Scenarios of the future work of business travel agencies

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Abstract

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This study focused on the future work of travel agencies in the business travel segment. It aimed at analyzing drivers for change in the business travel distribution from the corporate buyers' point of view and at developing scenarios that will help travel management companies to be prepared for the future challenges.

The study involved trend analysis from the literature and industry reports and qualitative interviews with the corporate buyers and expert organizations. Six interviews were conducted and were analyzed using content analysis techniques. Interview findings and trend analysis were used to pick up key variables and create assumptions about their future development. Scenarios were then built based on the assumptions.

Scenario 1, "Press the button", places technology as a key trend. Online and mobile bookings are a priority. Travellers book themselves without the help of assistants. TMC is mainly used as a booking hub and IT-support.

Scenario 2, "Do as we say", assumes that travel managers are educated experienced process developers who use TMC as executors of the travel policy and expect TMC to follow and adjust own practices to fit client's needs. Corporate buyers have the power in the relationship and can switch from one TMC to another relatively easy.

Scenario 3, "We can help your business grow", concentrates on the expert role of TMC and value-added services. TMC are seen as professionals who offer recommendations and help optimizing client's travel programs and processes.

Keywords

Travel distribution, intermediaries, travel management company, corporate buyers, future studies, scenarios.

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1 Introduction

This study focuses on the future work of travel agencies in the business travel segment. It aims at analyzing drivers for change in the business travel distribution from the corporate buyers' point of view and at developing scenarios that will help travel management companies to be prepared for the future challenges; to understand structural changes in the corporate travel ndustry; their own role and functions in the future as well as competencies needed to succeed.

The thesis is commissioned by Haaga-Helia University of Applied Sciences, one of the partners of an international project titled: Future Work of Business Travel Agencies. This project is aimed at mapping future needs of travel agencies and travel management companies (TMCs) in terms of competence development and training. Project partners are NHTV Brede University of Applied Sciences (Netherlands) and University of Pretoria (South Africa). This thesis will be used as the preliminary study for the project, and the results will be utilized when conducting the international survey within the project.

Distribution is one of the most crucial factors for the competitiveness of tourism organizations. It serves as the link between various tourism suppliers and customers, individual tourists and organizations. In tourism, distribution system is complex and multi-faceted, as often multiply distribution channels are used by tourism organizations. Tourism distribution channels vary according to the type of products and countries (Buhalis 2001 in Buhalis & Laws 2001, 7). Most distribution channels though share the functions of providing information to prospective customers and making travel arrangements.

The information communication technology (ICT) has revolutionized distribution channels in tourism. With the information function being to a larger extent transferred over the Internet, and the travel arrangements being performed by the automatized computer systems, travel agencies have faced the challenge of positioning themselves in the tourism distribution system and competing with the tourism suppliers over the

customers. Already a decade ago many authors have pointed out the need for travel agencies to re-asses their core competencies and concentrate on value-added services that go beyond bookings and ticketing (Cooper & Lewis 2001, 329 in Buhalis & Laws 2001; Cheyne, Downes & Legg 2005, 44). For example, the following drives for change transforming the distribution of travel products were mentioned in Buhalis and Laws (2001): general societal transformations such as increasing cultural diversity and changing family structures; information technologies; sustainability; channel re-organization. Lubbe (2000, 39) identified three areas as having had greatest impact on travel distribution: deregulation in the airlines industry; advances in technology; and changes in consumer behaviour. Amiling, Koch, Ringbeck and Stroh (2007, 2) mentioned changes in consumer behaviour and new technology as key forces for changes in travel distribution in the future.

There are a number of studies made on future trends in tourism, however, most of them address megatrends and consumer trends and its influence either on tourism suppliers (airlines, accommodation providers and catering services mainly) or on tourists preferences and behavior. Studies on trends in business travel mediation and in particular on the future work of travel agencies are still limited. Therefore, this study will contribute towards a better understanding of the possible scenarios for the future work of business travel agencies.

1.1   Research problem

The distribution process of travel products and its shift towards the Internet services has affected and affects the future of tourism, both in the leisure segment and in corporate travel. However, the question arises: what is the added value in this transformation for the consumers, who can almost as easily book themselves their travel products from the web pages of service providers? In particular, travel intermediaries have highlighted the expertise of their staff in tourism products. But the fact is that nowadays consumers are even better experts in many cases than the intermediaries. That same challenge applies to both leisure and business travel. So, if the intermediaries cannot always compete based on their expertise, why would a

customer otherwise use their services when buying a travel experience? (Based on Ritalahti 2011).

Changing operational environment and tourism consumer behaviors have forced travel organizations to re-think their strengths and the ways to retain customers. This means that distribution systems and relationships are also changing. So, the fundamental problem that this thesis will address is:

How will the role of travel management companies change in the future? What are the competences and skills required from travel intermediaries to address the changing needs of their corporate clients?

The study aims at analyzing present and future trends affecting travel intermediation and distribution channels and creating scenarios for the future work of business travel agencies in Finland. More specific research questions are:

1) What trends are affecting travel distribution?
2) What are the current and future needs of the corporate buyers?
3) What value-added services should travel management companies provide to meet the future needs of their clients?
4) How can travel agencies be prepared to meet future challenges?

1.2   Research aim and objectives

The study will concentrate specifically on business travel intermediaries involved in the corporate travel segment, as studies on trends in travel intermediation and in particular on the future work of business travel agencies are still limited. This research is expected to bring up scenarios for the business travel agencies that are based on the trend analysis and the corporate buyers' needs. These scenarios can serve as development directions that might help travel agencies to be prepared to meet future challenges and identify needs for strategic changes on a corporate level. For the travel agencies this research will also help to critically evaluate future needs in developing value propositions for their customers, as well as rethink own competences and skills.

The research objectives will be addressed from the corporate buyers' point of view, that is,future needs of the customers are taken as the central point in scenario planning. Also this study takes managerial persceptive i.e. the main approach is: how to spot the trends, anticipate their impact on both strategic and operational levels, and prepare to meet the future needs.

1.3   Terminology

Tourism distribution and intermediation involves complex relationships and multiple players. Therefore, it is important to define key terms used throughout the thesis. For the purpose of the present study tourism distribution system is seen as the way in which travel services are delivered from suppliers to the customers, corporate clients. In technical terms, **distribution** is a system that links various tourism organizations together with the objective of describing, explaining and confirming the travel arrangements to the customer (Page 2007, 260). The system of distribution can be composed of different distribution channels. **Tourism distribution channel** is defined as a system of intermediaries, or middlemen, that facilitates the sale and delivery of tourism services from suppliers to consumers (Buhalis 2001 in Buhalis & Laws 2001, 8).

Intermediaries are traditional distribution channels in tourism. They are also called travel retail, and they serve the function of a middlemen. These organizations, known as **travel agencies**, link demand and supply, and remain the key intermediary in the distribution chain. However, these organizations are under transformation due to the trends in the distribution systems, such as direct selling and disintermediation.

This thesis concentrates on **business travel intermediaries**, organizations that link corporate customers with the travel suppliers, and provide travel management services, such as consultancy, travel policy advice and travel data. These organizations are referred to as business travel agencies or **travel management companies** (TMCs), in this thesis.

Corporate buyers in this thesis are referred to as companies and other organizations whose employees are engaged in business travel. Usually the function of a corporate buyer is performed by the Corporate Travel Manager and/or procurement department, which function in accordance with the corporate travel policy. The needs of the corporate buyers are central to this thesis.

Finally, the end-users, **travellers**, are employees who travel for work-related policies. They follow corporate travel policy and usually they are the ones in contact with business agencies. Their needs and changing travel behaviours affect corporate travel policy as well as distribution arrangements of the corporate buyers.

1.4   Limitations of the study

The study is based on the corporate buyers' perspective on the role of TMCs in the travel management process, and thus is largerly driven by the needs of the customers: travel managers and coordinators.It concentrates on the travel agencies as traditional intermediaries in a travel management process, and does not include the future of travel distribution as such. That is, the assumption this thesis is based on is that travel agencies will be existing and used in the future by corporate travelers for bookings and other purposes. However, it is also important to remember that the direct bookings from suppliers' webpages or call centers are also a trend that might threaten the position of business travel intermediaries.

1.5   Structure of the thesis

The thesis starts with the introduction chapter that defines research questions and the scope of the study.

Part 2 provides theoretical framework to the thesis. Chapter 2.1 is an introduction to what distribution system and processes are. This chapter explains what travel distribution is, and what recent and future developments in this industry are. The framework for travel distribution is presented in the chapter, and different distribution

channels are described. Chapter 2.2 concentrates on travel intermediation and travel retail. It introduces the reader to different types of retailers in the travel industry, and discusses their roles and functions as well as different types of travel agencies. Chapter 2.3 presents business travel distribution channel analysis.

