We are now living in an age where personalization is expected. Consumers can customize everything from their television experience to the way they buy online – instantly and in just one click. They expect this same level of personalization and attention when it comes to booking travel. Travelers want seamless experiences that take them from door-to-door, with all elements of the journey pre-arranged – from home to hotel and beyond.

The travel industry needs to reach the level where it meets the expectations of this new generation of traveler, and give customers the travel experience they are demanding. The way they can do this, is by offering a more complete, door-to-door service.

Currently, travel management companies (TMCs) and online travel agencies (OTAs) primarily focus on booking air travel. Flights make up around 85.9% of total sales for OTAs, which generate a gross margin of 6.6%. However, whilst they could be making nearly twice that margin (12.8%) on non-air bookings, these account for just 14.1% of the business. By offering more door-to-door services, agencies should urgently be considering how to increase their bookings outside of or in addition to air travel. This is a key part of a strategy to prepare for the future of travel.

Also, as concerns about the environmental effect of air travel increase, other modes of transport will see a resurgence. In Europe, for example, The European Commission has committed to cut carbon emissions in transport by 60%. By 2050, it has also recognized that a greater integration of modal networks – airports, ports, railway, metro and bus stations – is needed to create a “multi-modal connection platform for passengers”.

DELIVERING THE DOOR-TO-DOOR EXPERIENCE

Travelers demand seamless travel that takes them from door-to-door. Car travel is critical to meeting this demand – it connects different parts of the journey like no other mode of transport can – from home to hotel and beyond.

TRACY HARRINGTON
Car and Ground Transportation Product Manager, Sabre
Choice is driving the market and the consumer is king. Travelers have never had so many forms of travel to choose from. And with ground transport options increasing, they now have many alternatives to car hire, from the Uber taxi app to the Zipcar car-sharing portal and a host of emerging personal transport options.

Travelers’ attitudes to booking have also changed. They don’t want to wait, they want the best option now, and are demanding more personalized travel experiences. This is a great opportunity for the travel industry, but the more transport possibilities there are, the more complex it becomes for travel agencies. However, the extra margin for non-air bookings makes meeting customer demands worthwhile.

At the same time, travel agencies are facing extra pressure from increasing competition in the marketplace. To remain relevant and profitable, agencies need to differentiate.

People are booking travel in different ways. The industry has seen a big increase in the number of Free International Travelers (FIT), who are seeking unique travel experiences. “A major advantage of car rental is its flexibility – something that no other mode of transport can match. Customers are entirely independent when traveling by rental car,” reports Konstantin Sixt, Sixt SE.

This independence is reflected in the huge growth of online car service companies, like Uber, where travelers can book journeys quickly and easily, and on their own terms. And this segment is continuing to grow. In addition, there is a trend in the direction of customers not owning their own cars. “Demand for cars from non-business customers has continued to grow all over the world in recent years,” adds Konstantin Sixt.

Clearly, there will continue to be an increase in these multi-modal journeys, and itineraries that take travelers across borders via a number of transport types.

Travel agencies need to cater for these more tailored experiences. But that does not mean they need to radically change the way they work. It’s about thinking more personally about the traveler. Agencies need to ask how they can offer a better service to their customers, make every travel itinerary seamless and easy.

Everything can be arranged at the point of booking – meaning travelers simply have to travel, without worrying about hiring a car, or booking a taxi when they arrive. So, agencies add extra value by taking care of this element of the journey in the main booking. And they also avoid missing out on this extra revenue, especially given the higher margin potential.

So why aren’t more travel companies doing this? Business models evolve to meet consumer needs, but this can be daunting for agencies not set up for expansion. However, agencies who are unable or unwilling to grow their offering, will lose out to competitors who can.
Travelers expect personalization to be carried over into every element of their journey. When renting a car, customers want to choose the right vehicle for them, with all the comfort and conveniences they’re used to – from satellite radio and navigation equipment, to child car seats. Many customers are also demanding in-car internet data and easy connectivity for mobile devices – so they can stay connected from the airport to the hotel, and avoid expensive roaming charges.

