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GEBTA
GUILD OF EUROPEAN BUSINESS TRAVEL AGENTS

September 2024

Navigating Fragmentation in Corporate Travel

Strategic Imperatives for Travel Management Companies (TMCs) across a global market.

Black Box
Partnerships

Executive Summary

> **"Global Business Travel Industry Spending Expected to Hit Record $1.48 Trillion in 2024. Boosted by economic stability, pent-up demand and recovery momentum - Spending is projected to surpass $2 trillion by 2028".**
>
> **Source**: GBTA Business Travel Index Report, published 22 July 2024.
>
> This record growth within the Corporate Travel Sector will provide opportunities and challenges for all.
>
> To address some of these challenges in unity and from a domestic and global perspective, on 16th July 2024, the Business Travel Association (BTA), joined a partnership alliance with – the Association of Travel Management Companies (ATMC) in Australia and the Guild of European Business Travel Agencies (GEBTA) in Spain (read the press release here).
>
> Collaboratively the three organisations have commissioned this white paper, with the impartial and trusted support of Black Box Partnerships. The purpose is **"to focus and lead the global conversation on addressing fragmentation of content in the corporate travel sector and what the future looks like as the sector continues to evolve, within this space".**

About the BTA

The BTA is the representative body for the UK business travel industry and Travel Management Companies (TMCs). The BTA TMC members account for over 90% of all corporate travel booked in the UK. Members, who have a combined turnover of £15BN, and partners represent the entirety of the corporate travel sector ranging from TMCs, airlines, rail operators, car rental companies, accommodation providers, travel technology partners and financial solution organisations.

"The business travel industry has so many moving parts, there is more fragmentation than ever. This provides threats but also opportunities for all commodities in the challenging world of corporate travel to offer value and ROI to consumers". Clive Wratten, Chief Executive The BTA.

For The BTA website, click here.

About ATMC

The Association of Travel Management Companies (ATMC) is a travel industry organisation that aims to represent and promote corporate travel throughout Australia. Membership of ATMC is open only to fully licensed travel agencies with a core focus on the provision of Travel Management services to Corporate Customers.

ATMC members control over $6.5 billion in corporate travel expenditure, employ 3,500 professionals in every state and territory in Australia, and collectively serve 25,700 large and small companies Australia-wide.

"Today's world is about choice, and travellers want choice regardless of the platform they're using. Content fragmented across multiple sources leads to challenges across the corporate travel ecosystem, but if accessible and consistent, can deliver value for all". Tass Messinis, Chairperson ATMC.

For ATMC website, click here.

About GEBTA

GEBTA is a non-profit organisation, which brings together the best travel management companies and the leading experts and professionals in the travel and business meetings industry.

They have more than 20 leading companies in the market, which manage 80% of corporate travel in Spain. They are the main reference and source of knowledge transfer on corporate travel in the Spanish market.

"Fragmentation is unavoidable. Suppliers want to choose their channels and distribution platforms. We should be striving for a fair, balanced relationship to make content available, with parity and accessibility to maximise efficiency throughout the whole value chain and support business travel". Marcel Forns Bernhardt, Director General.

For GEBTA website click here.

Black Box
Partnerships

About Black Box Partnerships

Black Box Partnerships is a management consultancy in the travel, transport and technology space, we are **trusted and impartial**.

We help customers in the corporate travel, meeting and events sectors gain a positive yet realistic understanding of the challenges and opportunities they face right now and in the future; through research-led analysis, we collaborate with them to effect change, be that incremental improvement or major transformation.

Our obsession is delivering increased value and profitability through sustainable business performance and structured facilitation; and we use our expertise to bring a sharp, commercially savvy edge to business transformation.

For this project, Black Box Partnerships conducted comprehensive global research, interviews and surveys, incorporating insights from members of all three associations The BTA, ATMC, and GEBTA, and from across the sector.

For Black Box Partnerships website click here.

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1. Introduction

The corporate travel industry continuously faces significant transformation, characterised by increased complexity and content fragmentation.

For the purpose of this paper, and to provide clarity, the agreed definition of content fragmentation, is:

"The lack of ability to provide consistency in service, data, and content across corporate travel; arisen from challenges and complexities from diverse content sources, formats and multiple distribution channels".

From across the globe, with insights and research conducted this paper will explore the crucial role that Travel Management Companies (TMCs) play in mitigating increased levels of fragmentation. Research has taken a cross-border approach to include TMCs, corporate buyers and suppliers from airlines, accommodation, aggregators, ground transportation and technology providers.

Digital device internet protocol addresses and location profiling have given rise to visibility in regional demand and biasing, predominantly focusing on so-called `personalised pricing` that sees fragmentation (in both product and price) depending on where fares are booked and where they are being fulfilled. Whilst this may be okay for leisure channels – driven solely by price advantages, the business market is more complex due to the increased scrutiny, currency conversion and data obligations around GDPR and legislative cover.

This paper will also outline strategic recommendations to enhance service delivery, value for travellers and to ensure that markets remain competitive in a rapidly evolving landscape.

The corporate travel sector has always been dynamic, but recent shifts have amplified the need for a more integrated and cohesive approach.

Fragmentation in travel services, driven by technological, geopolitical, and regulatory factors pose significant challenges for TMCs, suppliers and their customers.

This paper delves into these challenges and provides insights to address them effectively, with contributions from corporates representing SMEs to PLCs, domestic to global across charity and educational services, consulting and financial sectors, retail and entertainment, technology and professional services, and finally TMCs and suppliers covering all sectors.

