

Online Booking in Europe: Slowly But Surely

What are the barriers to online booking in Europe? How can companies best implement an online booking tool and ensure successful adoption by travelers?



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Few travel managers would believe in *homo economicus*—the idea that people make purely rational choices to maximize gain. Online booking is a case in point. Online booking tools (OBTs) make sense in terms of the major savings and other benefits provided to companies and their travelers. Yet only 20 percent of large CWT clients in Europe have implemented online booking, and the rate of online adoption among their travelers varies widely. So why is online booking taking off so slowly in the region?

Good reasons to implement online booking

There is plenty of evidence that OBTs save companies money. In a report published by the CWT Travel Management Institute, *Toward Excellence in Online Booking*, CWT demonstrates how the use of an OBT **can cut air spend by up to 15 percent**—from lower ticket prices and reduced transaction fees.

One major factor is “**visual guilt**,” whereby travelers or travel arrangers who can see a range of prices on their screen tend to select the lower-priced alternative. Similarly, the latest CWT in-depth research, *Playing by the Rules: Optimizing Travel Policy and Compliance*, indicates that companies using an OBT have higher levels of **compliance** with preferred airline policy and greater use of restricted fares than other companies.

Companies generally achieve break-even on online implementation costs after one to two years—typically two years when 80 percent of their transactions are “eligible” (i.e., simple, point-to-point trips that can be handled by an OBT).

Low OBT penetration in Europe

Despite strong arguments for OBTs, companies in Europe have been far slower to embrace them than their North American and Australian counterparts. Only 20 percent of CWT clients have implemented an OBT in Europe overall, and in some countries this figure is even lower, as shown in the chart on Page 24.

Online penetration among large CWT clients in Europe

Country	Penetration (%)*
Denmark	78
Switzerland	53
Benelux	28
France	22
Spain	14
Germany	13
Austria	9
United Kingdom	7
Italy	7
Poland	2
Russia	1

* Proportion of large clients with an OBT in Europe
 Source: CWT Travel Management Institute, April 2008

Yet the main obstacles to online penetration are rarely linked to the context of a particular country. In fact, only a **few technical limitations remain**. In Russia, for example, some air inventory is lacking while OBTs in Italy and Spain are unable to meet clients' demand for handling prepaid car or hotel vouchers. On the other hand, access to rail inventory, which was previously limited, has now been integrated into OBTs in most countries and should be fully available by 2009. This is a particularly important feature in countries such as France, where 40 percent of transactions involve rail, and the United Kingdom, where rail is an increasingly popular mode of business travel. Most OBTs now also provide access to low-cost airfares, and hotel and car content has become standard. (See the table of OBT features on Page 28.) Moreover, OBTs will continue to add features to boost user-friendliness such as dual air-rail display and the ability for traveler arrangers to track bookings for multiple travelers via a calendar-style report.

A more likely barrier to implementing online booking systems is the **misperception that return on investment is low**, which is corrected by clear information on costs. ROI can be low if a company has a small proportion of eligible transactions, but this is rare. In addition, small to medium-size companies with limited travel volume can implement standardized tools that are free of transaction fees. For large companies, an OBT is an inexpensive solution unless it integrates tailored functionalities that require additional costs (e.g., last-minute ticketing, integration with mission-order tools or back-office software). In this case ROI takes longer.

Finally, **some companies may be skeptical of the value of online booking compared to high-touch service** from the travel management company. In particular, organizations that have dedicated agents or implants may be more hesitant to introduce self-booking processes. That said, TMCs can clearly demonstrate the value of an OBT and many more companies are consequently moving toward business travel centers and implementing online booking to reduce travelers' reliance on agents.

Four keys to success

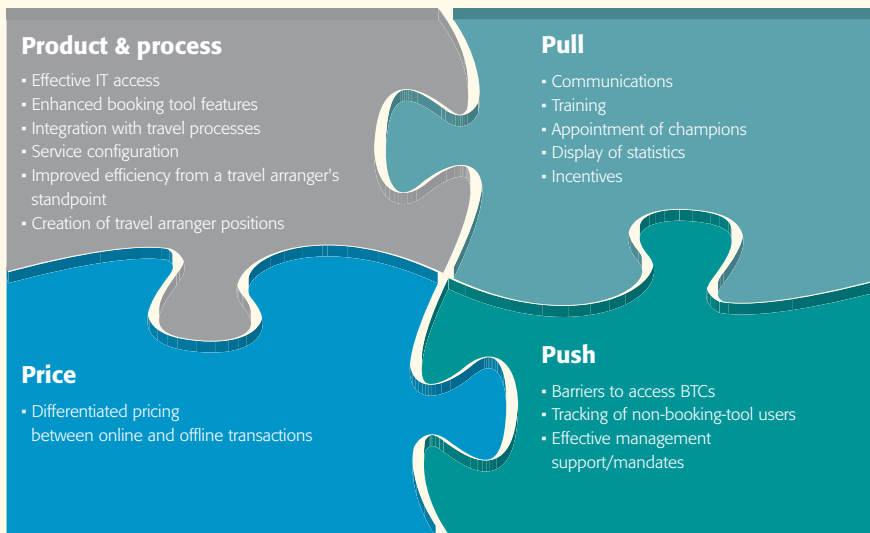
Those companies that have implemented an OBT have met with varying success, contingent upon corporate culture and best practices. In a few cases, the proportion of transactions booked through the OBT is lower than 10 percent, whereas other companies observe adoption levels exceeding 90 percent. On average, adoption among large CWT clients that have implemented an OBT reaches 21 percent in Europe, compared to 38 percent in Asia Pacific and 61 percent in North America. Whether or not travelers use their tool depends on a number of factors, both technical and behavioral. CWT has identified four keys to success:

