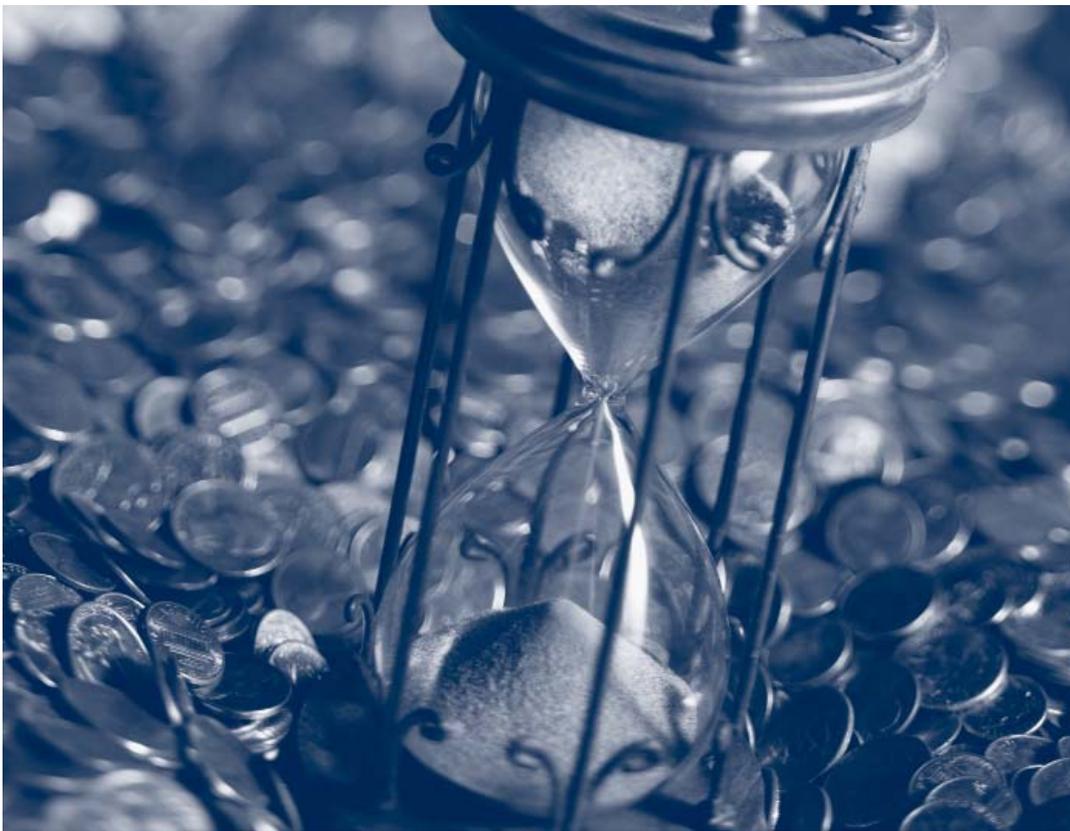# Dr. Fried & Partner

Unternehmensberater
für Marketing + Management

Analysis of the optimisation potential of the sales processes in German travel agencies

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1 Foreword

Amadeus Germany asked marketing and management consultants Dr. Fried & Partner, Munich, to carry out a process analysis (between January and April 2005). The survey intends to show which GDSs and additional booking channels and which functionalities are used by the travel agencies in preference to others, to outline optimisation potential and to identify the values Amadeus products add.

The survey also focused on strategic advantages as well as any changes in the negotiation and sales processes experienced by German travel agencies that use Amadeus Vista.

The summary deals with the project's importance for the German travel industry, describes the project's structure and includes core results.

2 Introduction

Usually, decisions regarding booking tools are made for various reasons. Fees charged by a system operator on a monthly basis will be taken into consideration - but things like usability and performance will definitely form part of the equation.

More and more employees have no long-term work experience and need time and training. The GDSs, by offering a relatively low level of complexity as well as efficiencies and short cuts contribute significantly to getting employees up to speed.