2. Industry Perspectives on Content Fragmentation with market insights into the key challenges within fragmentation in corporate travel

The research conducted in this paper indicates a widespread consensus that fragmentation within the corporate travel industry has reached unprecedented levels. Insights from suppliers, TMCs, and corporate buyers collectively emphasise the need to address this.

co-operation
is essential

+

Streamline
Process

=

Improve service delivery and provide value to the end traveller

Collaboration and Partnerships

There is a resounding agreement on the need for increased collaboration among TMCs, suppliers, and corporate buyers to address the challenges posed by fragmentation. This co-operation is essential for streamlining processes and improving service delivery, ultimately providing value to the end traveller.

"This is the future; we are not opposed to fragmentation and see it as a positive opportunity," encapsulates the evolving landscape of corporate travel, where fragmentation is no longer viewed as a challenge but as a catalyst for innovation and competition. By embracing this shift, TMCs can differentiate themselves by offering the expertise to defragment and simplify complex content for corporate customers. As highlighted in our research, this process not only drives better customer experiences but also positions TMCs as essential intermediaries, providing businesses with tailored solutions that might otherwise be overwhelming in a fragmented market. In essence, fragmentation enhances the ability of TMCs to add value, innovate, and stand out in a competitive marketplace.

> "This is the future; we are not opposed to fragmentation and see it as a positive opportunity. It drives competition, innovation, and improves the customer experience. There is an opportunity for TMCs to differentiate themselves in the marketplace".
>
> **Chief Commercial Officer of a global TMC**

Technology and Data Integration

The lack of seamless integration between various platforms and systems creates operational complexity and service delivery challenges.

There is a critical need for

01	Standardised data
02	Integrated technology systems
03	Improved processes to manage travel content more effectively

> "Besides the challenge of data integration, we must add the 'misalignment' of some suppliers who do not see the TMC as the appropriate channel to distribute their product, as well as the lack of knowledge they have of a TMC".
>
> **Juan Manuel Baixauli, COO and Founder of Spanish-based TMC Consultia**

> "Partners should be seeing TMCs' value and acknowledging it rather than working against TMCs".
>
> **Penny Spencer, CEO of Spencer Travel in Australia**

Collectively, cross-border analysis confirms that the topic of fragmentation is relevant, irrespective of location or whether you are a TMC, supplier or corporate buyer.

The appetite to work more closely together for greater reciprocated benefits, is not just a request from the TMCs. The findings from industry surveys, with both global and SME corporate buyers confirmed that this is their opinion too.

Operational Challenges for TMCs

The increased operational complexity from content delivered through multiple sources and processes makes it difficult to provide the best value to customers and imposes significant service delivery pressures on TMCs.

TMCs face significant pressure (and increased costs) due to fragmented content from multiple sources, making it a challenge to provide consistent reporting. Fragmentation also complicates traveller tracking and risk management, which are crucial for ensuring traveller safety, through visibility and reporting.

> The corporate travel ecosystem is highly fragmented, with multiple platforms and systems failing to integrate seamlessly. **This lack of platform integration leads to inefficiencies and inconsistencies in service delivery.** We read all too often that Online Booking Tools (OBT's) have market-leading content. Marketing narratives need to be stronger in understanding the end-to-end process of said market-leading content, simply focusing on the shop experience, undervalues the true efforts of end-to-end retailing and servicing that TMCs undertake.

Research has shown that we overcomplicate, there is too much input from several sources and as an industry we need to simplify. This underpins the critical need for streamlined processes that can deliver a consistent experience to travellers across various regions and platforms.

"The rapid evolution of technology presents both opportunities and challenges for Travel Management Companies (TMCs). The speed at which TMCs are responding to airlines and working with airlines has improved, and we can see the investment they are making. However, in some cases they are facing challenges. Inconsistent adoption of New Distribution Capability (NDC) standards and the individual partnerships forming in the industry can exacerbate fragmentation, leading to inefficiencies and complexities".

Darren Jeacock, Global Air and Ground Category Manager
Supply Chain Services of EY

"This is more than just traveller tracking; it is about ensuring travellers are prepared before their trip and we as their TMC can return them home safely and efficiently in an emergency. Fragmentation has a detrimental effect on traceability".

Douglas O'Neill, CEO at Inntel and The BTA Board Director
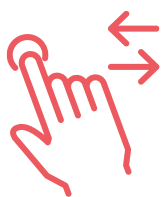
A CEO from a UK-based TMC noted that "managing client expectations amid such fragmentation can cause unnecessary friction, with clients often frustrated by limited fare access".

This frustration is also experienced by TMCs in Spain. David Moré Pacheco, Director Nacional Empresas at Nautalia, commented, "fragmentation means that information on availability, pricing, and changes must be constantly updated across multiple systems, which can result in inconsistencies and errors".

Lisa Storey, founding partner and director at Orbit World Travel TMC in Australia, concurred, stating, "fragmentation from a buyer's perspective is confusing". These insights underline the pervasive challenges and inefficiencies that fragmentation introduces to the corporate travel sector, highlighting the need for more integrated and streamlined processes.

