INTRODUCTION

Corporate travel in Asia Pacific is on an accelerated trajectory with unprecedented demand. Those in the front-line, the region’s corporate travel management companies and online travel brands servicing the corporate accounts are therefore on an equally exciting journey of their own.

Every year Sabre polls this specialist community to give voice to their experiences and assess the path ahead.

This year’s results have been surprising again, compiled from the submissions of over 100 corporate travel agents of various types, located across 15 key markets in Asia Pacific.

Sabre has collated the findings into seven top trends, many of which are inter-linked. Wherever possible, respondents’ own words are used to explain each one, though anonymously, given the commercial insights and personal views shared.

Collectively, they point to a very different client-servicing and content model emerging in Asia Pacific, enabled by the latest innovation in corporate travel technology.

The findings are summarized below:

1. **Premium Economy, boarding now**

   Tightening budgets around duty travel for the region's many discerning corporate travellers has been made much easier with the advent of the relatively new Premium Economy class of travel.

   For the dozen (and counting) full service carriers based in the region now offering Premium Economy, it is also proving a powerful stimulant to corporate demand.

   Despite the relatively limited provision, Premium Economy bookings have increased by more than 10% among one-fifth of the corporate travel agents surveyed and they look set to climb further and faster.
Travellers familiar with the Premium Economy seats are requesting a switch to its airlines, when offered flights with other carriers. Almost a quarter (23%) of respondents have been asked to change clients' regular Economy bookings to Premium Economy seats.

Agents based in Hong Kong and New Zealand are asked the most often, according to the poll. Taiwan and the Philippines are close behind on demand, with Singapore catching up now that its national carrier has introduced a Premium Economy service. In the Lion City, 20% of respondents have been asked to change bookings in favour of a Premium Economy providing carrier.

Powering the trend further are travellers attempting to stretch the terms of their corporate travel policy to allow Premium Economy within a broadened ‘economy’ category. A quarter (24%) of respondents reported this type of request, as part of the “tendency to demand more than what is permitted by policy.”

Premium Economy is also attracting movement from other classes as well. While half (51%) had observed or managed downgrades from Business Class to Economy to reduce cost, 41% had also seen moves half-way down the plane, taking Premium seats instead.

Australia and New Zealand respondents meet demand for this option the most often.

“We are so far from everywhere that the costs of international travel are high which means they [clients] are always looking for cost cuts on travel.”

Pacific agents are followed by their counterparts in Hong Kong and Thailand, with almost half of Singapore agents also experiencing Business to Premium Economy downgrade requests.

For corporate travel management companies, all these scenarios are a positive form of compromise. Premium Economy has provided them with another lever to adjust their client’s travel budget, without significant loss of comfort for their travellers.

2. Ancillary expenses under tighter control

The common policy directive to book the ‘lowest available fare’ was causing difficulty for many agents last year, in that they needed to consider the low cost carriers (LCCs) over the full service options on many of their routes.

“Every ticket should be bought at the cheapest rate.”
Those transactions have filtered through on Sabre systems, with a significant boost to LCC business. The technology company has the largest portfolio of LCCs available within the Asia Pacific region.

This year, the mandate appears to have relaxed, with the focus more on ancillary expenses. Almost a third of respondents now control reimbursable ancillary costs (paid baggage, pre-assigned seating, meals and lounge access), compared to one in five last year.

Additionally, a quarter of them are currently extending their clients’ travel policies to cover ‘secondary spend’.

The result is that life has been made easier for the pressured agency, caught in the middle. Three-quarters (72%) reported that they found reconciling the lowest available fare with travel policies challenging last year. However, only 6 in 10 now struggle.

“We must balance the travellers with the corporations’ needs.”

Having LCC content alongside full service airlines on one system helps, but questions remain around commission: “We need to find a way to better sell ancillaries and make money doing so.”

3. Addressing the root cause of off policy ‘rogue’ booking

The prevalence of web-enabled mobile devices in Asia Pacific, together with the race to develop tempting travel apps have created a fertile environment for ‘rogue’ (off-policy) travel bookings to grow. However, this year, the region’s corporate travel management companies and their clients have recovered the initiative and are beginning to stamp these transactions out. The difference in 2015 is the choice of policy enforcement strategy.

While past surveys have seen agents extend the scope of their travel policies in an attempt to channel more of the off-policy demand, the focus has shifted this year to the source of the problem.

Most of these rogue transactions take place whilst travellers are away and they want to change their travel plans. This is precisely the time when over a third (36%) of agents struggle to maintain control.
Conversely, only a quarter find it hard to keep travellers on policy at the earlier planning stage. Practitioners are therefore investing in better pre-trip planning and stronger itinerary management.

This is an area where travel agent technology has a powerful role to play. Agents now have the profiling tools to pick the exact products that their travellers want, with the broader airline choices to align with their schedule. Travellers are more motivated to cooperate, when the itinerary is the closest match to their personal preferences and plans.

The Sabre survey this year also revealed how loyalty programmes are interfering with policy compliant choices. Almost half of respondents had experienced off-policy bookings motivated by the attractive travellers’ rewards. The profiling needs to pick up more on the use of these schemes.

4. Deploying mobile assets

Respondents to the survey reported that their clients are welcoming mobile itinerary management apps in much greater numbers this year. The reason is that when travel plans are mirrored on the traveller’s mobile device, compliance rises and off-policy or ‘rogue’ bookings fall.

68% have clients deploying these apps, incorporating policy compliant content, with a further 18% confirming their intention to follow.