- **Strong collaboration with the travel management company.** The TMC brings expertise at each stage of the project, from the definition of an online strategy, OBT selection, initial costing, planning and testing to technical implementation, change management and ongoing operations. To ensure that optimal support is provided, close collaboration between the TMC and the client is essential. In particular, companies need to appoint a committed, senior project leader who will manage the project day to day and ensure input from experts across different functions, including travel management, IT, communications and training. Typically, the client's OBT project leader will need to dedicate a third of his or her time to the mission during implementation.
- **A suitable corporate culture.** Companies with the highest adoption rates tend to have one or more of the following attributes:
 - ▣ **Adaptable** to change
 - ▣ **Self-enabling:** most employees do not have administrative assistants
 - ▣ **Process-focused:** the company has a methodology to improve process performance that is systematically measured and managed
 - ▣ **E-culture:** employees are technology-driven and carry out many administrative tasks online such as expense management
 - ▣ **Mandate-based:** decision-making is generally a top-down process
- **High pressure to reduce costs.** There is greater potential to achieve a higher adoption rate when a company is under significant pressure to reduce costs.

■ Use of the “4 Ps”:

- ▶ **Product and process:** ongoing actions to ensure the booking process is user-friendly and efficient and its functionalities are appropriate, accessible and visible on the company intranet; integration/automation of the booking process, including pre-trip and expense management workflows; and the evolution of the service configuration (e.g., from an implant to a business travel center or regional service center)
- ▶ **Price differential:** internal communications about differences in pricing between online and offline transactions
- ▶ **Push from management:** actions such as mandates and compliance tracking to encourage bookers to use online tools
- ▶ **Pull through training and incentives:** actions favoring change such as ongoing training, incentives and rewards; communications; statistical comparisons between business units, divisions or departments; and the appointment of champions or ambassadors within a company to promote online adoption

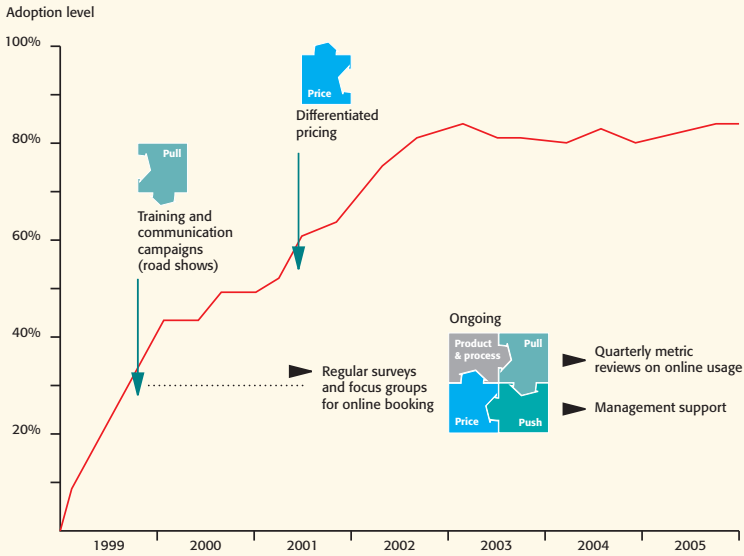
The “4 Ps”: a holistic approach



Source: CWT Travel Management Institute

Demonstrating the effectiveness of some of these levers, a large consulting company present in seven European countries achieved more than 80 percent adoption within three years of introducing online booking. A key role was played by strong communications and training, including an educational road show with CWT one week before the online booking tool went live, a steady flow of information from the global and European travel managers, and regular re-training of users. In addition, the corporate policy stipulated that the OBT should be used for all point-to-point transactions and email reminders were sent to travelers booking through other channels. Traveler surveys and focus groups also helped ensure continuous improvement of the OBT.

One company achieved more than 80 percent online adoption in three years



Source: CWT Travel Management Institute

More companies reaping the benefits

Although online booking has been slow to take off in Europe, companies are increasingly acknowledging the benefits as the barriers to implementation come down. In particular, an OBT can bring double-digit savings on air spend by encouraging travelers to take lower-priced options (through “visual guilt”) and promoting compliance with the corporate travel policy. Few real obstacles remain today and companies can achieve high levels of adoption if they take the necessary action. n

Key functionalities available on OBTs in Europe

The main OBTs in Europe are global—Amadeus e-travel, Cliqbook, GetThere and KDS Corporate—or regional such as Cytric, Webgate and Traveldoo. They offer most of the following features:

General

- Multi-passenger management
- Dual air-rail display
- Seat maps
- Trip approval processes
- Travel arranger capabilities (e.g., ability to book trips for multiple travelers)
- Customizable messages to travelers
- Itinerary exportable to Outlook/Lotus Notes
- Integration of other tools (e.g., for traveler profiling and non-GDS hotel bookings)

Air

- Low-cost carriers
- Negotiated fares
- Multi-fare display
- Change/cancellations before ticketing
- Corporate travel pass management
- Best-buy capabilities

Hotel

- Negotiated rates
- Ability to book non-GDS hotels by notifying an agent
- Location maps
- Search via zip code or address
- Hotel photos

Rail

- National reservations (still under development for some countries)
- Key international routes, including Eurostar and Thalys trains

Car

- On-site delivery
- Different pick-up and drop-off locations, including non-airport locations