The paper highlights some of the key areas in which TMCs expertly provide support across all markets, globally:

Focus areas:	Booking through a TMC	Direct Booking
Cost Management (including savings, avoidance, value)	Leveraging of spend across all customers, providing: Access to negotiated rates, terms and value Access to other trip components under one service provision, rather than a single supplier source	Rates, terms and value applied may be aligned to one customer spend and not aggregation through economies of scale
Efficiency & time savings	Streamlined booking processes and fare accessing to search, book, expense and manage	Requires travellers to research, book individually and expense
Policy compliance	Supports, promotes, and upholds corporate travel policy	Encourages non-compliant travel and nomad travelling

Duty of care / risk management / traveller safety

TMCs offer 24/7 real time support and tracking, before, during and post trip

Support can be limited and out of hours support may also be non-existent

Reporting and data analysis

Bespoke, detailed reporting with analysis on spend, CO2 emissions, savings and benchmarking, with overall visibility of spend

Limited visibility and lack of bigger picture input

Best practice and travel insights

Working across multiple customers (and industry) to keep a breadth of change, new ways, new technology and travel considerations and impacts

Isolated view, from inward-facing travel

NDC and Airline Practices

New Distribution Capability (NDC) and inconsistent airline pricing structures (and accommodation) overall are felt to be exacerbating fragmentation. These issues lead to discrepancies in content availability, fare comparisons, and access to options, frustrating both TMCs and corporate buyers.

Luisa Juanes, Travel Management Officer at WERFEN, shared her thoughts on some of the major challenges in managing travel fragmentation. Firstly, she notes the impact of the New Distribution Capability (NDC) on content availability, which creates discrepancies between options accessible via travel agencies and those available online, leading to traveller dissatisfaction.

> "This may possibly be the future, and it might be a necessary step to improve services, but it has not been adequately addressed or agreed upon by all parties regarding NDC".
>
> **Luisa Juanes, Travel Management Officer at WERFEN**

Secondly, she highlights the difficulty in obtaining accurate spending data from TMCs, which results in misleading cost-saving calculations. Finally, Juanes points out the complexity in fare comparisons, due to inconsistent pricing structures among airlines.

Similarly, Anna Ribera i Toneu, Travel Manager at Caixa Bank, and Hector Royo, Travel Manager at COMSA, also face significant challenges due to travel content fragmentation.

Ribera i Toneu stresses the difficulty in communication and selection of the best options, the complexity in creating simple yet effective travel policies, and the challenge in comparing fragmented travel options.

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Royo identifies the need for standardised data and protocols, seamless integration of technology systems, and effective sustainability management and regulatory compliance.

Anna Ribera i Toneu, Travel Manager at Caixa Bank called out:

"Companies need a strategic approach and investment in technology and processes to mitigate the impacts of fragmentation and ensure efficient and effective management of corporate travel".

These challenges underline the necessity for strategic solutions and technological advancements in managing fragmented travel content.
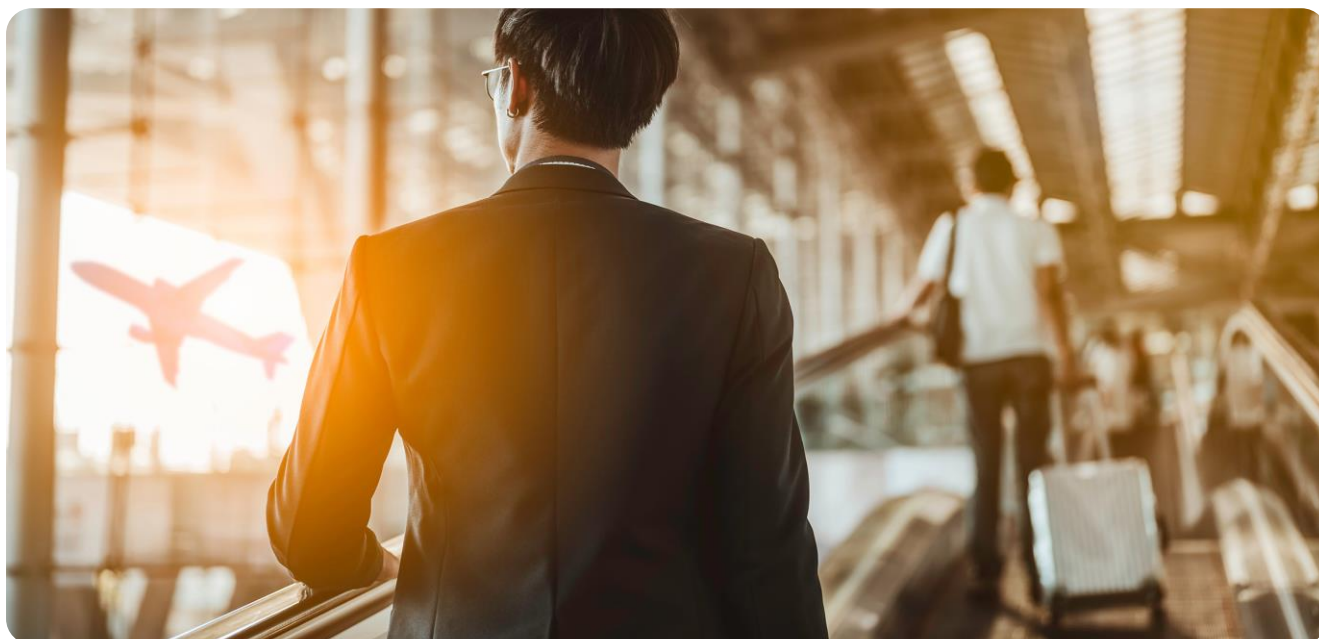
However, an industry leader within a leading airline was quite clear that when thinking about travel fragmentation **"we must look at all the sectors together"**. They highlighted that "**one of the challenges is the lack of seamless connectivity between the different modes of transportation. This includes flights, trains, buses, car rentals etc"**. And when they put themselves in the traveller's shoes, they also agree that it is a challenge to plan and book the entire journey.

