



Global Travel Programs

Air, Hotel & Ground Transportation Considerations

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Next 45 minutes

- *The Travel Industry*
- *Travel Types*
- *Negotiations*
- *Partnership with TMC*
- *Conclusions and Questions*

Travel Industry

- *2011 IATA prediction of \$4bn profit in 2011 – down from \$18bn in 2010*
- *Since 2001 – loss of \$30bn*
- *Capacity running ahead of demand improvement – pricing power*
- *Airline consolidation – UA/CO, DL/NW, WN/FL*
- *LCC and Global alliances*
- *Hotel chains account for 70% of room inventory*
- *Consolidation of car rental industry - \$20.5bn (4 companies)*
- *Future – continue to be low margin industry (0.7%), start-ups as LCC, hotel consolidation, ancillary revenue*

Travel Programs

- *Corporate Travel*
- *Study Abroad programs*
- *Faculty-led groups*
- *Athletic programs*
- *Travel insurance*

Negotiations with Suppliers

Leverage driven by volume of business, ability to impact market share, and Domestic/Int'l mix

Pros

- *Resilience of education niche*
- *Large closed user group (pricing impact across other travelers)*
- *Frequency of business*

Cons

- *Small volume in large market*
- *Lack of expertise*
- *Account management*

Why partner with a TMC?

- *Volume of overall business*
- *Existing relationships*
- *Global/National distribution*
- *Leverage education aspect of travel*
- *Manage groups and travel requirements*
- *Risk mitigation with approved suppliers*
- *Enforce institution policies and procedures*
- *“Whereabouts” assistance*
- *Reporting tools for the University*

Benefits

- *Financial considerations with a systemwide approach*
 - *Stronger leverage with suppliers*
 - *Lower student/faculty costs*
- *Reporting*
- *Automatic enrollment into UC Trips*
 - *Travel insurance*
 - *Security monitoring*

TMC Options

- *Relationships with Int'l suppliers*
- *Use of consolidators*
- *Existing network of suppliers*

University Options

- *Hotels – distribution method not as sophisticated as airlines*
- *Car rental*
- *Other ground transportation*
- *Insurance*

Conclusions

- *Direct negotiations with airlines limited*
- *Negotiations with Hotels/Cars/Ground*
- *Consideration of a TMC*
- *Key to success – partnership based on your needs*

Thank You

QUESTIONS ???