE conducted research among its global community of corporate travel managers during two weeks in July 2016. The study was conducted via an online survey and was supplemented by a number of focus-group interviews with globally-based travel managers from multi-national companies.

### Our sample

**+175** corporate travel managers and/or buyers

**58%** based in North America, with the remainder in other world markets

**59%** have an annual air volume of more than US\$15m

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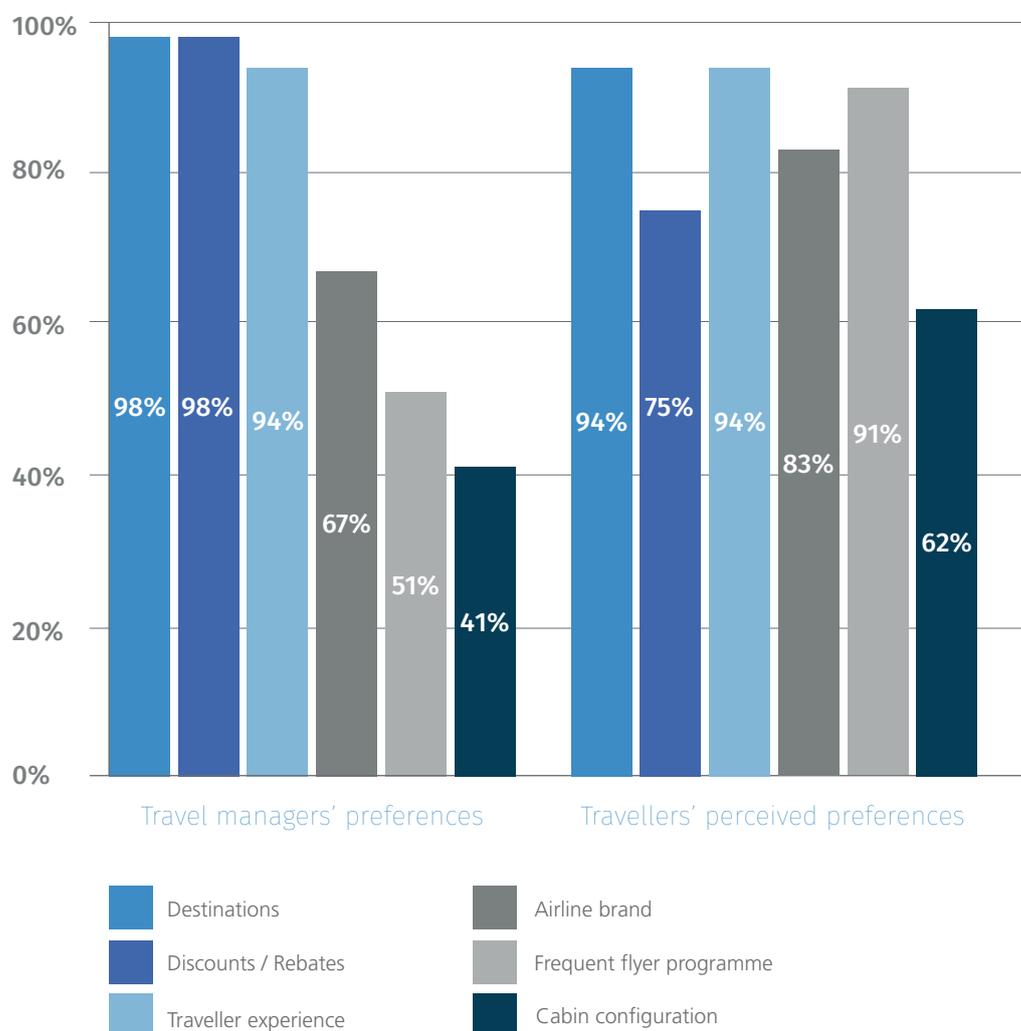
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# Factors that influence the choice of carrier

## What travel managers are looking for - and what they believe their travellers actually want

When evaluating carriers, the top priorities for travel managers are strikingly different from what they believe to be the top ten priorities for their travellers.

### The total airline offer: what travel managers want versus what they think their travellers want



For travel managers, destinations and discounts are the overwhelming priority.

Ninety eight per cent of travel managers say that an airline's routes are important to them, with 42 per cent saying this is their number one priority. Ninety eight per cent also say that discounts or rebates are important, with 37 per cent saying it is their number one priority.

By contrast, traveller experience comes a little further down the list. Although 94 per cent say this is important to them, just 15 per cent say it is their number one priority, and only 41 per cent say it is very important.

So, for them, it tends to be more about the costs and practicalities of air travel than traveller experience and feedback.