The need to make the booking process faster and easier and to allow increased service levels to gain competitive advantage are the major reason for this development.

This survey intends to show the value added by Amadeus Vista to the booking process by comparing the time it takes a travel agent to make a booking in Amadeus with Vista to the time it takes in competing GDSs (Sabre, Galileo, Worldspan) or via the internet and the telephone.

3   Project Methodology

As part of the project Dr. Fried & Partner carried out
- Process analyses of travel agencies and consolidators
- One-on-one interviews with users

3.1   Process analyses conducted at travel agencies and consolidators

The project aimed to identify the time needed to run through booking scenarios (predefined by Dr. Fried & Partner and approved by Amadeus Germany).

Two booking scenarios with different levels of complexity had been predefined for each of the products AIR, CAR and HOTEL. Scenarios of generally low levels of complexity included standardised commands of availability check and booking procedures, while the more complex ones included extended commands and at least one special service request (SSR).

Based on their individual work experience, travel agents participating in the tests were divided into two groups: beginners and professionals. Afterwards travel agents were asked to repeat each of the two scenarios several times at their regular work place.

Detailed time measurements were carried out by field-experienced consultants of Dr. Fried & Partner.

3.2   One-on-one interviews

In addition to the process analysis and time measurement, the participants were asked for their opinion regarding features and performance of Amadeus Vista in one-on-one interviews. Participants with more experience were asked to compare the different solutions with each other and to identify the value added by Amadeus Vista.

All interviews were completed with an individual survey of work and product experience. Also, a questionnaire was filled in listing the software and hardware used.

A total of 15 travel agencies participated in the process analyses and time measurements:
- three consolidators
- two business travel agencies
- ten travel agencies providing both leisure and business travel services

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All interviews were completed with an individual survey of work and product experiene

4   Process analysis

4.1   Definition

All terms used in this survey have a pre-defined meaning for the process analysis:

Process

A 'process' represents the highest level of process hierarchies. The process hierarchy of the process analysis includes two levels: 'process sequences' and 'activities'.

Within a process analysis, 'processes' start with the first customer contact and end with a final step like filing or a creating a reminder (this process analysis does not include selected activities due to its design).
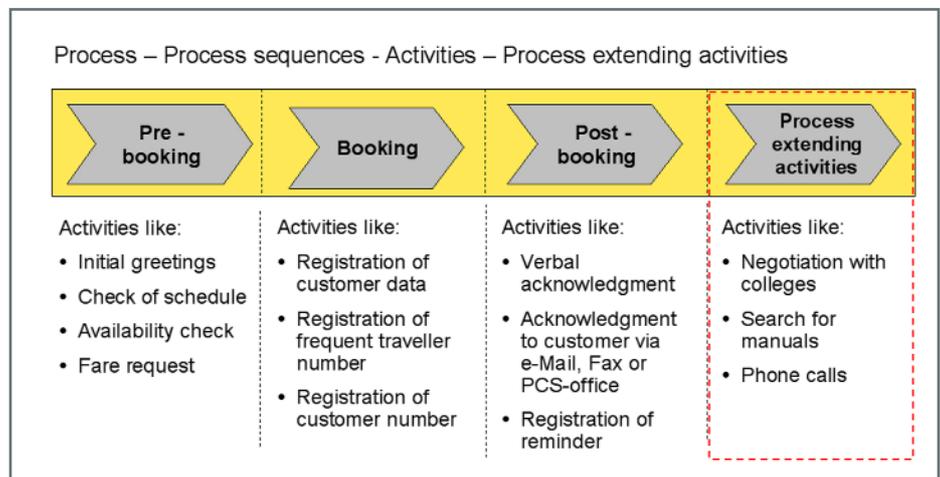
Process sequences

A 'process sequence' includes several activities and represents the second level within the process hierarchy. Core process activities are for example pre-booking, booking and post- booking (compare definition of 'process')

Activities

'Activities' represent the lowest level of the process hierarchy (for example schedule and availability check, fare request, selection of category). Several 'activities' that can be combined will be integrated in a 'process sequence' (compare 'process' and 'process sequence')

Process-extending activities

'Process-extending activities' include those activities which cannot be allocated to a designated process. Nevertheless, these activities (for example negotiations with colleagues, fetching documents, phone calls) do occur and have to be included into the process analysis.

