



EXPENSE REDUCTION ANALYSTS®

AN INSIGHT INTO WHERE THE BUSINESS TRAVEL SECTOR STANDS IN 2002

TIME RATHER THAN NEGOTIATION IS THE KEY TO COST SAVINGS IN THE DOMESTIC FLIGHT SECTOR

Independent business travel cost management expert, Robin Dunlop of Expense Reduction Analysts shares his insights on how to save money now the domestic market has only two major carriers.

A quick overview of the domestic market reveals that the days of the peak period deal no longer exist. Planes are usually full and flights booked with 24 hours are available only at their full published rate. The days of significant corporate account rates and usage preferred deals are most definitely a thing of the past.

“The best you can hope for now is a flight by flight deal so if you still have your negotiated deal in place with your preferred airline then hang on to it for dear life as it won’t be repeated,” recommends Robin.

So are there opportunities for discounts?

Yes, but each flight has to be evaluated. Robin outlines the options:

- If you book online there is potential for 5% discount if you’re set up properly.
- If you are prepared to be flexible, the difference on peak flight rates between the two major carriers can vary as much as 45% but there’s convenience considerations.
- If you fly outside the peak period ie. after 9am and before 4.30pm or after 8pm then there are opportunities for reduced prices as the flights are not full.
- If you book seven or even 14 days prior then you can be achieving load-based discounts on off-peak rates but again the airlines know they are going to fill their peak periods so seats are limited and quickly taken up.

In short, a good relationship with your travel manager or taking the time to book online are your best options.

SHOPPING AROUND IS THE KEY TO DOMESTIC ACCOMMODATION SAVINGS

Robin shares several options on how to book the best accommodation for your corporate needs. He first suggests looking at the overall picture of how many nights accommodation are required in a particular city and what level of accommodation is preferred.

“This market is currently soft so you need to be prepared to shop around and be flexible but you can get deals. If you want to negotiate direct then dealing face-to-face is really the best way,” comments Robin.

So what are the options?

- Put your company account out to market through a travel manager.
- Consolidate your company account with one or two hotels based on the number of nights you are looking at for the year by destination.
- Deal direct with a hotel broker. These brokers negotiate literally thousands of nights' accommodation and are therefore able to offer the sheer advantage of volume. The disadvantage is that this then means you have a two step booking process.
- Surf the net and use websites like “what if” to pick up vacancies less than seven days before travelling. Invariably you will get the best deal possible this way but it very much a last minute option.

In short, consolidate your account or be flexible.

INTERNATIONAL BUSINESS TRAVEL – FINDING THE RIGHT BALANCE BETWEEN CONVENIENCE & VALUE

Robin comments, “Post September 11, the market is getting busier again. As always there are some great deals to be found if you're again prepared to be flexible.

“If you're doing around 30 long-haul flights, to a specific destination, a year you can usually negotiate an airline deal and with 100 long-haul flights you're assured a deal.”

The best idea is to consolidate your flight and accommodation needs.

So what's the best way of consolidating your needs?

- Analyse your accommodation needs in terms of the number of nights needed and the hotel standard preferred.
- Consider route deals with the preferred carriers for your primary long-haul destinations which offer you total value.
- Consider your local carrier when the preference is for more regular scheduled services.
- Then take your account to market providing the travel managers with a detailed breakdown of the major destinations you require so you can find the company that best fits and understands your needs.

In short, convenience vs value are the key factors for international travel.

COST MANAGEMENT IS ERA

ERA has been in the cost-management business since 1983, and in Australia since 1993. During that time, the company has stuck to a 'no savings, no fee' maxim – and found savings averaging 15-25 per cent for every single client it has helped. Clients enjoy reduced prices for goods and services, enhanced negotiation leverage with suppliers, improved cost analysis and management tools, improved inventory management, improved compliance with corporate contracts, and the introduction of new ideas and trends to help enhance their competitive advantage.

Whether Australian businesses choose to undertake a program of cost-management under their own steam, or choose to call in expert help like that provided by ERA, the benefits to their bottom line can be immense.

Every solution for every company is different, because every solution is tailor-made to that company's requirements and goals. From creating a profit culture within the organisation to cost management, ERA provides a total service that's totally accountable.

"Our clients always make the decisions about which alternatives are most suitable for them and are included in the process all the way through," says Fred Marfleet, Chairman of ERA Australia. "But our help and guidance ensures that they make the right decisions for now and well into the future."

Expense Reduction Analysts - Working in partnership with our clients to maximise profits.