When asked to say what they believe matters most to their travellers, a somewhat different picture emerges. Yes, destinations served still tops the list, and discounts are a factor. But traveller experience has much more prominence – with 25 per cent saying that it is their travellers' number one priority.

Meanwhile, some factors that are thought to be highly important to travellers are often thought of as unimportant or immaterial to travel managers. For example, a frequent flyer programme is thought to be the number one traveller priority by 28 per cent of travel managers, with 47 per cent rating it as very important. Yet only 17 per cent of travel managers consider it to be very important.

Similarly, for travellers, the overall cabin configuration is thought to be very important by 62 per cent of travel managers. Yet only 41 per cent of travel managers factor it into their sourcing decisions.

These results suggest a disconnect between what travel managers say is important to them in selecting a preferred or mandated carrier, and what they believe to be important to their travellers. So, on the surface of it, the global travel management community appears to be a long way from true traveller centricity.

However, speaking directly to individual travel managers a more nuanced picture emerges. For example, a large majority of our sample have contractual relationships with several different airlines, and more than one-in-five (21 per cent) have relationships with more than ten carriers. So, in many cases, travellers retain the flexibility to travel on whichever airline best meets their particular preferences.

As one travel manager at a US-based financial services firm puts it: *"If I were mandating all travellers to use one particular airline, every last aspect of the traveller experience would figure heavily in my choice of carrier. But, because they have some choice, I can concentrate on the business basics, and not have to second-guess the personal preferences of everyone in the company."*

Others delegate the responsibility for traveller satisfaction to the airline. As one travel manager from a large European telecoms company says: *"We don't put traveller preferences into the negotiations. We let the airline focus on traveller satisfaction". And, as a peer at a US-based private equity firm says: "I want the airline to take better care of my frequent travellers – they're the airlines' bread and butter."*

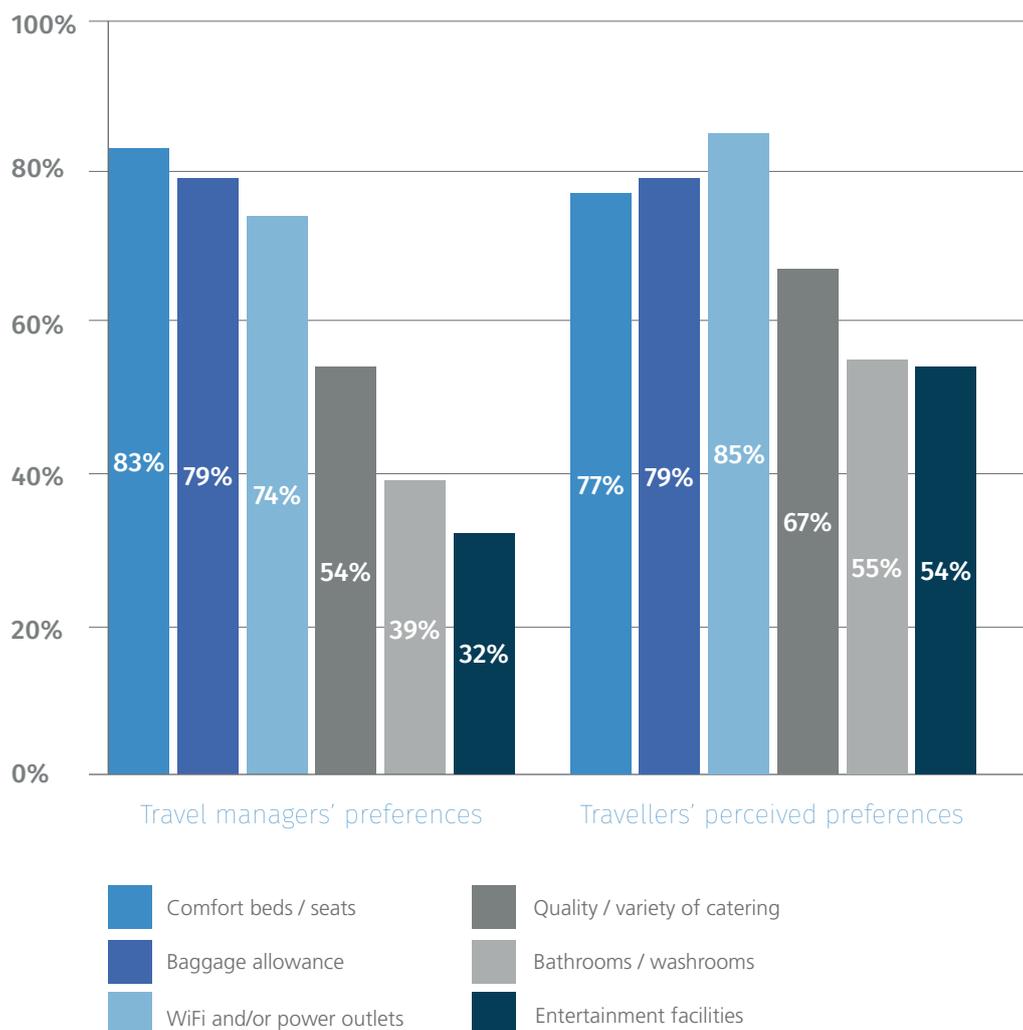
# Evaluating the total traveller experience