Many also see mobile tools as an area for further improvement. 44% pointed at the need for better mobile apps to assist travellers, compared to just a third last year.

Not all the apps are, however, the same and it has become a source of growing competitive pressure for the different corporate travel agency brands.

One example of a managed traveller app is TripCase, used for over 30 million itineraries last year. Travellers use TripCase to check and share their itinerary, making changes through their appointed travel management company. The client, agent and traveller are then continuously aligned.

An interesting connection was made by one respondent who sees mobile tools as a means to underpin their duty of care. They associate better mobile tracking with the ability to communicate and mitigate potential disruption to travel, ultimately protecting the traveller. Another linked the request for “safety measures” more to their global or regional accounts. Their local clients were more interested in the cost aspects of travel.
5. Differentiating with data analytics

Better use of booking data is now the highest rated priority among the region’s corporate travel management practitioners.

Almost half (46%) see data analytics as a new differentiator and want the business intelligence both for their clients and themselves. This statistic compares to just 29% last year, when access to data factored below the delivery of mobile tools and need for more LCC inventory.

The reason is personalization: 44% share the view that customizing their agency’s response according to the traveller’s profile will become a much more important requirement in the short-term.

The same number of respondents correlated better use of data with greater policy compliance. This is an area where more detail will be captured in the Sabre survey next year.

“Clients expect more travel analysis and assistance to enforce travel policy - and [provide] duty of care support.”

Separately, a third of respondents believe data will be key to giving travellers’ more autonomy in the future, to book their preferred travel options independently. This assumes use of corporate online booking tools.

However, the majority remain convinced that for now Asia Pacific’s “high-touch” travellers will continue to want the personal interaction and service in arranging their travel plans.

One commented that Asia Pacific clients “tend to expect everything to be completed on their behalf, at minimal or no cost.” Another wrote that their travellers “prefer dealing with an actual service provider over self-service.”

6. A new model of client servicing

The experience of corporate travel management companies this year has been of a greater reliance on their services, rather than less.

“Asia Pacific corporate clients are still very much dependent on TMCs for their travel needs versus other parts of the world.” Clients are becoming “more cost conscious and more demanding.”

Many therefore anticipate that in the future, the region’s client servicing model is going to become even more intense, with higher service expectations.

“Corporates are more comfortable getting all services (air ticket, hotel reservation, transfer, meals, conference, event enrolment, event management, visa assistance, tour packages, car...
reserve, train, bus, ferry ticket) under one roof. We have to move to online-based travel agency with all these facilities in the next 3-5 years.”

Respondents in India framed the changes in two ways: that a ‘concierge’ style client servicing model will emerge; and that they have a new role in content management.

“The role of the TMC, apart from booking travel, will be more of a concierge service.”

“In future, the TMC will obtain content from all sites on one platform for the corporations to choose the best.”

The desire to consolidate multiple sources of content in one place, for the agency and client to more readily shop for the optimum pricing at any given time may also possibly be linked to the observation that “suppliers tend to divide and conquer” with different fares and rates set according to the commercial context.

Deeper searches, however, require access to a larger and more inclusive B2B2C marketplace for travel, together with a model that provides for opaque and transparent client servicing fees.

7. End-to-end

Respondents’ hope is that technology will continue to cut costs and drive productivity gains, both for themselves and their clients short-term.

The majority (62%) see the delivery of savings and increased efficiencies as “much more important” now.

A marked 58% also state that end-to-end solutions, those that integrate the whole travel management process efficiently, will have a “more significant” role.

Some corporate travel management companies are, however, looking to push the envelope even further to incorporate their clients’ systems and networks. “Seamless integration with the client’s ERP/financial system” or backward integration is the top priority for one participating corporate travel brand.

There are however, “huge differences in culture and practices between APAC countries,” to overcome which require “a standard travel management tool.”

Pulling local, regional and global operations together, with end-to-end solutions that maintain the individual customer feel and focus is therefore these ambitious agents’ ultimate goal.
SUMMARY

The sentiment of contributors to the Sabre Asia Pacific Corporate Travel Practices Survey 2015 is optimistic overall, presenting a future in which their sector will continue to grow, but with the need for greater insight, integration and control.

Key drivers include new options such as the Premium Economy class and advances in data analytics leading to greater personalization of travellers’ plans. These are to be presented within managed mobile travel apps aimed at reducing off-policy transactions, whilst reflecting the agent’s increasing obligations in the area of compliance and their duty of care.

Longer term, some hope the client servicing model will evolve to become more B2B2C, with seamless technology that integrates with the wider industry. Technology that enables greater efficiency, expansion and innovation within the sector is therefore what the whole community wants and needs.

About the Sabre Asia Pacific Corporate Travel Practices Survey 2015

The Sabre Asia Pacific Corporate Travel Practices Survey 2015 was conducted between April and May of the same year, with completed responses from 108 corporate travel agents using Abacus solutions. Abacus is the Asia Pacific region’s leading travel technology provider, recently acquired by Sabre.

Respondents are based in Australia, Bangladesh, China, Hong Kong, India, Indonesia, Korea, Malaysia, Nepal, New Zealand, Pakistan, Philippines, Singapore, Taiwan and Thailand.

For the majority (67%), at least half of their business comprises corporate travel, with the balance either a blend of the traditional and online travel agency or discreet entity.

The questions covered a wider range of issues this year based on trends seen in 2014. Analysis addressed the specific challenges and opportunities within the scope of their work and collated how they see their industry’s future evolution. Often, respondents are quoted directly.

Comparisons with 2013’s and 2014’s findings were made wherever possible.