

Why 'cheap' online

bookings

are not always what they seem

Six major risks for your business



Executive introduction

A quick Google search reveals a treasure-trove of low-cost flights, hotels, car rentals and more. With employees accustomed to booking their leisure travel arrangements themselves online, it's inevitable that they'll look for cheap corporate travel alternatives too. But can the results of their searches really turn up better, cheaper corporate travel deals than they can get through their Travel Management Company (TMC)?

While it sometimes seems cheaper to book with an online travel agent (OTA) or direct with an airline, these low-cost fares are not always what they seem.

They often have hidden costs associated with them, and 'DIY' bookings can damage a company's corporate travel policy, actually increasing costs in the long term. Bookings made online could jeopardize volume sales targets, making it difficult to gain access to corporate negotiated rates and deals in the future.

In addition to this, it can take significant time and effort to find the best online deals, impacting employees' productive work time.

Another pitfall of 'cheap' online bookings is inflexible, inconvenient travel. Employees often have to make more connections or stay further away from meetings or conference venues, which means they may arrive at their destinations tired. This means cheap rates can impact productivity, with employees not in the best frame of mind to undertake their business.

This paper shows why low-cost fares and rates are not always what they're cracked up to be, and debunks the myth that employees can get better, cheaper travel arrangements online than by booking through their authorized TMC. It also explains how TMCs add value for corporate travel managers and travelers through their experience and expertise, reducing the risks of inflexible, costly, inconvenient travel.



Why 'cheap' online fares are not what they seem

In the following sections, we look at why the reality of 'low-cost' fares fails to live up to the hype, and explore the possible risks of these bookings for your business.

Risk 1: Low cost fares may have hidden costs, as well as being inflexible and non-refundable

Low-cost fares from OTAs are often non-changeable or non-refundable. Even where changes can be made, fees of hundreds of dollars may apply. Usually, there are also additional charges for booking online and for additional services, such as each piece of checked-in luggage or in-flight meals.

Similar risks apply to lower cost hotel deals, which are typically inflexible, non-refundable pre-pays. If a conference venue changes, or meetings are rescheduled, employees may be unable to change the dates of their stay without paying all over again.

All this means that any last-minute changes to employees' travel arrangements can be hugely costly for the business, and 'cheap' fares become extremely expensive in the final analysis.

By booking through the TMC, travel managers can be sure that hidden costs will never be an issue.

Mitigating the risk with your TMC

By booking through the TMC, travel managers can be sure that hidden costs will never be an issue. For a small increment in fare price, travelers are free to change arrangements at short notice. This is critical in the corporate environment, where meetings may need to be rescheduled based on the availability of key people. In addition, a TMC can often reduce hidden costs by negotiating many of the extras corporate travelers need – such as breakfast or wi-fi – as part of the overall package.



Risk 2: Online fares seem like a good deal, but they increase travel costs in the long term

With the help of their TMCs, companies often negotiate preferential rates directly with airlines and hotel chains. These special rates and deals for key routes and cities give corporate customers access to the best terms and prices. However, they have to meet sales volume targets to secure the contract and ensure preferential rates remain available next year.

As more and more employees make Do It Yourself (DIY) bookings online, it gets harder for TMCs to report on volume sales to carriers and hotel chains, putting the larger deals in jeopardy. This means that while booking low-cost fares online seems cheaper, in reality it can significantly increase overall travel costs long term.

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Mitigating the risk with your TMC

By channeling all bookings through the TMC, travel managers can report fare volumes much more easily and accurately to carriers and hotels and protect their negotiated rates and route deals long term. In addition, TMCs leverage their buying power on behalf of customers. This means preferential rates negotiated with airlines and hotel chains tend to be cheaper than 'low-cost' online options, and they can negotiate extras such as breakfast, wi-fi and speedy boarding as part of the deal.

Risk 3: Booking low cost fares takes up employees' time, with lengthy web searches and extra paperwork to manage

Typically, online travel bookings require visits to multiple websites and take much longer to complete. This cuts into employees' work productivity and represents a significant hidden cost of booking 'cheap' fares online.

Moreover, even when employees have searched for hours, they may be unable to complete their booking successfully. In fact, research shows that around 25% of advertised fares and rates are actually unavailable for booking.

Additionally, if employees do manage to book online, they generally use a personal credit card to pay the bill. This increases administration, and makes it harder to track compliance.

Mitigating the risk with your TMC

Employees can dramatically reduce the time dedicated to organizing corporate travel arrangements by booking exclusively through the TMC. This approach gives them fast access to the best fares that meet corporate standards, at any given point in time. It also means that employees are spending their time doing the work they're paid to do, which has a beneficial impact on the business as a whole.