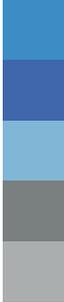
## A disconnect emerges in areas where, logically, traveller satisfaction should be the travel manager's primary concern

The survey confirms that the softer side of a carrier's business travel offer, in terms of the in-flight experience, can have an impact on a company's choice of carrier. But, strangely, many travel managers appear to take a prescriptive approach.

Looking at the figures, they seem to focus on their own personal wish-list of requirements, and often overlook the things that they believe to be most important to their travellers.

### The in-flight experience: what travel managers want versus what they think their travellers want





Topping the list for travel managers is the baggage allowance. Again, this is likely to be for cost-based reasons, since it is one of those frustrating ancillary expenses that can quickly add up, and aren't necessarily captured in expense reporting.

But, further down the list, several anomalies quickly become apparent. For example 85 per cent of travel managers believe that the availability of WiFi and power outlets is important to travellers – yet more than a quarter of travel managers say it is unimportant to them, and is not a factor in their choice of carrier.

Similarly more than two thirds (67 per cent) of travel managers believe that the quality and variety of in-flight food is important to travellers – yet, for travel managers themselves, almost a half (46 per cent) say it is unimportant.

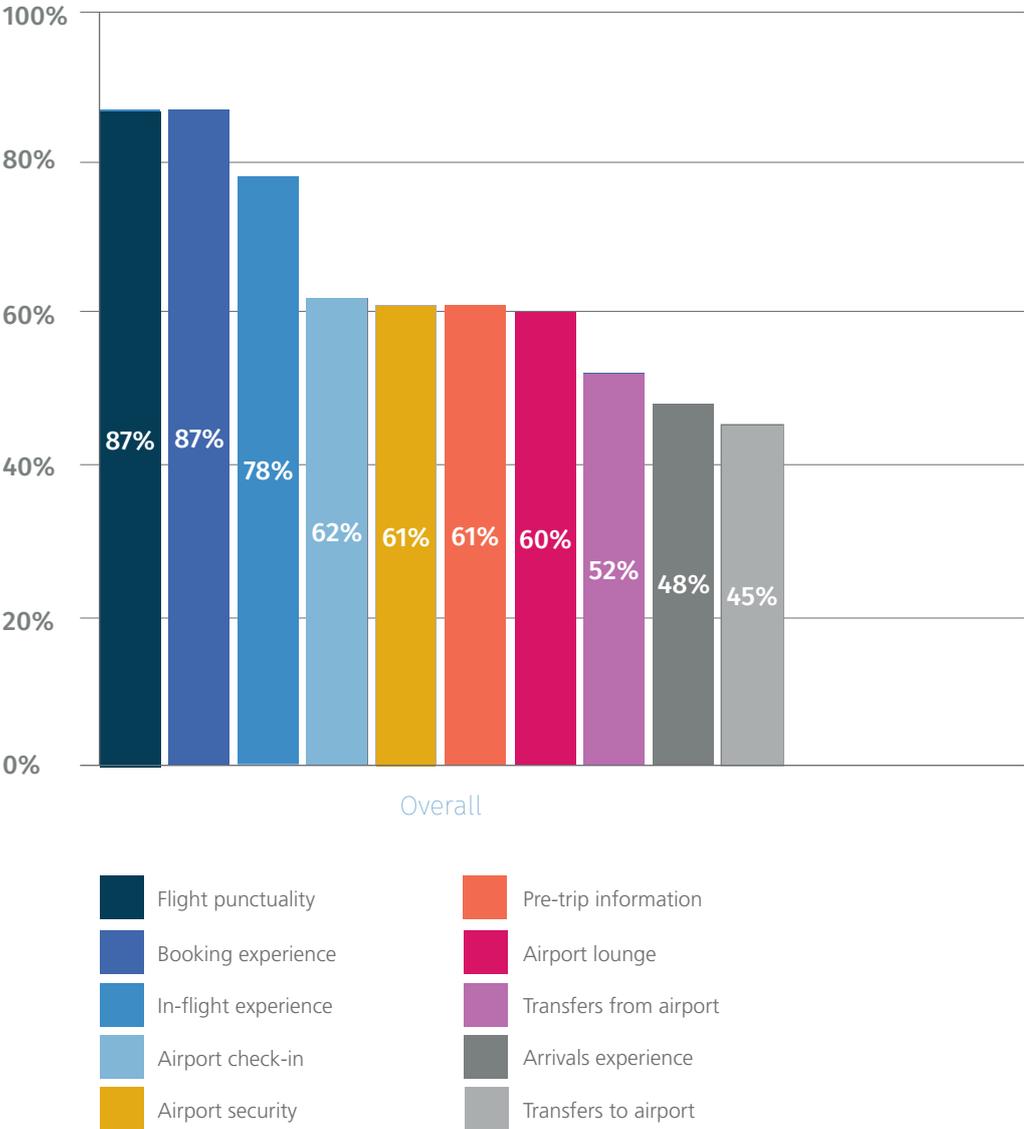
The comfort of seats and beds is another example. More than four-in-five (83 per cent) travel managers say this is important to travellers (and, of these, 16 per cent believe it to be the travellers' number one priority). Yet almost a quarter (24 per cent) of travel managers regard it as unimportant.