Part 3 focuses on the future of tourism distribution. It provides the reader with a review of trends leading to transformation of the travel industry and intermediation in particular. Chapter 3.1 describes megatrends both from the academic and the industry perspectives. Chapter 3.2 concentrates on impacts of trends in business travel distribution. Chapter 3.3 analyses changes in corporate travel management from the corporate buyers's perspective.

Part 4 deals with the empirical part of the thesis. Chapter 4.1 introduces research design chosen to answer the research questions, and justifies research philosophy behind the methods. It also illustrates the research design process. Chapter 4.2 describes research methods. Data collection and analysis are described in Chapters 4.3 and 4.4. The methodology part is finished with discussion on validity and reliability issues in the Chapter 4.5.

Part 5 presents the interview findings. Scenarios are described in the Part 6, and managerial implications are discussed in the same part. Final chapter summarizes the research process and outcomes and provides suggestions for further research. Thesis structure is presented in Figure 1.

Chapter 1
Introduction

- Research question, objectives and goals

How will the work of business travel agencies change in the future?

Chapter 2
Literature review

- Tourism distribution
- Intermediation and retail
- Business travel distribution

Business Travel Intermediation:
- Travel agencies
- TMCs

Transformation of the business travel agencies

Chapter 3
Trends in business travel

- Megatrends
- Impacts on travel distribution
- Corporate travel needs

Drivers for change:
- New forms of intermediation
- Changing consumers

Chapter 4
Methodology

- Design and methods
- Data collection and analysis
- Validity and reliability

Expert interviews with CTMs

Chapter 5
Interview findings

Chapter 6
Scenarios

-Scenarios
-Managerial implications
- Conclusions

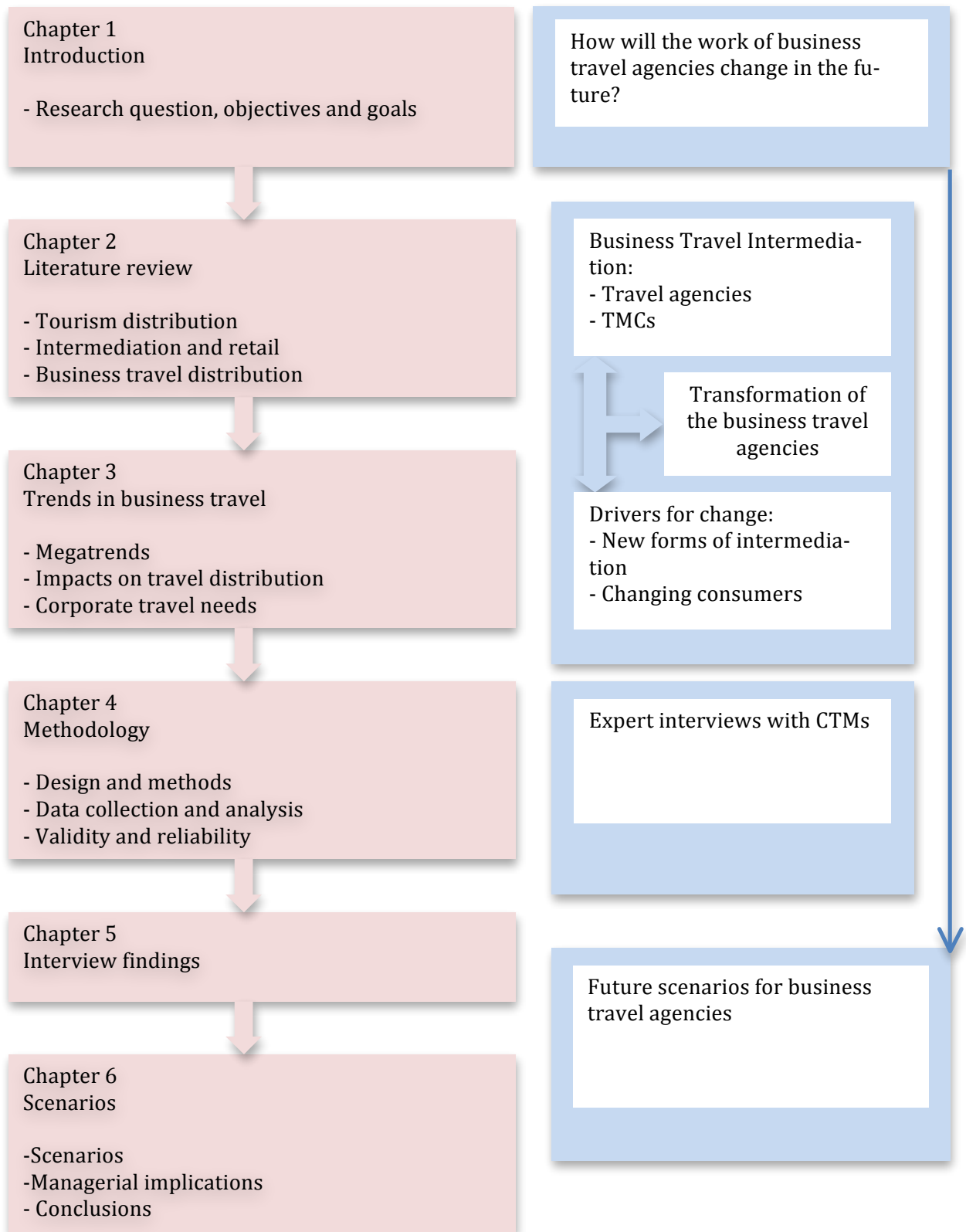Future scenarios for business travel agencies

Figure 1. Thesis structure

2 Travel distribution

2.1 Evolution of travel distribution

Kotler, Bowen & Makens (2010) defined distribution as a pattern of interdependent organizations involved in the process of making a product or service known to possible consumers. According to the World Trade Organization, the distribution sector is the crucial link between producers and consumers, which has strong influence on customer welfare. However, the role of a distribution sector is not limited to the provision of products or services. It also supplies consumers with a range of complementary services and information that can lead to more informed choices and add value to the clients. At the same time, it provides suppliers with the information they need to tailor their decisions to the pattern of consumer demand (WTO 1998, 1).

One of the major considerations when speaking about distribution is the chain of distribution, or channels used to deliver services to consumers. One general definition of a distribution channel was proposed by the World Tourism Organisation. According to the UNWTO, distribution channel is a combination of intermediaries who cooperate in the sale of a product ([UN]WTO, 1975). A distribution system can be and in most instances is composed of more than one channel.

A tourism distribution channel is a system of intermediaries, or middlemen, that facilitates the sale and delivery of tourism services from suppliers to consumers (Buhalis 2001, 8 in Buhalis & Laws 2001). Supporting this definition, Beech and Chadwick (2006, 415-416) present travel chain of distribution as similar to traditional industry, where the product flows from the manufacturer to the consumer through the wholesaler (tour operator) and/or retailer (travel agent). Based on different combinations, they present four possible chain structures, from direct distribution to the customer to the use of both wholesalers and retailers.
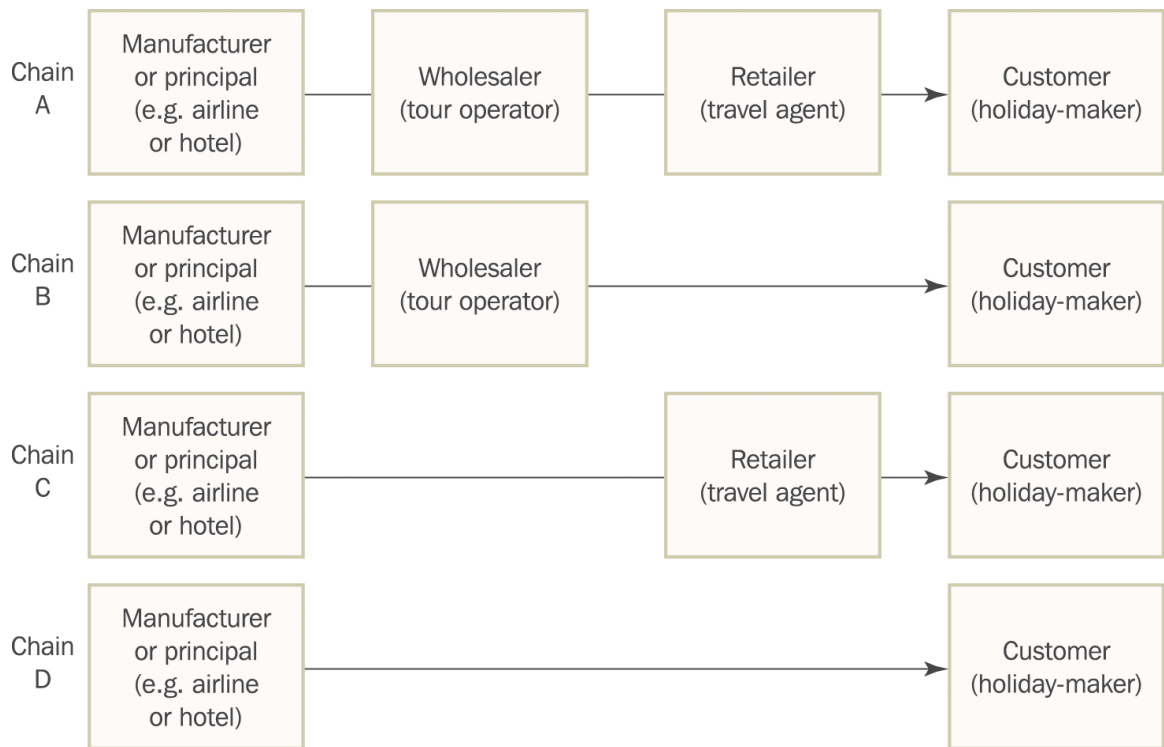
Figure 2. Travel chains of distribution (Beech & Chadwick 2006, 416).