Process – Process sequences - Activities – Process extending activities

Pre - booking	Booking	Post - booking	Process extending activities
Activities like:	Activities like:	Activities like:	Activities like:
• Initial greetings	• Registration of customer data	• Verbal acknowledgment	• Negotiation with colleges
• Check of schedule	• Registration of frequent traveller number	• Acknowledgment to customer via e-Mail, Fax or PCS-office	• Search for manuals
• Availability check	• Registration of customer number	• Registration of reminder	• Phone calls
• Fare request			

The project's aim was to identify the time it takes to handle booking requests by using different booking tools like, for example, GDSs, the telephone and/or the internet.

In order to make processes comparable, activities like 'negotiation with customer', 'ticketing' and 'process extending activities' were not included in the system comparison.

4.2 Scale of random sample

In total, 567 processes, carried out by 59 travel agents, have been measured at 15 participating agencies

In total, 567 processes[1], carried out by 59 travel agents, have been measured at 15 participating agencies. During the process analysis, reliable representative data were picked up for the following booking channels: Amadeus Vista (Cryptic and GUI[2]), Sabre Cryptic, Galileo Cryptic as well as telephone and internet.

Included in the total amount of analysed processes were the following products:

- AIR (beginner and professional):   89 processes
- CAR (beginner and professional):   81 processes
- HOTEL (beginner and professional):   61 processes

[1]   Based on their individual work experience, travel agents participating in the tests were divided into two groups, beginners and professionals. Afterwards, they were requested to go through the same processes at their normal place of work.

[2]   Grafic User Interface

4.3 Selected results

The survey intended to measure the time needed for handling and booking of AIR, CAR and HOTEL booking requests with different levels of complexity and by using different booking channels.

The measurement included all activities in each of the process sequences: pre-booking (eg initial greetings, availability check and fare request), booking (eg fill-in booking commands) and post-booking (eg acknowledgement and creation of reminder).