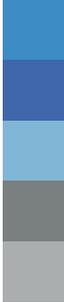
# Pinpointing what matters most to travellers

Travel managers reveal those elements of the traveller experience that generate the most feedback, so presumably warrant the most attention.

Travel managers were asked to rank those elements of traveller experience that generate the most feedback from their own travellers (either positive or negative). And three clear areas of contention were revealed – the quality of the booking experience, the carrier’s punctuality record, and the quality of the in-flight experience.

## What generates traveller feedback: the top 10 factors





Travel managers were remarkably consistent in their response. The vast majority of feedback is generated by flight punctuality (87 per cent), the booking experience (87 per cent) and the in-flight experience (78 per cent) – all three of which rank way ahead of other factors, like the check-in experience or the arrivals experience.

So, judging by the survey results, any travel manager looking to create a truly traveller-centric programme should prioritise these three factors.

The booking experience (together with the pre-trip information) is an area where travel managers have the greatest direct control, as this is determined by their own teams or their travel management companies – and every one of their travellers tends to follow the exact same processes.

Travel managers we spoke to also suggested that, as well as determining the availability of routes, proximity to an airline's home or hub airport can have an impact on several of the other factors (like the check-in experience, the quality of lounges and, to a certain extent, carrier punctuality). And this has a significant influence on carrier selection.

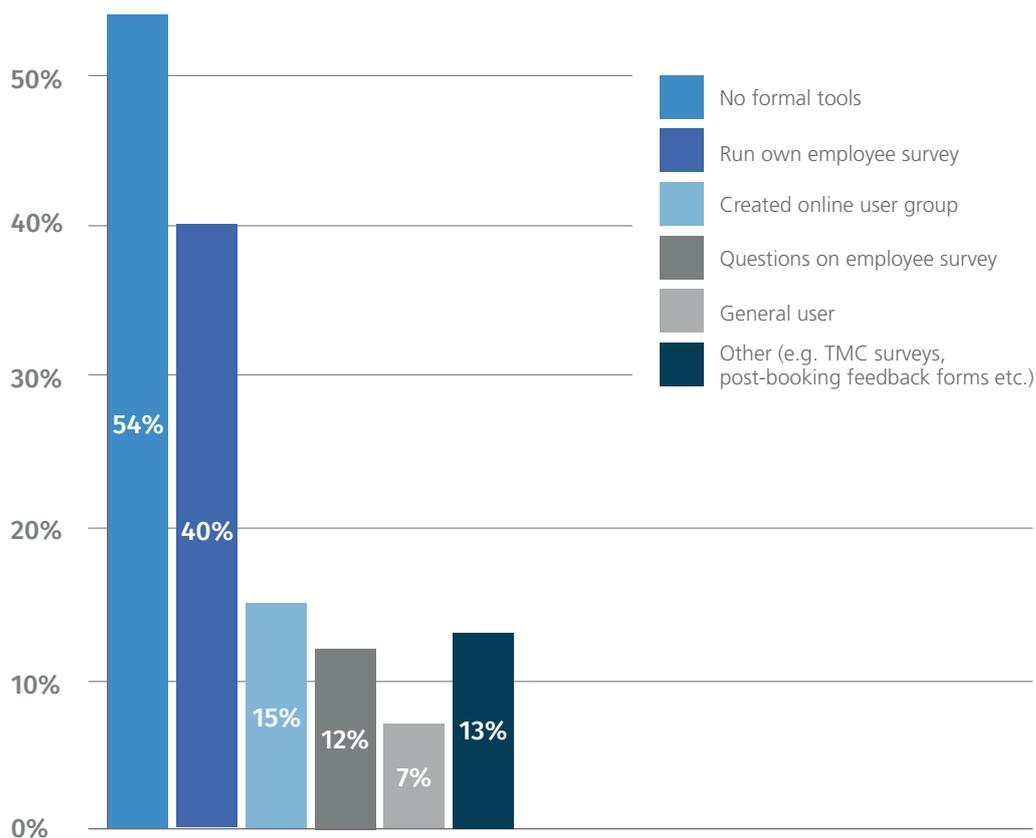
But, in order to judge the quality of the in-flight experience, it becomes necessary to learn about the overall cabin configuration offered by different carriers – and also to listen hard to traveller feedback.