As an example of combatting fragmentation through collaboration, in June 2024, Virgin Atlantic announced a new codeshare partnership (read the press release here) with EL AL, SAS Scandinavian Airlines, and Saudia, aiming to enhance connectivity and customer benefits. The partnership with EL AL will offer more travel options between the UK, Israel, and the US. The airline also expands its SkyTeam alliances, including a collaboration with SAS, offering new destinations and benefits for frequent flyers.

Whilst this is great news for greater connectivity and additional frequent flyer points for travellers. It would be ideal if these fares and benefits were available via TMCs too. (are they today and will they be tomorrow? - that is the question we are continuing to ask ourselves and is being felt across this paper).

The Impact for the Small and Medium Enterprise (SME) market

In the corporate travel landscape, small and medium enterprises (SMEs) often face unique challenges, particularly when it comes to managing travel programme leakage and leveraging "the best deals". As the Director of Strategic Planning from a Global TMC notes, "**for larger customers with a mandated travel programme, missing content is a key factor in driving leakage. However, for smaller customers (SMEs), it is often the experience with tools like the OBT that influences and drives traveller behaviour. If travellers have a negative experience and there is no mandated programme, they are likely to revert to their preferred solutions. In some cases, purchasing of travel outside of policies, mirrors personal shopping approaches and habits".**

This highlights the importance of not only providing comprehensive content but also ensuring that the tools and platforms used by SMEs offer a seamless and satisfying experience. Without these, the risk of non-compliance and leakage increases, complicating efforts to manage travel spend and maintain policy adherence.

For SME's the challenges in travel management include coordinating logistics across departments, especially when working with international colleagues, and shifting away from using credit cards or personal cards for bookings and payments. Budget constraints remain paramount, in both large and small organisations – but this only adds to the continued issues with fragmented travel. Externally, visa delays for overseas colleagues and inflexible flight options further complicate travel plans.

SMEs (like all corporate travellers) want to feel valued and have ease and simplicity. Booking, travelling, and staying easily is on all agendas. SMEs want to be on a level playing field and will vote with their feet to other suppliers if they do not receive the service or access fares available in the market.

The corporate travel landscape mindset hasn't really changed over the time it has evolved, this includes Last Room Availability (LRA) vs Non LRA, Dynamic Corporate Pricing (DCP) vs static rates, allocations and online meeting room availability, regardless of spend and access to the market; fragmentation has remained prevalent. This is applicable to all markets.

There is a need for consistent travel fares, availability, and rates (particularly from airlines, rail operators and accommodation providers) to be available through all providers, to underpin travel policies and guiding principles. This is there to mitigate risk, add value and drive customer loyalty. The presentation of too much choice of fares drives fragmentation as confusion causes travellers to stick to "known sources".

Marriott Hotels recently launched an SME programme, which targets unmanaged spend, to not only book hotels via their sites, but also offers additional travel services via one platform. Sign of future times?

3. The relevance and importance of customisation, personalisation, clarity, and consistency of data

In 2024, we live in a world driven by instant gratification, where the demand for customisation and personalisation is paramount. The expectations and experiences from our personal lives are increasingly influencing our professional environments. This shift is evident in fast-selling strategies used in online shopping, such as prompts like "someone else is looking at this product", "selling out fast", "hurry, only two seats left". These tactics are designed to create urgency, encouraging consumers to "buy now" and make quick, often impulsive, purchases. This urgency-driven behaviour is also seeping into corporate purchasing decisions, particularly in corporate travel, where travellers may be tempted to make out-of-policy bookings due to perceived better deals when booking directly. However, even seasoned travellers are not always aware that these offers may come with restrictions, alternative payment methods, and conditions that are not directly comparable, which can lead to complications, risk, additional costs, and stress.

For travel managers, the lack of clarity and consistency in travel options poses significant challenges.

> "Traveller expectations and cultural shifts are influencing the corporate travel landscape. With access to global content and personalisation options through B2C channels, travellers are exposed to an endless array of choices without filters or bias".
>
> "This exposure can create unrealistic expectations regarding how services should be delivered within a B2B environment. The result is a growing impatience and shifting sentiment, where the same level of customisation and immediacy is often not feasible".
>
> **Raj Sachdave, Managing Partner Black Box Partnerships**