In order to achieve the highest possible level of comparable processes and work-flows, the activities 'ticketing' and 'process extending activities' were not included in the comparison.
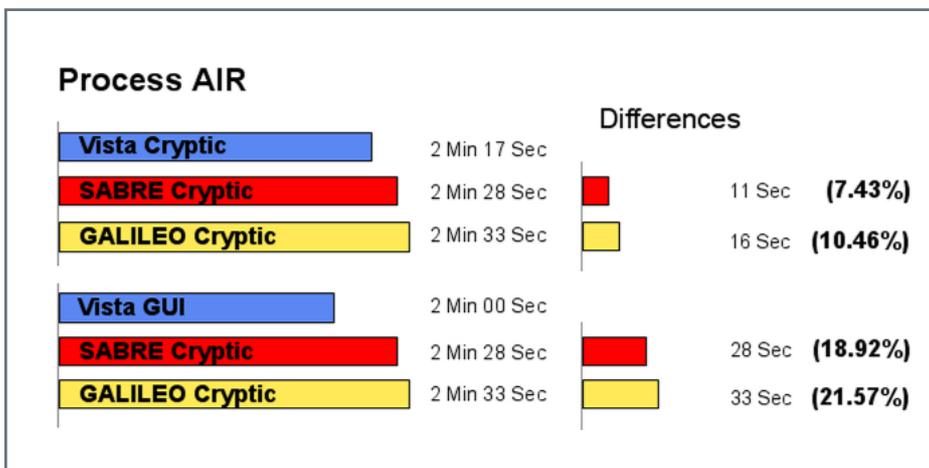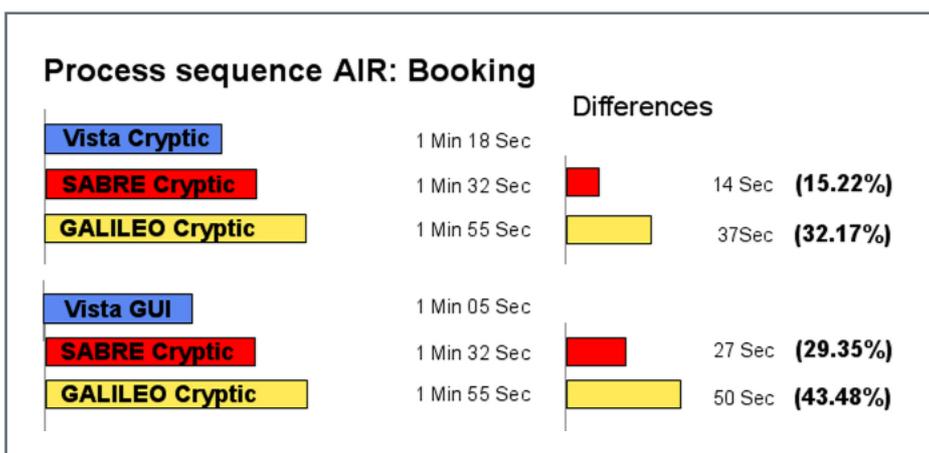
AIR

Participating travel agents went through two types of booking scenarios, one extensive and another more basic: return flight from Berlin to Munich on 15 February 2005 - departure time approximately 8a.m. - return flight departing approximately 7p.m. - carrier: Lufthansa, Business Class - form of payment: credit card.

Comparing the results of the tested GDSs (Amadeus, Galileo and Sabre) it became clear that the fastest handling time was achieved with Amadeus Vista:

Process AIR

		Differences	
Vista Cryptic	2 Min 17 Sec		
SABRE Cryptic	2 Min 28 Sec	11 Sec	(7.43%)
GALILEO Cryptic	2 Min 33 Sec	16 Sec	(10.46%)
Vista GUI	2 Min 00 Sec		
SABRE Cryptic	2 Min 28 Sec	28 Sec	(18.92%)
GALILEO Cryptic	2 Min 33 Sec	33 Sec	(21.57%)

Apart from the total time required during the whole process (pre-booking, booking and post-booking), users of Amadeus Vista (GUI and Cryptic) will handle Air requests faster (especially during 'booking') than users of other GDSs.

Process sequence AIR: Booking

		Differences	
Vista Cryptic	1 Min 18 Sec		
SABRE Cryptic	1 Min 32 Sec	14 Sec	(15.22%)
GALILEO Cryptic	1 Min 55 Sec	37 Sec	(32.17%)
Vista GUI	1 Min 05 Sec		
SABRE Cryptic	1 Min 32 Sec	27 Sec	(29.35%)
GALILEO Cryptic	1 Min 55 Sec	50 Sec	(43.48%)

Based on the results of the analysis and the one-on-one interviews, a potential for optimisation is generated by several functionalities of the Vista

GUI, for example:

- Pre-set values to avoid delays (eg for entering compulsory fields)
- Use of scroll-down menus substitutes Cryptic commands
- Extended knowledge of rarely required Cryptic commands is no longer necessary
- Visualisation of finalised booking steps (eg seat maps), enables participation of customer in the booking procedure

Regarding helpful functionalities of Vista Cryptic, interviewees especially mentioned:

- Visualisation of last transaction in a pop-up window
- Easing the work-flow with 'replay' command

CAR

While requests for Air bookings are normal for GDS-equipped, walk-in agencies, the majority of rental car requests is still handled by telephone/fax and, lately, the internet.