These four chain structures represent generic view on travel distribution, but the developments in information and communication technologies together with changing consumer behaviours and emergence of the new players in the travel industry added complexity to the distribution structure. This complexity includes additional layers of intermediation; disintermediation of the distribution due to direct communication between customers and suppliers; and re-intermediation between different players to provide value-added services (Kracht & Wang 2009, 736). Not only these changes affect the choices made to the customer, but also business models and marketing strategies adopted by the members of the distribution chain.

In order to understand better the major structural changes and developments of tourism distribution channel, different distribution systems are presented based on the evolution of the intermediation channels as examined in Kracht and Wang (2009, 739 - 746):

1) Traditional travel distribution system that consisted of consumers, retail travel agencies, corporate travel agents tour operators, global distribution systems

(GDS), destination marketing organizations and suppliers. This system was largely used in so-called pre-web era, though in practice GDS that started as airlines computer reservation systems were technically first electronic intermediaries (Buhalis & Licata, 2002). Such traditional distribution system was characterized by the use of call centres or supplier retail outlets to facilitate disintermediation. Also the use of multiple distribution channels had started in the pre-web era.

2) With the developments and benefits of the world wide web travel suppliers began establishing web sites to connect directly with customers, and thus facilitating disintermediation also online. Hotels and airlines started to sale directly to their customers, threatening position of traditional retail agents. However, at the same time new layer of intermediation emerged: automated search engines.

3) The first online travel agents entered the travel distribution system in 1995 and soon became partners for the GDS instead of traditional retail agents. Soon after also wholesalers such as tour operators, also entered web distribution. This process facilitated disintermediation and re-intermediation efforts initiated by the suppliers. Also corporate travel agents, or TMCs, became targets of web-based disintermediation.

4) In the beginning of 2000s new form of intermediaries emerged, called cybermediaries or meta-search engines. Such engines search online travel agency sites and supplier sites, thus adding extra level in the distribution systems.

5) Today distribution channels include multiple layers of intermediation that include supplier online and offline distribution functions; meta-search engines and other forms of cybermediaries; online and offline retail agents and GDS. The role of search engines is becoming more important in the distribution chain, as the customers are likely to use search engines such as Google instead of going directly to a supplier or intermediary web pages.

While the evolution of online travel distribution made it possible for suppliers to establish simple and direct link to the customers, it also introduced new complex levels of intermediation. As the result, travel distribution systems today have more layers and more complex structures than ever before (Kracht & Wang, 2009, 751).

Buhalis (2001, 8 in Buhalis & Laws 2001) divided primary distribution functions in tourism into information, combination and travel arrangement services. According to him, the position of the distribution sector in tourism is much stronger than that of other trade intermediaries, because tour operators and travel agents have a power to control demand and influence pricing, product policies and promotional activities. He also stressed that often, when speaking about tourism distribution, mainly the information provision function is highlighted, while promotional and market research activities undertaken by the distribution channels are somewhat underestimated. Table 1 summarizes functions and benefits of tourism distribution channels.

Table 1. Functions and benefits of tourism distribution channels (adapted from Buhalis, 2001 in Buhalis & Laws 2001, 9)

1) Facilitation of access to tourism products for booking and purchasing
2) Provision of information
3) Managing demand and supply
4) Spreading commercial risk between different distribution members
5) Arranging details and ancillary services
6) Promotion of products or packages
7) Consumer's guidance/consultation
8) Pre- and post-experience marketing research
9) Assembly of tourism products from different suppliers
10) Reserving and issuing travel documents
11) Complain handling for both suppliers and industry

2.2   Travel intermediation and retail

One of the most important elements of the distribution system is intermediation, the process of linking supply to the source of demand. Historically travel intermediation function was executed by three main types of intermediaries: **retail agents**, or outgoing travel agencies; **tour operators**, or wholesalers; and incoming, or **handling travel**

agencies at destinations (Buhalis 2001, in Buhalis & Laws 2001, 9). At the same time the Package Travel Act (1994) uses the terms "**organizer**" and "**retailer**" instead of tour operator and travel agent, respectively. This terminology confusion is supported by the fact that from the customer perspective, tour operators are also suppliers of the services, not intermediaries.

Today, different forms of retail and intermediation exist as shown in Chapter 2.1, including online and offline intermediaries as well as direct selling patterns, however, travel agents remain key intermediary in the distribution chain.

Travel agents are defined as outlets at which holidays or other travel products can be purchased (Mintel 2002, in Beech & Chadwick 2006, 415). The work of travel agents as retailers of tourism products is based on commission for each sale or operation. Agents do not become part of the sale contract, which is usually between the tour operator or supplier and the customer. The role of travel agents in the distribution channel is based upon the products they sell and services they offer to their customers, as well as specialization of the agency. Specialization in a limited range of travel products allows agents to develop expert product knowledge, which is the primary source of their competitive advantage in the distribution chain (Page 2007, 264).

Travel agents' tasks typically include the following:
- making reservations,
- planning itineraries,
- calculating fares and charges,
- producing tickets,
- advising clients on destinations, suppliers and travel products,
- communicating with the clients using different means of communications,
- maintaining reservation records,
- acting as intermediaries where customer complains occur (Page 2007, 264-265).

Agencies also have a significant role as advisers for consumers and providers of ancillary services, such as travellers' cheques, currencies and travel insurance, as well as ob-

taining passports and visas. They also provide access both for the principal (access to the market) and the consumer (a convenient location to purchase travel services), as well as acting as a key source of advice in a customer-focused environment and on a person-to-person basis (Bennet & Buhalis, 2003). The role of travel agencies as providers of ancillary services has also been highlighted by Beech and Chadwick (2006, 420).

In order to fulfil these tasks and roles, high level of customer service combined with technical skills and technology knowledge is needed from the agency staff. According to Page (2007, 264), agents need skills in calculating and understanding airline fares, issuing tickets and reading timetables; ability to use technology and knowledge of expense management.

Apart from traditional retail agents, new forms of intermediaries entered distribution system, such as cybermediaries, virtual travel agencies and new eMediaries. Mainly these new forms of intermediation are related to the middlemen activity in the virtual, electronic world. Traditionally travel agencies were referred to as high street offices, or so called offline travel agencies. But with the rise of the Internet more and more of the intermediation activities are executed online, virtually. Such online travel intermediaries are often called eMediaries (Buhalis & Licata 2002, 208); or cybermediaries (Kracht & Wang 2009, 738). The term eMediaries is usually used to encompass not only new electronic players, but also traditional ones, such as computer reservation systems (CRS's), global distribution systems (GDS's), and videotex systems (Kracht & Wang 2009, 738).

Buhalis & Licata (2002) extend the eMediary concept further on and include also tourism suppliers to their definition of new eMediaries. According to the authors, the Internet and electronic commerce development have changed the way tourism and travel products are distributed. With the help of the Internet, consumers are able to search and book the products online and, as a result, the role of intermediaries has been changed dramatically. New types of tourism intermediaries emerged, called new tourism eMediaries. Examples of these new eMediaries include eCommerce applications allowing users to access reservation systems directly; destination management systems; web-based travel agencies such as Ebookers; vertical travel portals with online systems

of distribution. Also traditional off-line agencies developed their on-line service provision, and on-line last minute agencies emerged. These offline agencies offering online services are sometimes called Electronic commerce-able (EC-able) intermediaries in contrast with electronic commerce-only (EC-only) retailers that provide electronic services only (Kracht & Wang 2009, 739).

There are many ways to classify travel agents depending on their role in the distribution chain, level of specialization, geographical spread and type of business, to mention few. Table 2 presents different types of travel agents.