As one travel manager from a UK charity organisation pointed out, **"We really need the same travel fares (airlines in particular) and rates available to us through our TMC. We understand that it is done deliberately, but it really does not help us as a company where we are looking for compliance from our employees".** Inconsistent data and options not only hinder compliance but also impact tracking, safety, security, and the accurate monitoring of travel expenses.
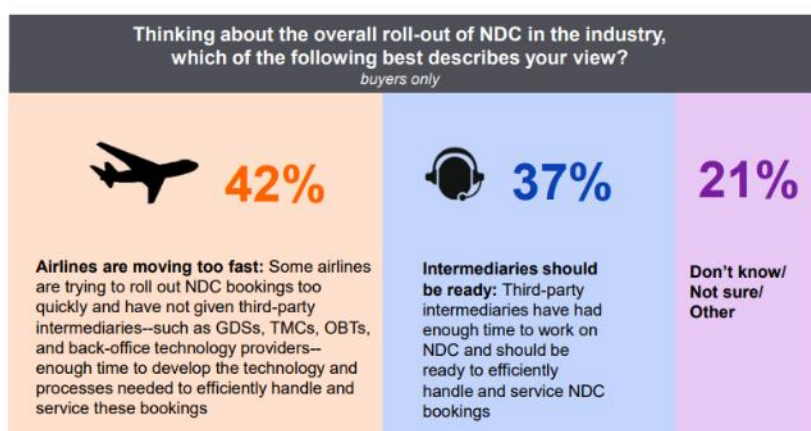
A Senior Manager, from a Global TMC agrees **"Data consolidation and regulatory total spend management is becoming more important as well as supplier and expense data integration which is also on the rise as a requirement".**

It is undeniable that fragmentation within the travel industry is more than NDC. However, the fact remains that NDC still poses several challenges for TMCs and corporate buyers. A recent poll, conducted by GBTA shows how TMCs continue to solve the technical hurdles as they strive to make NDC content available to corporate travellers. 38% say their company has started to make NDC content available.

The **Travel Buyer's** Perspective

Less Than Half of Travel Buyers Say Airlines Are Moving Too Fast to Roll Out NDC

Thinking about the overall roll-out of NDC in the industry, which of the following best describes your view?
buyers only

42%

Airlines are moving too fast: Some airlines are trying to roll out NDC bookings too quickly and have not given third-party intermediaries--such as GDSs, TMCs, OBTs, and back-office technology providers-- enough time to develop the technology and processes needed to efficiently handle and service these bookings

37%

Intermediaries should be ready: Third-party intermediaries have had enough time to work on NDC and should be ready to efficiently handle and service NDC bookings

21%

Don't know/ Not sure/ Other

Q. Thinking about the overall roll-out of NDC in the industry, which of the following best describes your view?
Note: Question only displayed to travel buyers/procurement professionals (n=324)

The roll-out of NDC has been driven by airlines. Two in five buyers (42%) think airlines are moving too fast to roll out NDC and have not left intermediaries enough time to prepare. This sentiment is largely unchanged from six months ago (45%).

More than one-third of buyers (37%) say intermediaries have had enough time and should be ready for NDC. This is virtually identical to the share of buyers (36%) who said so in October's poll.

53

Source: GBTA Business Travel Industry Outlook Poll. April 2024

4. Elevating TMCs' role in new eras within corporate travel; The Impact of Sustainable Travel on Content Fragmentation in the Corporate Travel Sector

The Need for Sustainable Travel

The growing demand for sustainable travel is undeniable in its contribution to content fragmentation in the corporate travel sector. As corporate companies seek to minimise their environmental footprint, many are adapting their travel policies and culture to offer reduced carbon emissions trips, sustainable accommodation choices, and sustainable travel practices. This shift in priorities introduces additional layers of complexity in sourcing and consolidating travel content, as sustainability metrics and certifications vary widely across suppliers and platforms. Many individual corporate travellers are also seeking more sustainable travel options.

In 2023, a survey conducted by Enterprise Mobility, commissioned through Opinium, analysed the corporate travel habits of 4,000 office workers in Germany, France, Spain, and the UK. The study aimed to understand evolving trends in corporate travel by car and the associated challenges and opportunities for businesses. The research shows that more than half (53%) of corporate travellers in these countries desire their companies to support the use of connected or multi-modal journeys more frequently for business trips.

Gen Z, the emerging cohort of corporate travellers, demonstrates a strong preference for multi-modal travel. The research revealed that almost nine in ten (88%) Gen Z employees, born between 1996 and 2015, undertook a multi-modal journey in the past 12 months for either leisure or work, domestically or internationally. In contrast, only 61% of Baby Boomers (those born before 1964) reported the same behaviour.

Additionally, 59% of workers expressed a willingness to change jobs for better alternatives to using their personal cars for business trips. Currently, more than half (55%) of business trips are taken in a private car. Rising costs have significantly impacted on this trend, with more than nine out of ten (92%) respondents stating that increased expenses have influenced how they use their cars for work.

These findings highlight the growing demand for sustainable travel solutions and the importance for companies to adapt to these evolving preferences to retain and attract talent.

How is the need for sustainable travel driving more fragmentation and what can we do about it?

Sustainability standards remain vast and diverse, and many different suppliers use various standards and certifications to denote sustainability. This leads to inconsistent information and making it challenging for businesses to compare options and for suppliers to keep up with demands from corporates, to adhere to their practices, as well as supporting wider macro requirements such as Climate Related Financial Disclosure (CRFD) reporting.

To be able to offer more sustainable travel choices, TMCs must have full access to a vast majority of content, to support the drivers from corporates and mitigate any further fragmentation.

TMCs' Role in Supporting Sustainable Travel

TMCs play a crucial role in managing the complexities associated with sustainable travel for corporates globally and mitigating content fragmentation. They do this through several key strategies:

Consolidation of Diverse Content

01 TMCs aggregate information from multiple sources to the best of their ability, including sustainability-focused travel providers, to present a unified platform where businesses can easily access and compare sustainable travel options.

Working across multiple suppliers, TMCs can offer Mobility as a Service (MaaS) which enables travellers and corporate programmes to book and capture the first and last mile. Expense managed end-to-end as well as disruption management, the eyes and ears of travellers and one step ahead of the traveller. This keeps people in programme and provides a level of comfort.

