



Intel Alters Policy To Allow Web Fares

By Amon Cohen

SEPTEMBER 22, 2008 -- [Corporate Travel 100](#) firm Intel has started allowing its U.S. travelers to book domestic air tickets directly through airline Web sites after a three-month trial showed travelers booking independently paid about 30 percent more for hotels and 50 percent more for car rentals, but 10 percent less for airfares.

Intel's corporate booking tool and travel management company remain its preferred channels, but the semiconductor manufacturer decided to permit the direct option after the trial. Independent bookers did not have access to preferred Intel rates and had to forward their itineraries to the Intel travel team to compare prices with those of the corporate tool and TMC.

Analysis of the 10 percent variation for air showed the corporate booking tool did not provide access to all fares available directly from Southwest Airlines, much used by the Santa Clara, Calif.-based company's predominantly West Coast-based employees. As a result, Intel signed up for Southwest's Swabiz corporate portal and the domestic air pricing differential has narrowed to a couple of percentage points.

The experiment was conducted by Intel's U.K.-based global strategic sourcing mobility manager, Megan Stowe, and her U.S.-based T&E manager, Brent Jensen. "We often hear travelers say, 'I can book it cheaper,' so we decided to put this to bed once and for all or find the data to support their claim," said Stowe.

Intel approached 3,000 travelers about participating, of whom 185 ended up involved. Travelers were told that if they did book independently, they would have to make their own rearrangements for changed itineraries because the TMC would not have the details.

The trial was a resounding endorsement of the effectiveness of negotiating preferred agreements with hotels and car rental suppliers, but the price difference for the airfares surprised Stowe and Jensen. "We knew airlines put cheaper, distressed inventory exclusively on their Web sites, but not to this extent," she said. The company now is conducting a similar experiment worldwide, allowing travelers to independently book international flights for a trial period.

Some trial participants welcomed the chance to book directly from supplier Web sites because they felt the corporate booking tool lacked flexibility in meeting schedule requirements. Intel responded with the policy change to make travelers feel they have autonomy.

However, allowing travelers independence also raised questions. Attempts were made to measure whether the independent bookers took more or less time to arrange their trips, but results were inconclusive. The issue remains relevant even though Intel has revised its policy, because employees booking a flight directly still must switch to the official booking tool or TMC to book hotels and car rentals.

Another potential risk involves Intel's ability to track travelers, though Intel will continue to keep tabs on employees through hotel bookings via official channels.

Independent travelers also could deprive the company of volume to meet booking targets set by preferred airlines, but Stowe said the number of such reservations made during the trial had been insufficient to harm commitments.

"It is something to take into account because we do have preferred carriers, but we also have a policy of choosing the lowest usable fare," she said. "My guess is not huge numbers of travelers will change their habits. Once schedule delays start in the winter months, travelers will want the TMC to sort out problems."

Even so, the Intel experiment provides a challenging counterpoint to the orthodoxy that travelers are wrong to believe they can buy airfares cheaper by going it alone. Annual figures released by fare audit specialist Topaz International consistently show the TMC option is cheaper than booking via public Web sites. The most recent study, released in March, found that TMC fares were on average \$56 cheaper, and that the TMC route was more expensive in 5.15 percent of cases.

TRX vice president for strategic initiatives Scott Gillespie said, "I don't believe airlines put many cheaper fares on their Web sites than on the global distribution systems. It could be a question of whether the TMC is digging hard enough."

Added Gillespie: "There also are implications for contract compliance because there is no way that Prism is going to see bookings made through supplier.com. It may be better to let maverick travelers book directly so as not to weaken contract performance."

TRW Travel Consulting president **Tom Wilkinson** also declared mixed feelings about allowing travelers to book independently.

"For a long time, I have advised clients that occasionally travelers will find fares which are lower. It is hard to win the argument that they shouldn't use them. Instead, I recommend asking the TMC to match the fare or, if it can't match it, to issue an exception report to allow it," according to Wilkinson. "That said, the 185 travelers at Intel were clearly a very self-selected group who felt motivated enough to try this. The risk is that other companies may decide these findings can be applied universally. It would be unfortunate if anyone concluded this undermines the rationale for managing travel."