

The double-edged sword: internet travel bookings

Shopping for cheap travel deals on the internet can end up costing companies time and money.

BY SANGEETA ANAND

Many companies are being lured by travel websites promising “lowest rates” for online bookings. The option appears attractive to travellers. It seems logical that the online channel would offer cheaper deals because there aren’t the same overheads as a physical store.

But is that the reality? Are there cost savings for travel websites and are these passed on to travelers?

The internet has changed business travel. Many businesses are spending a growing amount of time online scouting for competitive fares in the belief that they’ll save money.

But Cushla Anderson, marketing manager of Atlantic Pacific American Express, says internet fares are only occasionally cheaper. “The fares may not necessarily be the best or most suitable for corporate travel. Fares booked via the internet are usually instant purchase, inflexible and include high amendment fees.”

Also, prices, deals and packages change rapidly due to fluctuations in

KEY TAKEAWAYS

- > **Businesses can end up spending more time online scouting for competitive travel prices.**
- > **Online bookings may offer attractive fares but is an option best left for those whose travel itineraries are not complex.**
- > **The internet has led to indirect cost increases. Savings could be outweighed by the cost of booking online.**
- > **Experienced corporate travel consultants can provide added value and quick turnaround time on tailor-made trips.**
- > **Deals that are not available on the web can help build the best value, tailor-made holidays or business trips.**

aviation fuel prices and taxes. Such price increases are immediately passed on to customers.

The changes to New Zealand’s domestic airline offerings will impact business travel as there are several

factors that can push up the total cost of bookings, says FCm Travel Solution’s operations leader Angie Dudley.

LOST PRODUCTIVITY

Dudley also argues that: “While costs associated with booking changes are the biggest factor to consider, lost employee productivity is also a potentially significant expense.”

While the internet has brought many travel benefits, such as destination information, it has led to indirect cost increases. The savings are far outweighed by the cost of booking online.

“The time spent making the booking and researching multiple websites increases the final price. Experienced corporate travel consultants can provide the best value, tailor-made trip in approximately two minutes, which is much less than the time spent online,” says Anderson.

Specialists like FCm Travel Solutions receive new deals daily. “Often deals that are not available on the web can help build the best value, tailor-made holiday or business trip,” says Marie Pilkington, public relations manager at Flight Centre (NZ).

DIRECT DEALS

Similarly, as a global travel marketing company and American Express business travel partner, Atlantic Pacific American Express has access to worldwide global hotel consortia rates, and can offer multiple booking channels to access the best possible fares and hotel rates for customers, whether via the GDS (Global Delivery System), internet-based or negotiated direct rates with suppliers.

On a broader level, online booking compromises corporate social responsibility, since the complete cost of travel is invisible. "When booking via a travel company, businesses are able to track employees at any time throughout their travel, provide comprehensive reporting including lost savings, policy compliance, CO2 emissions and total expenditure by travel supplier. This level of travel management and analysis is only available through a travel company, not online," says Anderson.

While travellers and travel bookers are increasingly making domestic and trans-Tasman bookings online, long-haul or complex bookings continue to be made over the phone with experienced travel consultants.

Travellers booking over the internet

often underestimate the value and expertise of dealing with highly experienced consultants, which in the long run can bring considerable savings.

In the current climate of belt-tightening, FCm Travel Solutions has seen evidence of small to mid-sized companies believing travel websites offered the most cost-effective solutions, says Dudley. "This may be tenable for companies whose travel plans never change. But for most this is not a realistic approach and some degree of flexibility is needed in their travel itineraries," she adds.

REDUCED TRAVEL AGENT INTERVENTION

When American Express launched Serko Online (SOL), an award-winning online booking tool (OBT), to improve efficiencies and reduce the travel costs, it scoped the project, calculating that 90% of eligible trips (a point-to-point route) could be booked online. When the tool went live the adoption level was 83% of all eligible bookings, and it now exceeds 90%.

Anderson explains: "The cost savings to customers using online booking tools exceeded [assumptions]. Customer usage increases as travel marketing company involvement in the

booking process is reduced. In addition to cost savings, comprehensive reporting and transparency of booking patterns allow businesses to analyse and uncover hidden savings in their travel programme with ease."

While internet travel sites are useful resources for seeing the range of available prices, there is no one site that can guarantee the lowest fare — no matter what they might claim.

"We have seen companies forfeit hundreds or thousands of dollars in lost room nights or air fares when their travel plans have changed, after booking and paying for tickets that could not be amended and were non-refundable," says Dudley.

Buying online is a useful option for those who want to get it done as quickly as possible, or for those with plenty of time on hand. While online booking can complement traditional booking channel, it is the expertise of a travel specialist that saves valuable corporate resources and money. [END]

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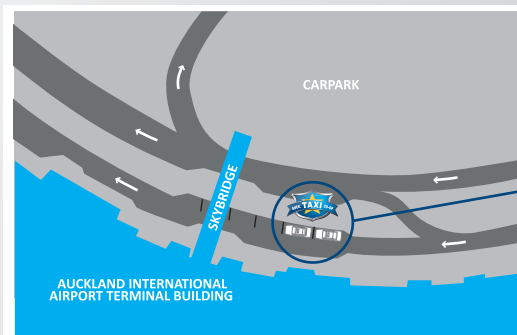


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