Table 2. Classification and types of travel agents (based on Buhalis & Laws 2001, 14-17)

Variable /classification criteria	Types of travel agents	Descriptions
Tourism flows: inbound and outbound	1) Outgoing TA 2) Incoming/handling TA	Outgoing TA: provide convenient location for the purchase of travel. Offer expert product knowledge. Provide ancillary services. Incoming TA: planning and execution of travel packages at destination level. Represent tour operators. Supervise delivery of local suppliers.
Business or leisure	1) Leisure TA 2) Business TA /TMC 3) Combination	LTA: serve holidaymakers mainly with package tours BTA/TMC: arrange travel for business travellers and corporations, provide extra services such as reporting and travel management Combination: TAs that work both with holidaymakers and business travellers. Often small independent TAs.
Level of specialization	1) Niche TA 2) Mass TA	Niche TA: usually small independent TAs specializing in certain products or certain suppliers. Compete based on expert product knowledge Mass TA: often big multinational TA offering wide range of destinations and products, with large supplier network. Compete based on economies of scale.

Geographical coverage	1) Multina-tional 2) National 3) Regional	Multinational /global: present in many countries, either through own outlets or partnerships National: TAs serving the needs of customers nationwide Regional: TAs specializing in certain geographical regions. Often combine also leisure and business services.
Number of outlets	1) Multiples 2) Mintiples 3) Independent TA	Multiples: nationwide TA owned by large travel corporation. Often concentrate on package holidays. Mintiples: TAs that focus on particular region. Can offer also business travel services together with package tours sales. Independents: single outlet TAs, usually specialized in niche markets.
Business model	1) Off-line/high street TA 2) Online 3) Combina-tion	Offline TA: agencies operating through physical offices and face to face customer service Online: TA serving customers through world wide web channels Combination: offline TA using web applications for bookings

2.3 Business travel distribution

Business travel industry is an important part of international travel and tourism. In a broader sense, business travel is defined as concerned with people travelling for work-related purposes. Davidson and Cope (2003, 4) divided the business travel industry into individual business travel, which comprises the regular trips necessary to carry out employment tasks; and business tourism which includes variety of business meetings and events and is sometimes associated with MICE (meetings, incentives, conferences and exhibitions) industry. Figure 3 shows the structure of business tourism industry.
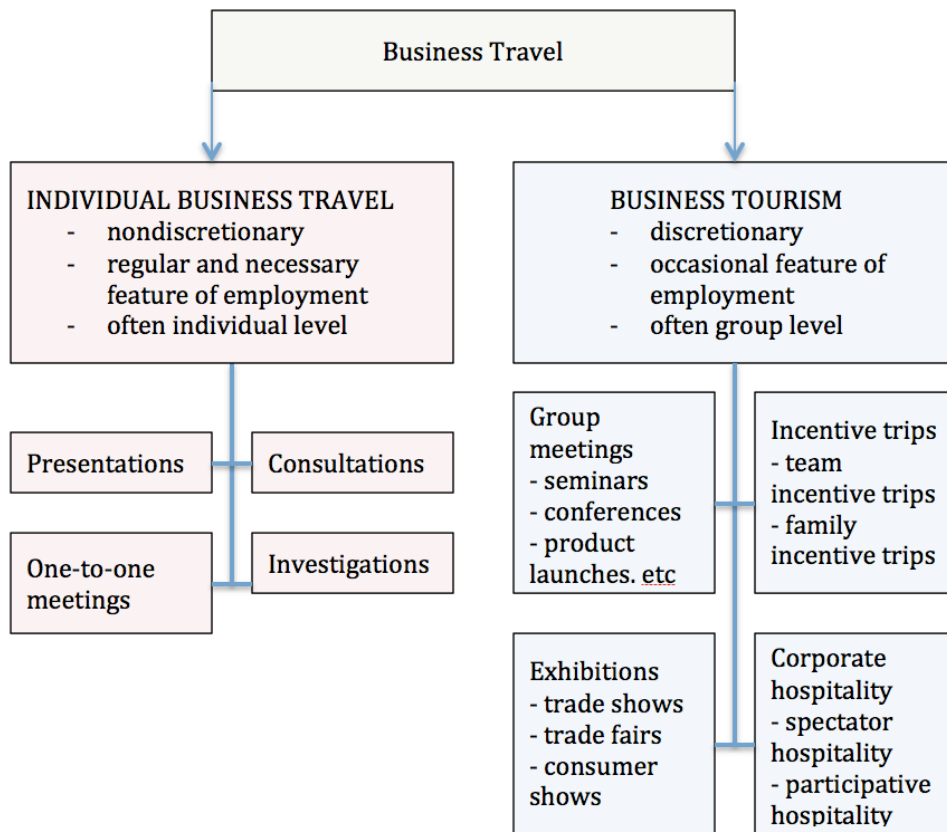
Figure 3. Business travel sectors (Davidson & Cope 2003, 4)

The process of business travel distribution is similar to leisure distribution in that respect that there is a number of suppliers such as hotels, transport providers and catering common for both leisure and business sectors; and a number of intermediaries linking these suppliers to the customers – corporate and government buyers. However, there is greater variety of business travel intermediaries involved in the distribution of individual business travel and business tourism services. Table 3 illustrates this variety of possible business travel middlemen in every sector of this industry.

Table 3. Business travel distribution channels (Adapted from Davidson 2001, 73 in Buhalis & Laws 2001)

Sector	Main buyers	Intermediaries	Main suppliers
Individual business travel	Companies and other organizations: • Private sector • Associations • Public sector Buying through: • Travel managers/bookers • Secretaries • Travellers	Business/corporate travel agencies Travel Management companies (TMC) Operating through: • Implants • Dedicated stuff • Online booking services • GDS	Transport providers Accommodation and catering operations Solution suppliers Ancillary services
Conferences and other meetings	Corporate sector Government sector Associations	Professional service organizers Venue-finding agencies Convention bureaux Destination management companies Specialist marketing consortia	Transport providers Accommodation and catering operations Solution suppliers Ancillary services Conference centres Management training centres Meeting facilities Telecommunication companies
Incentive travel	Corporate sector	Incentive travel houses Business travel agencies Destination management companies	Transport providers Accommodation and catering operations Solution suppliers Ancillary services
Exhibitions /trade fairs	Corporate sector	Exhibition organizers	Transport providers Accommodation and catering operations Solution suppliers Ancillary services

Business travel intermediaries bring together corporate buyers and suppliers of travel and travel-related services. As the focus of this study is on the individual corporate travel sector of business tourism, business/corporate travel agencies and travel management companies are of the particular interest for the study.

Business travel agencies, known also as business house agencies, deal with corporate clients and business travel solely. These agencies rarely deal with the end consumers – travellers – as they mainly communicate with the representatives of the corporate buyer, usually corporate travel manager/coordinator, or a management assistant. Business travel agencies follow instructions provided by their corporate clients for the bookings and other arrangements. Sometimes these agencies can operate through an "implant", which is the agency's division located directly at a buyer's premises. This form is used when the buyer has extensive travel needs, which require close cooperation between the agent and the buyer. The business travel agency can also operate through an online booking service (Davidson 2001, 75-77 in Buhalis & Laws 2001).

Majority of business travel agencies provide similar services to traditional travel agents, such as making reservations, issuing tickets and providing advisory services, however, the nature of work of business travel agencies is different. One important distinction lies in the fact that business travel agencies deal with two types of clients: corporate buyer organization represented by the travel manager; and the business traveller, employee who actually uses the services of the agent. As a rule, this employee does not pay for his/her travel from own pocket; is more experienced than an average leisure traveller and also more demanding. So, service quality, time-efficiency ability to exchange tickets on a short notice, need for speed and last minute arrangements are essential components of business travel agency services (Davidson 2001, 75-77 in Buhalis & Laws 2001).

Apart from traditional booking, ticketing and information services, business travel agencies are often involved in the buyer's travel management process. They can get closely involved in the financial and expense management processes of their clients thorough involvement in negotiation processes with suppliers on the buyer's behalf,

managing client's travel budget, and keeping travel managers informed about their company's spending on travel-related services. Due to the increasing importance of this part of the service offer, some business travel agencies call themselves travel management companies (TMC) in order to emphasise the change in their roles from a booking agent to an expert in travel management consulting (Davidson & Cope 2003). Carlson Wagonlite Travel glossary defines a Travel Management Company as "an organisation that provides specialised travel related services to the corporate market". According to their definition, a TMC focuses on management information, hotel analysis, the development of air/car rental/hotel client specific programmes, and detailed cost savings opportunities in addition to traditional ticketing and reservations. The major function of the TMC is efficient corporate travel cost management as opposed to mere bookings in traditional travel agencies.