Risk 4: You're generally not comparing like with like. Low-cost fares can make journeys slow and inconvenient, impacting employee productivity on arrival

With online bookings, journeys tend to be more inconvenient for corporate travelers. Flights may depart from and arrive at airports located outside cities, increasing transfer times and costs, and there may be multiple stops, long lay-overs, or even sleepovers breaking up flights.

TMCs ensure that all flights and accommodation options comply with the corporate travel policy.

All this increases travel duration and wastes employees' valuable time. It also makes journeys far more tiring for employees, so they are less productive when they finally arrive at their destinations.

Mitigating the risk with your TMC

As well as being experts in their field, and understanding the importance of relevancy and convenience for corporate travelers, TMCs ensure that all flights and accommodation options comply with the corporate travel policy. Typically, for example, flights with long stop-overs, multiple stop-overs and inflexible terms are simply not offered by the TMC due to the negative impacts.

Risk 5: Online fares rarely provide the support corporate travelers need

Booking through an Internet-based travel source such as an OTA or direct with supplier.com may make it more difficult to make changes to an itinerary. Any changes to flights or accommodation require calls to contact centers, and restrictive terms make changes to travel arrangements costly or even impossible.

Mitigating the risk with your TMC

Fares and accommodation booked through TMCs are backed up with post-sales support services and employees can quickly and simply involve the TMC to help resolve any issues that arise with their flights or accommodation. In addition, TMCs often provide 'follow the sun' support, working with affiliated networks to ensure travelers get the help they need, wherever they are working.



Risk 6: Low-cost fares seem harmless, but they present security risks for employees

Employees that book 'cheap' deals online rarely consider the security implications. There is no way for the business to track their whereabouts at any given time, which is a serious security concern. In the event of a major natural disaster or terrorist event, for example, it is impossible for the travel manager to know if any employees are traveling, where they are, and whether they are safe.

The TMC helps travel managers understand where employees are, whether they're at risk, and if they are likely to need additional support or assistance.

All this makes it difficult to comply with corporate responsibility policies and other important legislation, such as the Corporate Manslaughter Act.

Mitigating the risk with your TMC

Companies can mitigate risks to employee safety by encouraging travelers to book through their TMC. This provides fast, simple tools for tracking employees' whereabouts globally and reporting on their safety at any given moment. In short, it helps travel managers understand where employees are, whether they're at risk, and if they are likely to need additional support or assistance – all of which supports compliance with the relevant corporate and legal policies.



Final word

There are a many reasons why lower-cost online fares and rates may not be what they seem. A detailed look at the small print often reveals that they are non-refundable or non-changeable, with hidden extra costs and poor after-sales support.

What's more, unregulated online bookings are often not cheaper in the long run, as they can have major consequences for your travel management strategy, negatively affecting preferential fares with airlines and hotel chains. Employee productivity also invariably suffers, with hours wasted searching multiple websites and making individual bookings online.

In addition to these risks, you may not be comparing like with like, and long or multiple stop-overs may negatively impact travelers' convenience, productivity or overall travel experience.

Finally, while employees may occasionally find a cheaper fare online than through the TMC, this isn't usually the case, and bookings through the TMC offer better value overall. This is because many of the extras are already negotiated as part of the overall cost. What's more, arrangements booked through the TMC are flexible, and can be changed at low cost, which is essential for business travelers and corporate travel departments.

The only way to protect against the many risks of booking cheap fares and rates online is to educate employees about the clear benefits of booking through the TMC. These include total flexibility to change bookings, consistently excellent value, and the ability to negotiate preferential rates in the future.

For more information on anything discussed in this paper, or for guidance on using this document to create a TMC value proposition for employees, please e-mail travelpartmarketing@travelpart.com



About Travelport for corporate travel

Travelport is a Global Distribution System (GDS) provider that delivers aggregated, global travel content for corporations and their partner travel management companies (TMCs). By giving you access to the broadest range of travel products globally, we help you optimize travel procurement and manage your travel program efficiently.

With Travelport, TMCs and corporations can:

- **Reduce costs**
through access to the lowest fares and rates for the broadest range of travel options globally
- **Save time**
with our specialist, labor-saving technologies including end-to-end travel booking and expense management software
- **Support corporate travelers better**
with personal itineraries, online check-in and e-ticket receipts
- **Keep employees safe**
with tools to pinpoint their whereabouts at any given time and identify employees that could be at risk in a particular location
- **Streamline the travel program**
based on valuable business insight that enables you to manage costs, achieve policy compliance and make better business decisions

For more information about Travelport and how we can help you optimize your travel program and procurement, please visit www.travelport.com