Point of Sale (PoS) comparisons of content whether cost, convenience or journey time needs to be addressed within the OBTs that TMCs use to support considerations and impacts to the travellers.

Standardisation and Certification Alignment

02 TMCs work to align various sustainability standards and certifications, providing customers with consolidated, consistent and comprehensible information. This helps businesses make informed decisions based on comparable sustainability metrics. "this was a competitive advantage during Covid, in which suppliers were racing to obtain cleaning and safety certifications" as it was a requirement for some to travel with confidence. This approach has subsided.

Advanced Technology and Data Analytics

03 Leveraging advanced technology, TMCs integrate dynamic sustainability data into their platforms. Data analytics tools help track and report on sustainability metrics, ensuring businesses can monitor their environmental impact and make data-driven decisions.

Customised Travel Policies

04 TMCs assist companies in developing and implementing travel policies that prioritise sustainability. They ensure that travel bookings adhere to these policies by integrating them into the booking and approval workflows.

Education and Advocacy

05 TMCs educate clients about the importance of sustainable travel and advocate for the adoption of eco-friendly practices. This includes highlighting the long-term benefits of sustainable travel, such as cost savings from reduced resource consumption and improved corporate social responsibility.

Partnerships with Sustainable Providers

06 TMCs establish partnerships with airlines, hotels, and other travel service providers that prioritise sustainability. These partnerships enable TMCs to offer exclusive eco-friendly options and benefits to their clients.

The push for sustainable travel is undeniably another contender driving content fragmentation in the corporate travel sector. However, TMCs are at the forefront of addressing these challenges through content consolidation, accreditation, standardisation, advanced technology, and proactive customer education. By doing so, they not only support businesses in achieving their sustainability goals but also enhance the overall efficiency and effectiveness of corporate travel management in an increasingly complex environment, supported by sustainability aggregators, as well as striving towards a recognised industry standards within this space.

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5. Cross-Border, Geopolitical and Regulatory Influences

Political, Economical, Social and Technology (PEST) traveller safety and loyalty

External forces such as geography and local government/politics and national identity significantly impact corporate travel programmes in terms of both content and service.

According to Caitlin Cornish, Commercial Director at International Rail – **"Rail seems to be a kicking ball for politics and geography, that perpetuates fragmentation in both content and servicing".** Echoing that country choices have an impact on travel, making it harder and more costly to deliver services, through no fault of a TMC or traveller.

From a geographic perspective, several factors can influence the content of a travel programme. Many of these challenges are effectively addressed through strategic partnerships between corporate buyers and their TMCs. To manage these complexities successfully, TMCs must have access to high-quality, real-time data. This requirement adds to the pressures they face, further complicating an already fragmented process.

Loyalty continues to be a driver of fragmentation as travellers are collecting rewards from suppliers to drive to brand and .com, suppliers are able to retain direct bookings with personalisation and targeted rewards which can be enjoyed whether travelling and staying away for business or leisure.

Regional Travel Restrictions

Geographical factors such as proximity to politically unstable regions, areas prone to natural disasters, or regions with poor infrastructure can limit or change the scope of a corporate travel programme. This may result in restrictions on travel to certain areas, thus affecting the content by limiting available destinations.

> "Geo-political challenges can mean that airline routes to key locations can get pulled in and out, creating unpredictability in travel planning. This can then impact the mobilisation of teams with changes to VISA and work permit rules, whether at the point of destination or transit routes. All of which adds to the ever-growing fragmentation of global travel".
>
> **Daniel Cockton, VP - Global Travel Services, Wood PLC**

With addressable markets with sporadic volumes, for travel managers this drives fragmentation, as not all locations will see demand to create fare opportunities and there is limited or no relationships in place. Accommodation providers in regions do not see the alliance with global chains and therefore partnering with OTA's is being exercised to bridge these availability gaps, provide payment solutions and become the account management, if required.

Australian TMCs and Corporates that the paper interviewed all highlighted that within country domestic air, this is being dominated by certain carriers, which creates challenges by rate increases due to the lack of competition available. As the size of the country does not warrant comparable alternative modes such as car or train due to some distance: Here is an example of diminishing competition : ASX: REX (the Rex Group) have entered voluntary administration (read the press release here dated 30 July 2024).

Cultural Considerations

Differences in language, customs, and business practices across regions can influence the content of travel programme. For instance, travel policies may need to incorporate guidelines on cultural sensitivities or preferred local practices, particularly in countries with strict customs or etiquette. One size doesn't fit all.

Local Government and Politics

Regulations and Compliance

Government regulations related to travel, such as visa requirements, tax laws, and local labour laws, play a crucial role in shaping travel policies. Compliance with these regulations is essential to avoid legal issues, thus directly impacting the content of the travel programme. Which in turn can be put at risk when a travellers booking is fragmented or out of policy.

Political Stability

Political climates, including factors such as government stability, country unrest, trade policies, and diplomatic relations, can affect the safety and feasibility of corporate travel to certain regions. programmes may include risk assessment protocols, travel advisories, or exclusions for high-risk destinations.

The importance of service within a Corporate Travel programme from a geographical viewpoint

Local infrastructure: The availability and quality of transportation infrastructure (airports, railways, roads and accommodation) vary by region. This affects the service level in terms of accessibility, convenience, and comfort. However, this is exactly why the TMC relationship with the buyer is so important. The TMC will be experts in supporting and making necessary recommendations when needed.

