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AMERICAN SMALL BUSINESS TRAVELERS ALLIANCE

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ASBTANEWS...

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Travel Companies Must Adjust Industry Business Models to Increase Value to Business Travelers

Airlines and Travel Managers Should Fully Explore and Employ Emerging Technology to Create More Economical and Efficient Distribution Solutions

FOR IMMEDIATE RELEASE – DALLAS, TX – The travel industry needs to transition to a market-driven business model to stay competitive and offer greater value to business travelers, according to the American Small Business Travelers Alliance (ASBTA), a national alliance that provides valuable services and functions focused specifically on the travel needs and interests of small business owners.

“Making major changes to a decades old industry isn’t going to happen in a vacuum,” said Chuck Sharp, ASBTA President. “It’s going to require airlines and the travel manager community to be on the cutting edge of emerging technology in search of advanced distribution tools that will cut costs and improve the customer experience.”

Airlines, particularly large carriers, are well aware that they need to work toward making changes that will lower costs, help them stay competitive with low-cost carriers, and improve service offerings to travelers, particularly business travelers.

One area of focus should be on online travel sites, which lag behind other industries in terms of technology and value-added services. A survey conducted by ASBTA in late 2005 found that although 83 percent of small business travelers utilize airline websites and 56 percent utilize travel websites to make flight arrangements, most felt the technology could be improved to offer more tailored service.

“Online sites like eBay and Amazon are designed to remember what you bought, make suggestions as to things you might like to buy, and offer customized discounts and other incentives. They are the benchmark to which travel sites need to strive,” said Sharp. “The area of value added information is where the next generation of travel websites will need to excel.”

To make this happen, the focus for large airlines should be on insuring that they are in alignment with customers’ long-term interests, as well as determining the most economical distribution solutions and supporting new entrant technology providers or other cost-efficient distribution sources. The embracing of meta search engines by many airlines is one recent example of how the travel industry can utilize a technology that can help lower distribution costs while at the same time providing customers with value in the form of lower fares, greater convenience, and more confidence in their purchase decision.

The effort will drive changes to the business models of travel agencies, which need to have a comprehensive understanding of how to bring additional value to the business traveler. Travel management companies will need to implement multiplatform technologies to source content from multiple providers and add value other than price. GDSs will need to become more efficient at delivering content and identify new value added services, while airlines will need to identify distribution channels that lower their overall costs to be able to compete.

“There will definitely be some industry-shaking changes as this sea change occurs,” said Sharp. “There is a convergence taking place between direct and indirect distribution channels that is being driven by new technology, new entrants into the market, and intense competition in the airline industry. Those in the travel industry who can anticipate the future and adapt to it will

prosper, and those who are not flexible will go away.”

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About ASBTA and SMBTA:

ASBTA is a national organization dedicated to serving and educating small business travelers by providing information regarding travel and mobile technology. The Small and Medium Technology Alliance (SMBTA) is part of ASBTA focused on helping businesses better utilize technology. If you're a small business owner and want to learn more or become a member for free, visit our sites – www.asbta.com and www.smbta.com. Members of the media can receive a free copy of survey results by contacting ASBTA by phone at 469-648-0190 or email at surveys@asbta.com.