

# Case Study

Focus: Cost Reductions



## corporate travel management

**Client:** Electronics Retailer

## Background

'Company C' are a national electronics retailer with an annual travel spend of almost \$2M. CTM conducted a major review of the company's travel policy in 2010 with the aim of reducing travel costs for the business.

## Objectives

To design and implement a new travel policy for Company C which would reduce total travel expenditure without impacting the number of trips taken. The key objectives were to:

- **implement a new travel policy and approval process to maximise savings**
- **achieve a target of \$250k in annual savings on travel expenditure**
- **increase transparency of purchasing behaviour**

**Reach \$250k annual travel cost savings without impacting on frequency of travel**

## Road Blocks

Without a formal travel policy in place, Company C were unable to accurately monitor and analyse their purchasing behaviour against the company's actual travel needs. This lack of structure presented CTM with a number of challenges which would ultimately determine their ability to meet the client's objectives.

These included:

- **no formal structure or guidelines for air travel bookings**
- **an over reliance on a single preferred airline**
- **an unsubstantiated dependence on fully flexible fares based upon a perceived need for travel flexibility**



## Solution

CTM first needed to fully understand the client's existing purchasing behaviour compared to their actual travel needs. This was achieved by implementing a temporary waiver on change fees for three months to establish the true frequency of change requests. The results would be used to determine the legitimate need for flexible airfares versus the cost-saving opportunities presented by Best Fares of the Day.

Based upon the findings of the three month trial, CTM was able to:

- Implement a formal **'open-skies' travel policy** utilising Best Fare of the Day fares across Airline A and Airline B networks
- Develop a 14-day **advance purchase booking policy** for domestic travel to maximise restrictive fare availability
- Deploy and manage a **pre-trip approval process**
- Run fortnightly Corporate Savings Reports for Company C to highlight further potential savings per booking

## Results

Company C's new travel policy was implemented in December 2010. Within the first three months of implementation, the following cost reductions were achieved:

### travel spend decreased by 21%

By establishing a needs-driven travel policy based upon actual booking behaviour and trends, the client achieved **over \$100k in travel savings** despite a 10% increase in travel activity. This saving represents **42% of the company's annual travel savings target during the first Quarter** of implementation. This result was achieved by reducing the company's over-reliance on expensive fully-flexible fares by 40% and increasing domestic booking lead-in times.

**The client achieved over \$100k in travel savings within 3 months despite a 10% increase in travel activity**

### open skies policy shifts 50% market share to low cost carrier

By implementing a stringent open-skies domestic airline policy, previously 100% dominated by Airline A, the client achieved a 50:50 market share usage between Airline A and Airline B, therefore **increasing the company's booking behaviour towards a low cost carrier.**

**Through in-depth diagnostic analysis and utilising expert industry insights, CTM was able to determine best practice policies and influence booking behaviour which have set the client ahead of their cost savings objectives year to date.**