Service Provider Availability: In different geographic regions, the availability of preferred travel service providers (airlines, accommodation providers, ground) may vary. This impacts the consistency of service levels across regions, potentially necessitating the use of local providers with varying standards.

Suppliers and Corporates (with their TMCs) are reviewing the future of the GDS v direct connect. Looking at ways to access direct content, to drive brand loyalty, review/reduce cost of sale (CoS) with the reduction of GDS segment fees and provide fare choice and clearer fare descriptions, is up for review and considerations.

Time Sensitivity: Time zone differences can affect the timeliness of customer support and service provision. Many TMCs ensure 24/7 support coverage across different time zones to accommodate travellers in various regions.

In summary, external forces such as geography and local government/politics profoundly influence both the content and service aspects of corporate travel programmes, requiring them to be adaptable to varying regional conditions and regulatory environments.

6. AI or not to AI

In some way, shape or form the travel industry has been on the Artificial Intelligence (AI) ladder for the past 20 years plus. In terms of Robotic Process Automation (repetitive processes (RPA)) and content biasing, based on corporate policy and traveller profiling.

With AI picking up pace in terms of learning, relevance and process mapping this also brings challenges, as well as benefits.

Benefits	Challenges
Personalisation in content	Variety of products, services that could flow outside of TMC reach, programme & policy – due to algorithms
Intelligent pricing, surcharge or personalised	Creating artificial pricing scenarios that contradict travel budgets and TMC services. Competition markets are closely watching pricing algorithms to see if they fall foul of competition law
Quicker, slicker aftercare and service	Can open higher volumes of low complex queries, through automation triggers, which force offline interaction
Smarter knowledge sharing across travel	Lack of standards, interoperable activity from one vendor to another

We know that the pace of choice delivered by AI and improvements in technology will require a more robust partner to keep pace with volume of tasks. Fragmentation in service delivery is a real risk due to the progression of AI.

"To make sure customer experience is maintained, regardless of service channel, there needs to be an industry wide standardised approach for automation scripts, RPA and AI – to ultimately save time, effort and end-to-end management of travel".

Dan Miller, Director of Global Account Management at Clermont Hotels

"AI has great potential to ease cybersecurity workloads and the global skills shortage by expanding the scope of task automation, shortening response time and optimizing visibility across the attack surface".

Richard Watson, EY Global and Asia-Pacific Cybersecurity Consulting Leader.
Source of statement can be found here

7. Analysis

To combat fragmentation, the results are presented below: by location:

UK Corporates - top wish list

The interviews conducted with corporate buyers were clear and their voice was loud and united - they would like to see greater partnership across the corporate travel sector, including peers to combat fragmentation. Somewhat a "stronger together" approach. Market recognition (and acceptance) that the TMC channel is a cost-effective route to market, that amplifies brand exposure and loyalty, which influences leisure choice decisions.

Furthermore, rail inclusions for trips and associated available content was prominent too. A simplified, bookable solution to their programme – with the traveller at the core.

Spanish Corporates – top wish list

The in-depth interviews with corporate buyers in Spain agreed that they are looking for travel solutions when it comes to fragmentation and their "wish list". Hector Royo, Travel Manager – Comsa states Agencies/TMCs should play the role of being the connectors of the travel needs of companies (internal) with the market options that best suit these needs (external), through simple and agile processes. If suppliers opt to connect with customers without barriers, they should enable at the same time that agencies access their content and service their corporate customers based on their own technical solutions and tools.

Australian Corporates – top wish list

Insights from Australia covered a wide array of trends given the geography and reach across the market and connecting regions. Content strength be it locally or globally came through loud and clear as a priority, be it in distribution or servicing capabilities. It was felt as if Australia was a good testing bed for airline fragmentation behaviours, by some major brands. As such more vocal views were heard for the remit of travel in terms of delivery, management and service capabilities.

Suppliers Globally - top wish list

Suppliers from all commodities confirmed that different elements of the process have their own impact on exacerbating fragmentation in its entirety. Differing service levels, different traveller needs and expectations when it comes to service and loyalty. However, it was evident that there is no one clear front runner in this arena. The need for something to change however is apparent. Dean Dobson, Senior Lead, Agencies, Trade Bodies & OBTS - Eurostar adds, **"It is up to suppliers to combat fragmentation, and the onus is on them to invest and make sourcing content easy, slick and simple"**.

Another supplier added, **"Fragmentation is exacerbated by a lack of technology standard and business model that can be adopted by all stakeholders"**.

8. Recommendations

Despite the operational challenges that fragmentation can pose to TMCs and travel programmes, TMCs remain experts in their field and their agile nature in adapting to the corporate travel industry ensures that they remain the preferred choice of the corporate buyer for their route to market.

To effectively address the challenges posed by fragmentation and external influences, TMCs will undoubtably continue a multifaceted approach, with the following strategies at the core. Working in partnership and in collaboration with suppliers and buyers (and even peers).

Enhanced Integration and Personalisation

TMCs should prioritise the development of systems that integrate diverse travel content and services, providing a unified booking experience. This includes incorporating non-GDS content, such as low-cost carriers and alternative ground transportation options. Personalisation is crucial; leveraging data to offer tailored travel solutions that address individual traveller preferences, including wellness needs, will enhance satisfaction and loyalty. This emphasises the need for a comprehensive approach, stating that TMCs should "create a programme and supply feeds in".