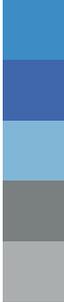
# But how do they know what they say they know

**Only a minority of companies have formal tools to collect feedback and evaluate traveller satisfaction (but, interestingly, those that don't collect formal feedback still have a consistent view of what matters most to travellers)**

To judge the quality of the traveller experience, and to create a truly traveller-centric programme, it is necessary for companies to have an accurate understanding of traveller views – so the survey asked travel managers about the different tools they use to collect and analyse traveller feedback.

## Tools used to collect traveller feedback





More than half (54 per cent) of travel managers said that they have no formal tools to collect feedback. Those that do formally collect feedback use a mix of surveys, user-groups and post-booking feedback forms.

But, from talking directly to travel managers, it should be noted that a lack of formal feedback mechanisms does not necessarily equate to a lack of robust feedback. As one travel manager at a US-based financial services firm said: *“I treat a lot of feedback tools with caution. A lot of people only respond if they’ve just had an unusually terrible experience or an unusually great experience, so you rarely hear from the silent majority. I find it better to have lots of conversations with lots of travellers, and ask lots of open-ended questions.”*

Also, it was interesting to look at the survey results of those travel managers who use formal feedback tools and those who do not. These two groups shared a near-identical view of what matters most to their travellers.

# Bridging the gap

## To move towards true traveller centricity, should travel managers be taking a more holistic approach to supplier selection?

The striking thing about the survey is the apparent gap between what is important to travel managers and what they believe is important to their travellers. Because, surely, in an era of traveller centricity, anything that is important to travellers should figure prominently on the travel manager's agenda. And to drive improved travel programme compliance, it makes sense to give travellers fewer reasons to rebel.

But, again, the situation is probably more nuanced than the results suggest. And an important role for any travel manager is to continually strike the right balance between optimising traveller satisfaction and controlling costs.

Based on the survey results and feedback from ACTE members, we offer three broad recommendations:

- **Run a reality check**

Are you sure you know what matters to your travellers? What is it about the total experience that frustrates? What is it that appeals? And are you sure you aren't putting your nice-to-haves ahead of their must-haves?

The survey data hints at a disconnect, especially with regards to the in-flight experience. Is that true of your own perceptions and policies? And, if so, what can be done about it?

- **Build on productive relationships**

The survey suggests that, generally, the travel management industry enjoys a healthy dialogue with the carrier community. More than three quarters (78 per cent) of travel managers said they were in frequent contact with airlines to share feedback. An even higher proportion (83 per cent) said they have access to contacts who can take action and make decisions. And the vast majority (73 per cent) say that, when they give feedback, the airline responds.

Yes, there were frustrations, especially among companies with a relatively low annual air volume (those spending less than US\$15m a year felt more neglected and aggrieved). But generally speaking, there is a good basis for airlines and their corporate clients to agree on future priorities.

- **Investigate potential for corporate loyalty programmes**

The new breed of corporate loyalty programmes could help travel managers to achieve the best of both worlds. Initially, these had been a way for companies to earn discounts based on air volumes. But, increasingly, they are broadening out to cover traveller benefits – including the all-important frequent-flyer miles, but also addressing other aspects of the traveller experience such as baggage allowances, and fuller flexibility on re-booking and re-routing.

Only a half (50 per cent) of travel managers say that they are currently members of corporate loyalty programmes, and there was a certain amount of confusion about which carriers run such schemes – so there is definite potential for airlines and companies alike to develop the propositions in a way that takes fuller account of traveller centricity.

# For more information

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