Personalization is now much more achievable for agencies thanks to technological advancements. In the past, travel agencies could book car extras, but they were not guaranteed. Travelers would turn up to collect their car and not know if they were going to have essentials like a baby seat included or not. This level of service is no longer acceptable. Sabre pioneered and has been working together with suppliers to ensure any requests can be guaranteed, and travel agents can offer the right options to their travelers at the point of booking.

Now, when extras are booked as part of an itinerary, travelers can be certain they will be included.

“Together with Sabre, we have made it possible for these so-called special equipment elements, such as child safety seats, vehicles run on diesel, an additional driver and roads tolls, to be booked in advance,” says Sixt.

Including car services as part of a door-to-door service in advance helps customers get the car and any extras they want. We are seeing a change from car rental being booked weeks in advance to just days, even hours. The now generation of travelers are booking cars at the last minute and simply expecting to get their choice of preferred vehicle. However, this makes managing inventory harder for the rental companies, and often leads to disappointment. By booking car hire at the same time as flights and hotels, everything is ordered in advance – so, it’s much easier for the agency and supplier to ensure the customer will get the right car package.

Booking cars last minute is also driven by the desire for a good deal, and travelers believe they are getting cheaper options. However, travel agencies know they are working with preferred suppliers and offer total price transparency. Too often, travelers believe they are booking a cheap deal, only to discover a number of hidden costs.

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SIXT
Door-to-door services offer increased efficiency and convenience for both agencies and travelers. Using technology that Sabre can offer to book the whole journey at once, rather than requiring multiple searches, screens and platforms, saves time and effort.

By booking end-to-end journeys, corporate customers can also ensure duty of care compliance and help oversee the safety of their employees. Ensuring that they are booked into fully licensed and regulated modes of transport. As carpooling and ride-sharing services continue to grow, door-to-door bookings can also help businesses ensure employees are complying with their corporate travel policies. “Our research shows 24% of travel buyers say their company does not allow their business travelers to use ride-sharing companies,” comments GBTA Executive Director and COO Michael W. McCormick, “by far the highest percentage for any form of ground transportation.”

Our research shows 24% of travel buyers say their company does not allow their business travelers to use ride-sharing companies

This is an efficiency every agency should be making to streamline their resources, improve customer satisfaction and increase the number of bookings they make. And it’s the easiest way to offer a number of benefits:

- Reduced cost for travelers
- Hassle-free journeys with concise and personalised travel itineraries
- Total cost of journey pre-paid and price transparency
- Greater control over cost and reporting for corporate customers
- Granular data for corporate customers – so they can see price breakdowns on every element of a journey and plan future travel accordingly
- Improved duty-of-care and traveler safety for business travel managers
A COMPLETE APPROACH FOR THE FUTURE

To remain competitive in an increasingly packed marketplace, agencies need to offer complete, door-to-door travel packages that include all modes of transport.

Customers have more choice and expect more from their travel bookers. They demand easy, hassle-free journeys, and by failing to offer this, agencies are not only losing potential custom, but future revenue too. Conversely, by adding that personal touch, agencies can grow customer satisfaction and loyalty with more likelihood of increased revenue through repeat business.

It is not just about individual travel agencies driving business growth. In order to meet the demands of the new generation of travelers, the travel industry needs to grow and develop as a whole. It needs to offer the kinds of seamless, personalized travel experiences customers not only want, but have come to expect.

“Agencies need to offer the kinds of seamless, personalized travel experiences customers not only want, but have come to expect.”

1 Hermes Management Consultant Research 2010
2 European Strategies White paper 2011
3 2015 Ground Transportation Study: Perceptions of Travel Managers and Business Travelers in this Changing Industry, GBTA