Improved Risk Management and Compliance

As the importance of traveller safety and compliance grows, especially in high-risk areas, TMCs must establish robust risk management frameworks. This includes real-time risk assessments, emergency response plans, and adherence to evolving regulatory requirements, particularly those related to ESG (Economical, Social and Governance) standards. Such measures ensure that travel policies align with corporate sustainability goals and mitigate potential risks.

Transparency and Consistency

To build trust and enhance client satisfaction, TMCs must focus on transparency and consistency in service provision, thus providing clear and accurate information and maintaining uniform service standards globally. Developing a global code of conduct could help standardise operations and reduce fragmentation.

Investment in Technology and Innovation

Embrace emerging technologies and standards, to streamline operations and provide a broader range of services. Innovation in automation and data analytics can further enhance efficiency and service delivery.

Strengthen Partnerships and Collaboration

Continuing to foster closer relationships with suppliers and technology providers to ensure a cohesive and integrated service offering. Collaborative efforts can help address the challenges posed and improve the overall travel experience.

TMC implants within corporate organisations can support in combating fragmentation to access direct fares and content.

Focus on Sustainability and ESG Compliance

Ensure that travel practices align with broader corporate sustainability goals, incorporating environmentally and socially responsible policies with a long-term goal to drive consistent, regulated, and reliable sustainable data.

9. Conclusion

For corporate travel to operate optimally for buyers, HR directors, procurement, finance directors, and travellers, **it is evident that TMCs are essential in streamlining fragmented processes. Achieving this requires comprehensive rate parity and complete access to content.** From the research interviews conducted, the results were unanimous with 100% of all corporate buyers in agreement that fragmentation needs addressing. This was irrespective of where they were in the world or their sector. Further underpinning the need for greater collaboration.

Over the years `travel distribution behaviours` have in part morphed to focus on end travellers as opposed to supporting retailers, in someways portraying an undervalued appreciation in the level of effort and investment from TMCs. Perhaps a traditional view, in that supply and demand was equally about looking after your distribution partners (aka TMCs), to mutually grow and protect customers.

The remit of protecting customers covers a wide array of feelings and emotions, from fairness, trust, balance, accountability and transparency, something the travel landscape has issues with, considering the common themes from the participants within this paper.

Some would argue that the role of TMCs has changed too, from servicing agent to a technology led organisation as such, is there really an issue in constantly treading unstable ground? If TMCs are as agile as they say countering fragmentation is just another proposition story to build on in the same way as preferred rates, duty of care and itinerary applications are. All the corporate buyers interviewed agree that fragmentation is a major problem within the industry. However, the consensus from a supplier perspective was somewhat more split. With 60% of suppliers agreeing that fragmentation is a major problem in the industry, compared to 40% who do not think it is.

The rise of machine learning, automation and ultimately AI has the ability to offer industrywide benefits and efficiencies, however, equally the scope to make a mockery of travel budgets and guaranteed/ preferred rates, using personalisation as a trojan story to lift average rates.

The future role of a TMC includes data driven solutions to combat pricing surcharges and control personalisation offers to ensure containment within a travel policy and ultimately budget. As more channels open up, containment and control are policy behaviours that will enshrine the element of servicing be it online or offline, more so for future generations. For Gen Z and Alpha, it's about convenience and immediacy, ignoring the trail of effort to connect the buying journey dots, listening to some industry leaders, that's the role of today's TMC.

Ownership of the customer should be secondary to delivering exceptional customer service, which in turn drives both brand and service loyalty, two factors that have been foundations for all travel brands and partners to benefit from. The evidence shows that fragmentation can cause inconsistencies with service delivery and value to the traveller. Interviews that took place with the TMC's reinforced this with more than 65% of the interviews making specific reference to this topic.

We should not forget that today's baseline has been built off collaboration and a duty to deliver with pride.

> "Partners should be seeing TMCs' value and acknowledging it rather than working against TMCs".
>
> **Penny Spencer, CEO of Spencer Travel in Australia**

That very same level of pride continues today from all parties – ironically maybe it's just a little more personalised based on who you are!

10. Thank you to the paper contributors:

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werfen   wood.

11. Appendices

Acronym List

AI: Artificial Intelligence

ATMC: Association of Travel Management companies

B2B: Business to Business

B2C: Business to Consumer

CoS: Cost of Sale

CRFD: Climate Related Financial Disclosure

DoC: Duty of Care

DCP: Dynamic Corporate Pricing

ESG: Environmental, Social and Governance

GDS: Global Distribution System

GEBTA: Guild of European Business Travel Agents

LRA: Last Room Availability

NDC: New Distribution Channel

OBT: Online Booking Tool

OTA: Online Travel Agency

MaaS: Mobility as a Service

PEST: Political, Economic, Social and Technology

PoS: Point of Sale

RPA: Robotic Process Automation

ROI: Return on Investment

SME: Small Medium Enterprises

The BTA: Business Travel Association

TMCs: Travel Management Companies

12. Sources

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- www.thebusinesstravelmag.com/direct-travel-survey-throws-future-of-tmcs-into-doubt/ - is weaved into the paper content, combined with contributors, Black Box insights and industry knowledge

- Enterprise Mobility Survey - referenced **here** in the document

Collaborate to Thrive:

Ending Fragmentation in Corporate Travel for a Seamless Customer Experience.

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