3 The future of business travel distribution

3.1 Megatrends

Contemporary market environment within which business travel services are bought and sold is undergoing significant changes. These changes are often based on megatrends such as ageing population, globalization and sustainability, just to name few. Vejlgaard (2008, 20-22) described megatrends as cultural, economic, political, or technological shifts that are just about to happen, with the implication that these megatrends will affect all or almost all society. According to him, megatrends last longer, they affect many different aspects of society, and they involve a complex process that often includes politics, the economy, and technology.

Veikkola (2004) differentiated trends based on the time frame and the impact scale to **megatrends** (such as globalization, demographic change, information society and individualism); **societal trends** (such as awareness, aging societies, tolerance and equality and others), and **consumer and lifestyle trends** (for example, ethical consumption, youth invasion, metrosexuals, soft hedonism and others).

Megatrends and future trends in tourism have received profound attention both from the academics (see, for example, Yeoman 2008, Dwyer 2003) and the industry (for example UNWTO Vision 2020 series, MEK's scenarios Travel 2020, Amadeus's Future Traveller Tribes 2020). Probably one of the most know visions of the tourism future is the UNWTO Tourism 2020 Vision which is a 25-year forecast of what might happen in the tourism industry.

> **Box 1.0** UNWTO (2001) trends:
> 1. Globalization and localization
> 2. Polarization of tourism tastes
> 3. Shrinking tourist world
> 4. Electronic technology and fast track travel
> 5. Consumers call the shots
> 6. Destinations as fashion accessories
> 7. Theme based marketing
> 8. Increased destination focus on image
> 9. Everyone chasing Asian tourists
> 10. Consumer-led campaigns – for sustainable development and fair trade tourism that better distributes benefits
> 11. Conscience vs. consumption – growing conflict between socio-environmental consciousness and urge for travel consumption
>
> Source: UNWTO Vision 2020

Finnish Tourism Board published scenarios Travel2020 – Facts and Fiction (MEK 2012), in which global and European megatrends are summarized. The Confederation of Finnish Industries EK (Elinkeinoelämän keskusliitto EK) identified eleven megatrends relevant for the Finnish tourism industry.

> **Box 1.1** MEK (2012) trends:
> 1. Competitiveness will be based on product development and innovations in developed countries
> 2. Markets will get full and cheap labour will diminish when the salary differences will get lesser
> 3. New markets call for larger middle class
> 4. The significance of logistics will grow, and production will more and more be transferred close to the marketplace
> 5. Basic professions will be transferred to low cost countries but they will come back to developed countries when the salary advantages have been consummated
> 6. Maintenance of good standard of living in Western countries calls for tough cost control and immigration
> 7. Service sector will grow, as well as leisure-related services and jobs in the segment
> 8. Individualism will grow
> 9. The political, economic and human importance of energy, clean nature and raw materials increases
> 10. Ecological changes will bring about new technologies and new markets
> 11. Raising technologies will hit their critical point and create entirely new markets.
>
> Source: FTB

Amadeus (2010) published a report in which they identified major demographic, geo-political, economic and technology trends that will shape the needs and profiles of the future travellers. According to the report, two types of key trends are relevant to the future of tourism: contextual and consumer trends.

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Box 1.3 Amadeus (2010) trends:
1. Contextual trends, such as:
   - globalization of business
   - growth in global migration
   - globalization of travel and tourism
   - rising affluence
   - new aircraft developments
   - evolution of technologies
2. Consumer trends, such as:
   - ageing population
   - changing spending patterns
   - search for health and well-being
   - desire for personalization
   - sustainable tourism
   - experience economy (Amadeus, 2010, 6-11).

Source: Amadeus

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Among the academics tourism trends also received profound attention. Yeoman (2008, 22) referred to fifteen mega drivers that can be used to predict the future of tourism. These drivers are presented in Box 2.0. According to Yeoman (2008, 31-32), analysis of these mega drivers brings important implications for the world tourism. Concern for the environment and the rise of cultural awareness will create the shift from being a tourist to being a traveller. The rise of fear in the society will introduce barriers to entry in certain destinations, and the bipolarity between rich and poor will increase. A significant shift in tourism to Eastern and Asian markets will become more visible. A rapid growth in technology will transform business models, and new technology media

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Box 2.0 Tourism Megatrends
1. A world of changing values
2. Living with uncertainty and fear
3. The dichotomy between rich and poor
4. The power of USA, Asian block and EU in the world
5. Changing business world
6. The global/local society
7. The relationship between people and governments
8. Physical assess: transport of people and goods
9. AIDS
10. Access to knowledge
11. Changing labour and demographics
12. Energy/oil
13. The environment, natural resources and climate
14. Food
15. New technologies.

Source: Yeoman (2008)

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channels will become more individualized. Yeoman concludes that in 2030, tourism will be there but the tourists will be different.

Another approach to define megatrends underpinning tourism to 2015 was offered by Dwyer (2003). He analysed key drivers for change and identified five megatrends relevant for the future of tourism. These megatrends are summarized in Box 2.1.

Box 2.1 Megatrends underpinning tourism to 2015
1. Globalization and long-term economic trends:
- A growing world economy
- Globalisation

2. Social trends
- Population and ageing
- Urbanisation
- Changing social structures in developed economies
- Health
- Aspirations and expectations
- Values and lifestyles
- Changing work patterns
- Gender
- Education

3. Political trends
- Existing and emerging global players
- Terrorism
- Health risks and security
- Haves vs have nots (rich and poor)
- Governance
- Political Islam

4. Environmental trends
- Climate change
- Depletion of natural resources
- Loss of biodiversity

5. Technological trends
- Competitive strategy and information and communication technology

Source: Dwyer (2003)

Finally, Cooper (2005, in Beech & Chadwick 2006) presents the future of tourism based on the trends that are beyond the control and trends and issues within our control. His vision is presented in Box 2.2.

Different approaches and visions of the tourism megatrends as well as their implications for the tourism industry as summarized in Table 4.

Table 4. Megatrends and their implications for tourism industry

Megatrends	Evidence	Implications for tourism industry
Globalization and economic trends	- Rapid growth in world trade - Increased cross-border traffic of goods and services - Liberalization of world trade - Growth in global migration - Growth of BRIC economies - Diffusion of information technology - Increased business mobility	- Growth of international tourism arrivals - Rise of China as top travelling nation - Increased global competition from international tourist destinations - Emergence of niche operators specialized in certain products, services and experiences - Growth in business travel
Ageing population	- Increase in world population aged 65 and above - Failing birth rates - Rising life expectancy - Health concerns - Increase of ageing population in developed countries and urban areas - Changing work patterns - Generation differences in values, attitudes	- Travel and tourism will increasingly be embedded in to lifestyles - Growth will be in holidays for the retired, and for single people - New wellness tourism products - Evolving mature active tourists
Sustainability	Growing awareness of carbon emissions and envi-	Fuel and energy efficient aircrafts

	ronmental impacts • Emerging legislation and changes in taxation aimed at reducing gas emissions • Increasing concerns on the climate change • Rising energy costs • Water consumption concerns • Rising role of CSR on corporate level	• Climate change will trigger more domestic holidays • Decline of ski industry • Changing travellers' needs – call for more sustainable options • Pressures towards sustainable consumption
Technological trends	• Internet expansion and public internet • Mobile technologies • Open source software • Humanization of technology • Social media • eCommerce	• Developments in information managements systems • New booking channels • New communication channels • Real-time information systems • Increased customer interaction • Transforming customer experiences with the use of technology
Changes in consumer patterns	• New traveller groups because of low cost carriers • Changing spending patterns: bargain-hunting • Search for health and well-being • Desire for personalization • Environmental awareness • Rise of experience economy	• Growth in medical tourism • Customized tourism products • Sustainable tourism • Growth of volunteer tourism • Increase in long-haul travel
Safety and security	• Instability of international political situation • Terrorism threats become more decentralized due to internet • Spread of global pandemics • Cyber terrorism • Stricter border control • Biosecurity concerns	• Safety issues with traveller information • Destinations that are perceived to be less safe and secure will be avoided by tourists • Rising role of individual operators who deliver tourism services in tourists' safety and security • Importance of risk management strategies and tourism security programs on corporate level • Destination images based on safety

3.2 Impacts of megatrends on travel distribution

Megatrends that affect tourism industry have also caused transformation of corporate travel patterns and behaviors today and in the future. Globalization has changed tour-

ism industry, especially in the business segment, as the volume of travel is linked directly to the level of global economic activity. Increasing globalization means that companies are forced to expand their operations abroad, which in turns results in the growth of business travel. However, the costs of travelling are rising as well, forcing companies to pay more attention to their travel expenditures. As companies are looking for the cost-reducing techniques, "**more travel at less cost**" is becoming their major concern.