As before, participating travel agents were asked to run two different booking scenarios, a basic and a more extensive one:
Booking a mini van with a capacity of 4,5t, pick up and drop off at airport Berlin Tegel from 20 to 21March 2005 - time of arrival 8:05 a.m. on LH 210 - departure 8:05 p.m. on LH 235 - payment by credit card.

Taking the total required time into consideration, users of Amadeus products meet customer request within an attractive time. Time-related advantages became obvious for Amadeus Vista Cryptic users, but were even more impressive when looking at the booking procedure for rental cars with Amadeus Vista GUI. Identified time saving for GUI vs. the telephone: 71%; GUI vs. Internet 63%.

Travel agents using Amadeus assured us that offering rental cars through the GDS became very much more attractive with Amadeus Vista

Travel agents using Amadeus assured us that offering rental cars through the GDS became very much more attractive with Amadeus Vista GUI due to greater transparency of work flow, making them feel more self assured while dealing with the customer.

Process CAR

		Differences
Vista Cryptic	2 Min 44 Sec	
Internet	4 Min 09 Sec	1 Min 25 Sec **(34.14%)**
Phone	5 Min 20 Sec	2 Min 36 Sec **(48.75%)**
Vista GUI	1 Min 33 Sec	
Internet	4 Min 09 Sec	2 Min 36 Sec **(62.65%)**
Phone	5 Min 20 Sec	3 Min 47 Sec **(70.94%)**

Focusing on booking differences between Amadeus, the internet and the telephone, time savings become even more evident: Cryptic vs. phone 74%, Cryptic vs. Internet 64%, GUI vs. Phone 83% and GUI vs. Internet 77%.

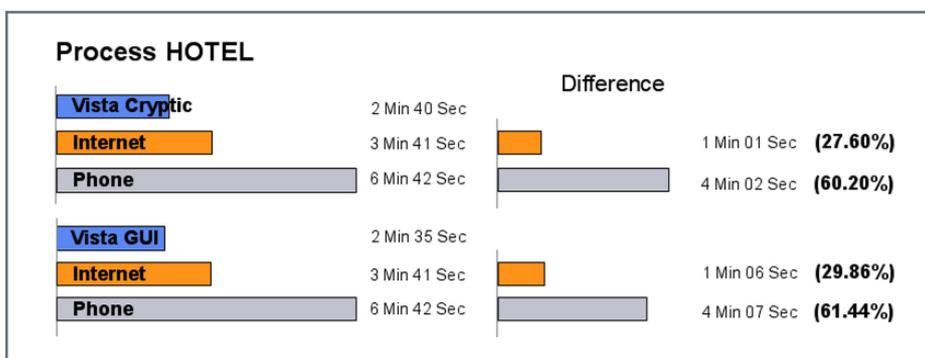What makes offering rental cars so attractive with Amadeus Vista:
- Illustration of all rental car companies available for requested time and location
- Scroll-down menus give travel agents complete information about additional services of a selected rental car provider like season wheels, entertainment equipment or child seats
- Selected services are clicked (instead of using Cryptic commands)
- Illustration of finalised booking without Cryptic shortcuts

HOTEL

The benefits brought by Amadeus Vista to AIR and CAR bookings have just been shown, so it comes as no surprise that the Amadeus Vista GUI solution enables travel agents to increase also the hotel sales figures.

Just as with car bookings, travel agents regarded handling of hotel queries in a GDS pretty low on the attractiveness scale. Especially leisure travel agents are not very familiar with handling non-air in a GDS. Also, the time it takes to handle hotel bookings via call-centres or hotel-homepages makes using a GDS that much more attractive - as this survey shows.

To evaluate the benefits from using Amadeus Vista, travel agents were asked to handle two pre-defined booking scenarios of different complexities. First request: booking a hotel at Frankfurt near trade fair area - two double and two single rooms for four nights - non-smoking - search via 'Point of Reference' - settlement by invoice.

