

Any portal in a storm — spin doctors move in to maximise travel revenues

AS 2005 comes to an end, is the business travel market witnessing the dawn of a new era — a web-enabled coming of age where participating airlines, hoteliers and car rental companies make cost savings that they pass on to the business traveller?

Well, sorry, no.

What we are seeing is a growth in portal use and in web terms, while the first portal was a great idea, it lost a lot of sheen once everyone was doing it.

As a marketing wrinkle, once it was everywhere, its value was seriously diluted.

The intention, of course, remains. Low-cost Australian carrier Virgin Blue recently said it intends to capture more corporate travellers, joining a trend evident in the US, where many major carriers and hotels are offering special services and deals to create direct relationships with business travellers at midsize companies - and spending money to make it happen.

American Airlines is putting the final touches to a booking portal that lets small and midsize companies access negotiated discounts from American, as well as from hotels and car rental companies, while also offering published fares for other airlines.

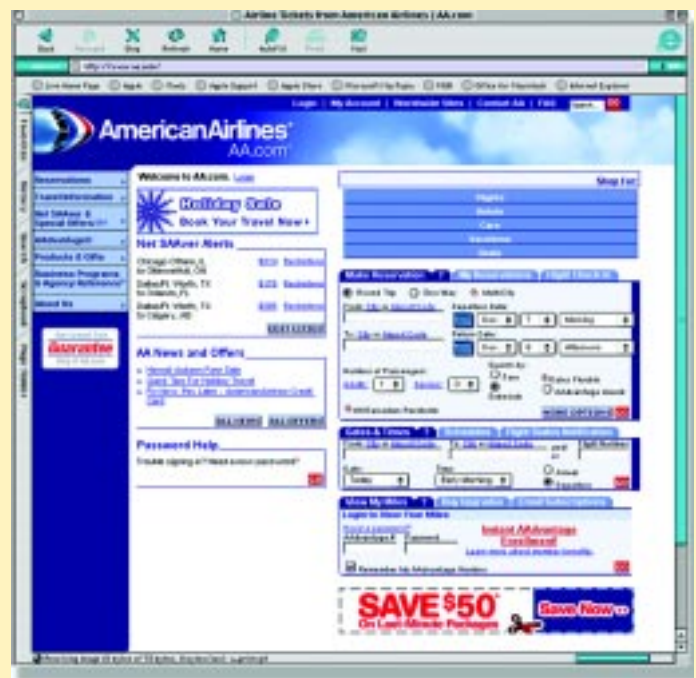
What this means is that American's portal will — surprise, surprise — carry cheap American fares but full-fare competitor pricing. If you want cheap competitor pricing and full-fare American offers, you just use a competitor's portal.

The American portal will have a rules engine to enforce company travel policies and will integrate travel expense data into back-end travel management and financial systems.

Rules engines are easier to talk about than build, but fortunately, only a tiny percentage of businesses actually enforce their travel policies and most of them use credit card reporting to enable travel expense reporting, so neither functionality will matter much.

American is right behind United Airlines, which launched a similar portal in October.

Other major carriers have plans, too. US Airways says



it will integrate its inventory into the corporate portal launched last year by America West Airlines before the two airlines merge — although no date has been set. And Continental, Delta and Northwest are in negotiations with a third-party vendor to develop a combined portal.

Direct online sales are critical to the airline industry, which is more vulnerable than most to oil price hikes and distribution costs. Travel agency bookings in the US cost airlines upwards of US\$10 a ticket (airlines say), compared with fees less than half that for sales through in-built agency portals or mere cents through corporate booking portals like the one American is rolling out.

These costs are of course indicative, A travel agent only costs an airline 'upwards of US\$10 a ticket' if he makes a sale. So it's a commission payment for a successful transaction. And while we might be impressed that an agency reservations system or a corporate booking portal can make sales cheaper for the airline or hotel, in a lot of cases they use the very same reservations systems that the airlines and agents do, Sabre, Galileo, Amadeus and Worldspan. So again, a three-thimble trick.

Virgin Blue says it has always focused on online distribution. "We have more than 90 per cent of all segments currently booked online," said an airline spokesperson.

"We offer our best fares online, and wish to make these fares available

Continued page 46.