Globalization is also affecting the patterns of distributing business travel products. Traditional offline agencies are competing with virtual intermediaries who can be located literally on the other side of the word yet be more customer-oriented. As part of the globalization, the information communication technology (ICT) has revolutionized distribution channels in business tourism. However, at the same time the technology multiplied the numbers of distribution channels and increased the capabilities of these channels (Ward, Spenser & Iverson 2003, 7).

According to the Ward et al (2003, 8), four drivers have the greatest impact on travel distribution: **technology, including unit costs and channels; specialization and collaboration among travel intermediaries; consumer sophistication; and regulation, deregulation and their impacts**. In the following paragraphs these drivers are described and their impact on travel distribution is explained.

Increasing **technology adoption** worldwide, new forms of digital communication including mobile channels and the rise of e-commerce have been mentioned by many authors as the major drivers for change in travel distribution (e.g Kracht & Wang 2009; Buhalis & Licata 2002; Bennet & Buhalis 2003). Douglas and Lubbe (2009, 99-110) identified three areas of technology implementation in business travel: the use of technology as a possible alternative to business travel; the technology needs of business travelers across the travel chain; and technology as a distribution channel for business travel and corporate travel management.

Technology revolution brings both new opportunities for business travel agencies

(such as re-intermediation via the Internet or new online and mobile distribution chan-
nels) and threats (mainly coming from the disintermediation due to direct bookings via
suppliers as well as increasing competition from new players such as Google). Implica-
tions of technological trends for the future of travel agencies are highlighted in Bennet
& Buhalis (2003). They claim that the number of traditional travel agents will diminish
due to increased competition from online channels, and offline agencies will be forced
to establish their presence online to stay competitive. At the same time they foresee
that the process of re-intermediation will transform the nature of the services provided
by the travel agencies. According to the authors, variety of choices over the Internet
provides travel agents with an opportunity to re-think their role in the distribution
chain by offering competent, professional and personal approach to customer service
and becoming **value-added chain in the distribution**. Similar conclusion was drawn
by Holma (2008), who analyzed the changes in the business travel distribution based
on technology developments, globalization and changing competition. The changing
role of travel agents in the business travel context is illustrated in Figure 4.
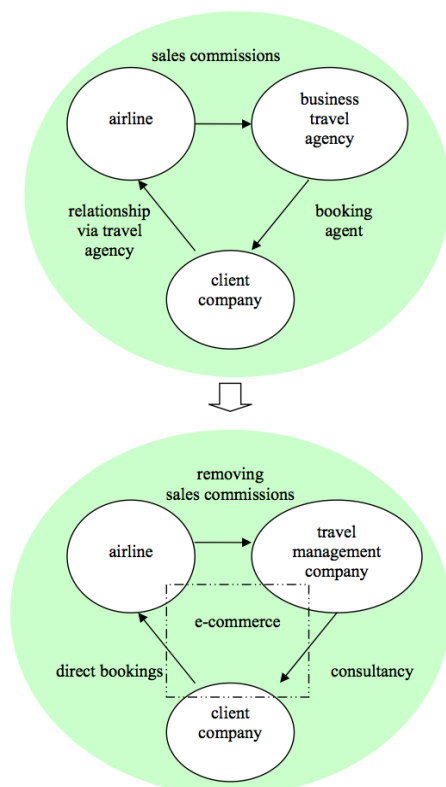

Figure 4 Changing role of business travel agents (Holma 2008, 9)

The value-added strategies lead to another important implication for the travel agencies – **specialization and collaboration**. While the Internet explosion offers global reach of information, the role of travel agents changes from searching for the right information to sharing and processing this information efficiently to give their clients best alternatives available. Travel agencies should be able to propose services that leverage data from variety of sources, to anticipate customer needs and respond quickly. Thus, travel agents will combine the functions of traditional booking offices, airline reservations centers, car rentals, ticket agent and more, to become one-point office for everything the client needs – from a single reservation system for all types of travel bookings to detailed expense reporting and rebates sent the day after the booked travel is used (Ward et al 2003, 16).

With increased role of **travel agents as experts and consultants** they will be forced to re-think their business models and concentrate on core services and strongest competences, leaving out non-core activities such as call centers. To do that, agencies will find themselves collaborating with competitors in different functions. As the IBM report suggests, collaboration and specialization are likely to result in more focused players that perform fewer functions, but achieve higher volumes, performance and quality in the functions they do perform (Ward et al 2003, 22).

Changes in consumer patters are also affecting the role and functions of BTAs. Business travelers nowadays are more demanding, informed about the choices, environmentally aware and less eager to travel. They require individualized service and high level of expertise from their travel agencies. Nowadays one can notice two types of business customers: those who are environmentally aware and search for sustainable tourism products, and those, who are more interested in other characteristics of the offered services (e.g. prices, luxury standards or location). These new consumer segments require new niche tourism products and new channels of delivering those products. Also, demographical changes and in particular ageing of the travelers on one side and emergence of younger business professional who travel more than their more mature colleagues on the other side, calls for deeper specialization and more personalized services from the BTAs.

Finally, changes in the regulations and in particular **security requirements** will alter distribution players' roles and also add costs. Increased demand for travel security and data security of individual clients due to web transactions and cyber fraud will force intermediaries to plan new risk management programs. Also, government regulations as well as corporate clients demands will require the use of more secure booking tools. Security in the future will become a part of strategic planning for both travel suppliers and intermediaries together with their technological partners (Ward et al 2003, 27-28).

3.3   Changing corporate travel needs

Apart from analysing trends relevant for travel industry as such and travel distribution in particular, it is important to look at the corporate buyers' changing needs. As it has been estimated that corporate travel expenses represent significant share of companies' costs, often being the second largest expenditure (Holma 2008, 7), the need for managing these expenses and the whole travel process in an efficient way is a central point of corporate travel programs. In the process of managed business travel the role of intermediaries becomes even more important, as they can act as advisors and consultants in the corporate travel management.

To understand better current and future needs of the corporate buyers, it is helpful to have a look at the travel management process from a historical perspective. Figure 5 illustrates the evolution of corporate travel management.
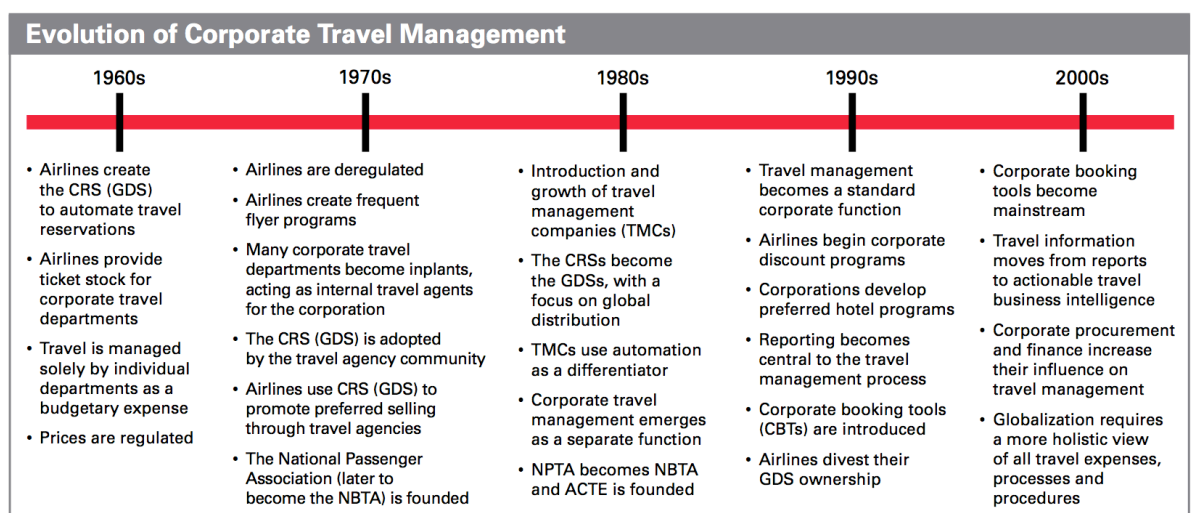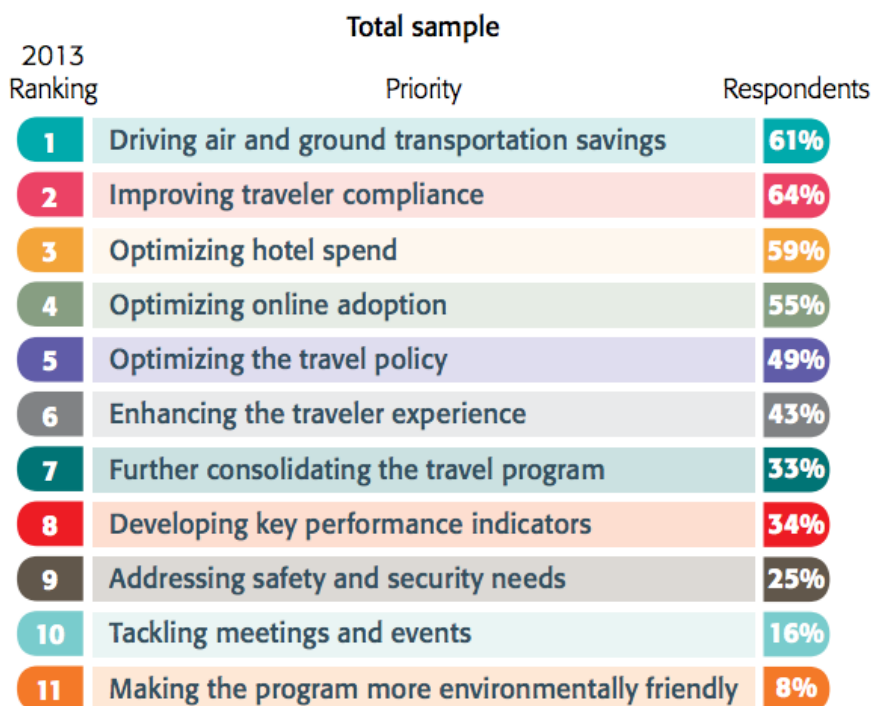