Process HOTEL

	Time	Difference	
Vista Cryptic	2 Min 40 Sec		
Internet	3 Min 41 Sec	1 Min 01 Sec	(27.60%)
Phone	6 Min 42 Sec	4 Min 02 Sec	(60.20%)
Vista GUI	2 Min 35 Sec		
Internet	3 Min 41 Sec	1 Min 06 Sec	(29.86%)
Phone	6 Min 42 Sec	4 Min 07 Sec	(61.44%)

The participating travel agents needed about 6:42 min to complete the booking process by telephone and 3:41min by using the internet.

By using the Amadeus solutions (Vista Cryptic and/or Vista GUI), the booking processes required less than half the time (60% faster) than booking by

telephone. Even when compared to the internet, a hotel booking still is about 30% faster.

When focusing only on the process sequence 'booking', the benefits brought by Amadeus solutions are even more impressive: Amadeus Vista GUI vs. telephone 63%, Amadeus vs. internet 51%.

Even Amadeus Vista Cryptic, when compared to booking with a hotel directly or a call centre, generates a time saving of 71%,, and of 61% when compared to the internet

Even Amadeus Vista Cryptic, when compared to booking with a hotel directly or a call centre, generates a time saving of 71%, and of 61% when compared to the internet.

The advantages of handling hotel bookings via Amadeus Vista (GUI):
- Illustration of all available hotel chains and accommodation with requested location and time
- Direct access to booking and cancellation regulations for all available accommodation
- Illustration of available services which can be booked and integrated in the current file by clicking
- Search for hotel via 'Point of Reference' provides information of geographic location and distance from business traveller and/or tourist hot spots like trade fairs, railway stations, tourist attractions etc.
- Scroll-down Menus instead of Cryptic commands

4.4 Summary of results

Although GDSs support nearly all the services a travel agency has to give, travel agencies participating in this survey did not make use of all of them (especially of features designed for CAR and HOTEL) because they tend to limit themselves to features with which they are familiar.

Changes in the German travel industry towards a more competitive and efficiency orientated environment (decreasing commissions, increasing competition) are core reasons why time reductions are needed in handling customer queries. Tailor-made solutions provided by Amadeus help considerably.

The survey clearly identified several areas with time-saving potential during the booking processes of AIR, CAR and HOTEL. When booking requests contain more than one segment, the time-saving potential increases, since certain basic commands have to be entered only once.

Moreover, from an employer's point of view, the use of Amadeus solutions becomes attractive because employees get used to the processes easily, can generate bookings relatively quickly and even increase sales figures quite soon.

One of the reasons for this is that Amadeus Vista provides the selection of services by scrolling - without Cryptic elements. Therefore, even employees without long-term GDS experience can be integrated into in-house processes rapidly and will be able to generate value within a short time.

In general, travel agents were not very familiar with CAR and HOTEL bookings. Using Amadeus Vista will more than likely reduce or even eliminate travel agents' hesitation to offer rental cars and accommodation to each customer when creating the basic PNR.