Figure 5 Historical perspective on travel management (Ross 2008, 6)

29

It is clear that corporate travel management has become more complex function over the years, shifting from mere bookings to actionable business intelligence that requires **holistic view of all travel expenses and processes**. The shift of the travel management towards procurement and finance also poses new challenges for the companies, in particular in organizing their travel purchase functions. In practice it means that a travel manager needs to understand purchasing terminology, theory and practices. At the same time general procurement or finance managers need to understand the nuances and terminology of travel management. Also outsourcing of the travel procurement and management functions to TMCs often helps to get expertise in travel management operations and reduce costs of travel services (Rose 2008).

Carlson Wagonlite Travel conducts annual survey among travel managers to identify areas of travel programs they intend to focus on in upcoming year. In 2011 these areas were: **transportation savings; traveller compliance; hotel spend; and online adoption**. In 2013 the results remained the same for the first four positions.

Total sample

2013 Ranking	Priority	Respondents
1	Driving air and ground transportation savings	61%
2	Improving traveler compliance	64%
3	Optimizing hotel spend	59%
4	Optimizing online adoption	55%
5	Optimizing the travel policy	49%
6	Enhancing the traveler experience	43%
7	Further consolidating the travel program	33%
8	Developing key performance indicators	34%
9	Addressing safety and security needs	25%
10	Tackling meetings and events	16%
11	Making the program more environmentally friendly	8%

Sample size: 706 travel managers

Figure 6 Travel Management priorities for 2013 (CWT 2012)

It can be seen from the table that further improvement of travel programs to optimize performance is one of the major challenges for the corporate buyers. Provided that the travel patterns will evolve due to globalization, changing economic outlook and changes in consumer behaviour enhanced by the technological revolution, corporate buyers need their TMCs to offer new ways of saving money and adding value to travel.

4 Methodology

4.1 Research design

This study adapted **qualitative approach** aiming at understanding current and future needs of the corporate buyers and their relationships with business travel suppliers and intermediaries. In the context of this study, qualitative research is understood as research approach that allows description, understanding and interpretation of the phenomena (travel management process in a company) based on the meaning people (corporate travel managers) give to it. As Boeije (2010, 11) defined it, "the methods produce rich, descriptive data that need to be interpreted through the identification and coding of themes and categories leading to findings that can contribute to theoretical knowledge and practical use".

This study aims at describing future work of business travel agencies with the help of scenario building; therefore it can be defined as **future-oriented**. There are many approaches to the futures research, which is a heterogeneous field of study (Mannermaa 1992; Bell 2003). This study adopted the view presented in Mannermaa (1992), in which a futures study is described as having a certain interest in knowledge of the future based on the study of past and present. According to this view, the outcome of the futures study is to present well-argumented assessments of the future to offer a basis for planning and decision-making as well as more general discussions and activities at present.

Even though usually qualitative research is associated with the use of a grounded theory and inductive approach (Boeije 2010), this study utilizes more **deductive logic**, where literature, both theoretical and empirical, was used as a starting point to identify

the main change variables and trends. Based on the literature scanning major themes for the interview guide were identified and used to construct research instrument.

The following steps were used to build up research design for this study:

1) Trend scanning and analysis - Systematic analysis of literature and media to spot trends and weak signals. Exploration of trends significance, direction and development in the future, as well as potential impact of trends.

2) Development of the research tool – Interview guide based on the themes identified from the literature..

3) Expert interviews – Discussion on trends to refine forecasts and bring up suggestions for actions

4) Scenario development - Visualisation of possible trend developments into narrative forms.
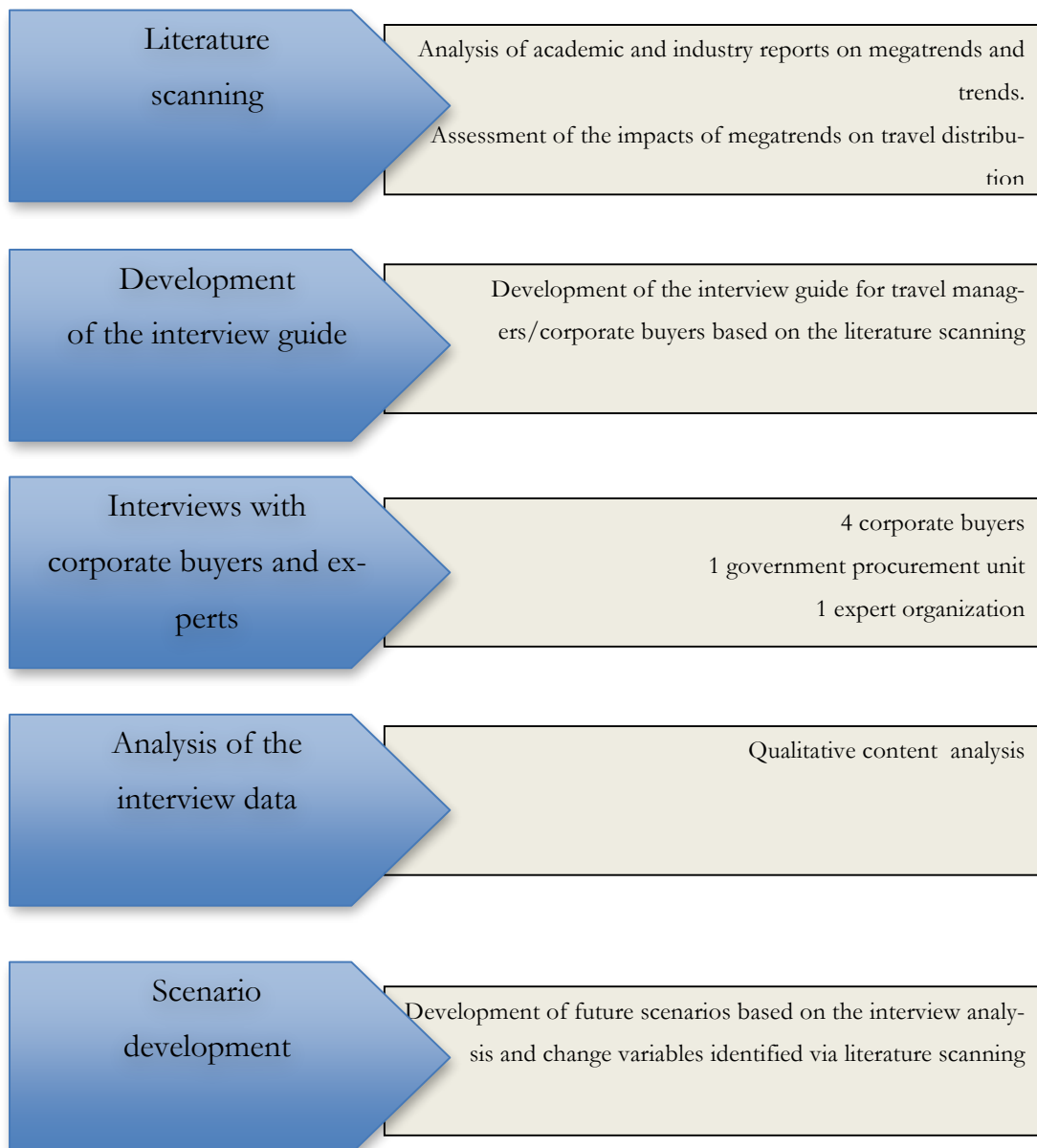
Research process is described in Figure 7.

| Literature scanning | Analysis of academic and industry reports on megatrends and trends. |
| | Assessment of the impacts of megatrends on travel distribution |

| Development of the interview guide | Development of the interview guide for travel managers/corporate buyers based on the literature scanning |

Interviews with corporate buyers and experts	4 corporate buyers
	1 government procurement unit
	1 expert organization

| Analysis of the interview data | Qualitative content analysis |

| Scenario development | Development of future scenarios based on the interview analysis and change variables identified via literature scanning |

Figure 7 Research process

4.2 Research methods

The method used to answer research questions in this study can be defined as **scenario paradigm** using Mannermaa's terminology. However, methodologically there is no single scenario method, and different techniques exist to build up future scenarios. For the purpose of this study, qualitative expert interviews with the corporate travel managers were used as the primary source of data collection. Travel managers were considered experts in business travel in a sense that their daily tasks included travel management functions. Also, as representatives of the corporate buyers, travel manag-

ers are the ones who are aware of the current in future needs of companies they represent.