4.5 Impact on travel agency's productivity

Dr. Fried & Partner have conducted a number of process cost analyses for big players in the aviation and tourism branch, for example Deutsche Lufthansa, Deutsche Bahn, Europäische Reiseversicherung, and the group of Deutsches Reisebüro.
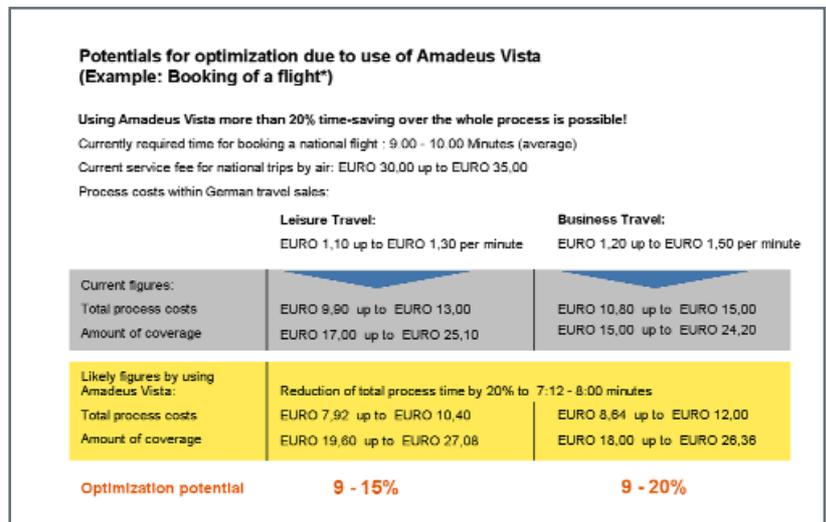
Based on published experience and results, some core conclusions can be drawn regarding an increase of productivity in travel agencies when using Amadeus Vista. Apart from an attractive price for the Amadeus Vista Professional package, a lasting increase in productivity is possible resulting from the cut of process times.

Within German travel sales, the range of identified process costs run from €1,10 to €1,30 per minute (leisure travel) and €1,20 to €1,50 per minute (business travel). These figures are based on full costing as well as on consideration of non-value-adding work time and availability time.

From the perspective of productivity, Amadeus Vista enables users to realise potentials for optimisation with all of the three analysed products AIR, CAR and HOTEL.

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*   Calculation is based on a process of an air trip including negotiation and ticketing, as well as a corresponding process sequences "process extending activities". Based on full costing and conducted process cost analysis process, costs were calculated by Dr. Fried & Partner

Potentials for optimization due to use of Amadeus Vista
(Example: Booking of a flight*)

Using Amadeus Vista more than 20% time-saving over the whole process is possible!
Currently required time for booking a national flight : 9.00 - 10.00 Minutes (average)
Current service fee for national trips by air: EURO 30,00 up to EURO 35,00
Process costs within German travel sales:

	Leisure Travel: EURO 1,10 up to EURO 1,30 per minute	Business Travel: EURO 1,20 up to EURO 1,50 per minute
Current figures:		
Total process costs	EURO 9,90 up to EURO 13,00	EURO 10,80 up to EURO 15,00
Amount of coverage	EURO 17,00 up to EURO 25,10	EURO 15,00 up to EURO 24,20
Likely figures by using Amadeus Vista:	Reduction of total process time by 20% to 7:12 - 8:00 minutes	
Total process costs	EURO 7,92 up to EURO 10,40	EURO 8,64 up to EURO 12,00
Amount of coverage	EURO 19,60 up to EURO 27,08	EURO 18,00 up to EURO 26,36
Optimization potential	**9 - 15%**	**9 - 20%**

5   About Dr. Fried & Partner

For over 30 years we have been leading big and small companies in the travel industry to success. Our customers know us as prudent and competent partner in project teams and as constant companion for management-consulting.

We assist our customers with the analysis of complex problems and with the identification of chances for the future. We do not only regard it as our responsibility to develop tailor-made concepts and strategies, but to also help our customers to successfully implement the recommended solutions.

Our consultants have a college or university degree as well as practical experience in tourism, trade, and industry. Due to this practical experience and our long-standing work as consultants we are especially familiar with the processes and structures of the value-adding process in the tourism industry.

Dr. Fried & Partner are delighted to having supported companies and organisations over the years like Amadeus, American Express, Deutsche Bahn, Deutsche Lufthansa and TUI with different kinds of project; for example process and process cost analysis as well as market and competitor analyses.

We also see ourselves as always striving to learn - especially fromthe best performers of all industries. This attitude, as well as our methodological and specialist knowledge sharpen our awareness of trends and developments in all fields of the economy and enable us to exploit the resulting findings.

We offer solutions for the tasks we define together with our customers within the scope of consulting projects, market research and training.