The goal of the **expert interviews** was to gather in-depth information about current processes and needs related to business travel, and collect managers' judgements and assessments about the future needs. "Future" was identified during the research design stage as 5 to 10 years ahead; however, it was clear already during the initial stages of data collection that the interviewees are targeting much shorter span, up to 3 years ahead. Based on the data collected from the interviews, scenarios were then built.

The **scenario building process** utilized both trend literature scanning and results from the interview to create stories of what a possible future for the travel agencies might be. There are many ways to build scenarios. In this study it was decided by the author that three different alternatives will be described, each based on a different combination of change variables identified from the literature and interviews. Some variables, such as impacts of megatrends, are presented in all three scenarios, while drivers for change identified during the interviews are only present in some of them. These scenarios do not represent "more or less possible" solutions, neither they are compatible on a "positive - negative" scale. All three scenarios represent different possible alternatives that travel agencies have to consider today in their decision-making.

4.3   Data collection

It was decided together with the project partners that in the initial stage of the research data will first be collected from the corporate buyers – travel managers, in order to explore their current and future needs and relationships with the travel management companies. In-depth expert interviews were used to collect rich data in Finland, South Africa and the Netherlands. In each country 5 to 6 corporate buyers were interviewed.

In Finland all together 7 interviews were conducted during April – June 2012: 5 corporate buyers were interviewed and 2 expert organizations (Finnish Business Travel Association, FBTA, and central procurement office for the Finnish government). One of

the interviews with the corporate buyers was taken out from the data set as not valid to be classified as an expert interview, so all together 6 interviews were used in this study.

All the respondents but one was chosen randomly from the list of FBTA members. The first interviewee was a travel manager from the organization in which the author of this thesis was working, and initially was planned to be used as a test case for the interview guide. However, the testing went successfully and the interviewee provided rich data on the travel management process in that organization, so it was decided to include this interview into the study.

All potential interviewees were contacted by email first, in which short project description was given and expected project outcomes were highlighted. All together over 50 travel managers were contacted during the period of April – May 2012; however, only 7 above mentioned respondents agreed to be interviewed. Most common rejection reason was the fact that this time of the year in Finland many people took days off work, while the second most common reason was the fact that information about travel management process in a company was confidential and travel managers were not allowed to discuss it with the researcher.

The informants occupied different positions ranging from part-time travel coordinator to managing director but all of them were responsible for travel arrangements. Also their experience in travel management varied from half a year to over 10 years. Descriptions of the informants and companies they represent can be found in Appendix 2.

Empirical data was collected with the help of a structured interview guide developed by the South African project partners. The guide was sent to Finland and the Netherlands for comments, and modified based on those comments. It consisted of two interrelated parts: the first part covered questions related to the current and future situation with the travel management inside the organization as well as the relationships with travel suppliers and TMCs, while the second part dealt with megatrends and their relevance for the focal company. Interview guide can be found in Appendix 1.

All interviews lasted for about an hour and were tape-recorded and later transcribed. During the interviews questions were adjusted based on the position the informant held in a company and his/her area of responsibility. Also some of the questions were omitted as not relevant, for example, if a respondent mentioned in the beginning that the booking process happens only via travel coordinators, further questions about employee's individual preferences in making the bookings were considered irrelevant to ask. In this respect even though structured interviews were used to allow comparisons, some deviations from the interview guide were considered useful to collect opinions of the experts.

4.4   Data analysis

Data from the interview were analysed using content analysis techniques. Krippendorf (2004, 18) defines content analysis as "a research technique for making reliable and valid inferences from texts (or other meaningful matter) to the contexts of their use". The procedure used by the researcher follows the basic principles of qualitative data analysis:

1) Data is made into text (transcripts);
2) Codes are transformed into themes;
3) Data are sorted based on these themes;
4) Sorted materials are examined for patters and relationships;
5) These patters and relationships are interpreted and analysed.

The open coding was used to create categories and themes. To start with the coding, researcher used interview themes as sampling units, i.e. units that are included in the analysis. These themes were then analysed for narrower subthemes and categories. Emerging themes were added to the analysis as well. Some of the categories (for example, social media) did not find enough support from the interviews and therefore were excluded from the analysis. Table 6 illustrates themes used as the basis for data analysis.

Table 6 Codes and themes in data analysis

Interview themes/Sampling units	Sub themes	Codes
Corporate client	Travel managers (TM)	Responsibilities of TM
		Experience and education of TM
		Travel assistants
	Nature of business travel	Types of travel
		Generations
Travel management	Travel management process (TMP)	Organization of TMP
	Booking channels	Booking channels
		Direct bookings
	Travel policy	Need for travel
		Cost of travel
		Policy compliance
Suppliers	Relationships	Timing
		Agreements
		Benefits and challenges
		Hotels
		Airlines
		VR (national railway)
	Loyalty programs	Individual or company level
		Taxes
	Negotiations	Role of TMC in negotiations
TMC	Functions of TMC	Responsibilities of TMC
		Service quality
		Expertise of TMC
		Future needs
	Relationships	Costs
		Timing
		Trust
		Future
Technology	Internet	Reasons for use
		Users
	Mobile	Usage
		Future

	Substitutes of travel	Videoconferences
		Skype and other solutions
Sustainability	Use of sustainable practices	SCR
	Importance in supplier choice	Ethics
		Importance in the future
Safety and security	Traveller safety	Solutions to enhance safety
	Data safety	Responsibilities of TMC and TM
	Risk management	

4.5   Validity and reliability

There are several issues to be considered when speaking about the quality of this study. First of all, in a future-oriented qualitative research both validity and reliability are hard to define, simply due to the fact that future as a concept is vague and subjective; it changes rapidly and is often a result of unpredictable factors. Second, scenarios are stories of the future and thus depend on time when they are constructed, whereas reliability is defined as consistency of the research outcomes over the time. Therefore, in this kind of a study it is difficult to establish reliability.

Reliability of this study, however, can be assessed based on the fact that the study is a part of a bigger project involving academics in business tourism research from three different countries that took part in the research design and formulating research questions. Another issue related to reliability of this study is concerned with the interview guide design and data collection. The interview guide can be considered as a reliable tool for this particular study, as it was constructed based on the literature scanning, checked and modified by other project members and then tested. When it comes to the trustworthiness of the results generated by this research, content analysis method used to analyse interview data is considered to be reliable method of handling qualitative data. Finally, it has to be noted that the data generated by the author of this thesis was also sent to another project member for the analysis. At the moment of writing this thesis the results from his analysis are not yet ready, however, comparison of the findings will add to the assessment of the reliability of the current study.

When it comes to the **validity** which is often referred to as "measuring what is intended to measure", i.e. whether research design, methods and tools help the researcher to understand phenomenon or a concept under the study, there are certain issues to be mentioned. First, the study aims at describing the future work of business travel agencies from the buyers' perspective; therefore selection of respondents is an important issue in establishing validity. In this study interviewees vary in their experience, decision-making role, amount of time dedicated to the travel management tasks and education, therefore their experiences are hard to generalize during the data analysis stage. Another issue that may affect validity is the fact that the respondents understood the "future" concept differently. For majority of them future means 2-3 years period of time, while the researcher's intention was to address the future of 5 to 10 years ahead. While this issue can also be considered as one of the research findings (i.e. that the travel managers do not share same long-term perspective as researchers do), it can also be considered as validity problem.

Other issues affecting the quality of the current study are related to the researcher's bias; use of English language for conducting interviews; lack of scenario building experience, to name few. The researcher's bias in this study is related to the fact that the researcher has had own pre-understanding of the buyer's needs, which might have affected interview process, communication during the interview and interpretation of the findings. This bias was minimized with the help of recording and transcribing all the interviews. Another issue affecting the quality of the study is the use of English language. Even though all interviewees spoke English, in certain cases it felt as an obstacle to deeper exploration of a topic, as it was easier for an interviewee to give short answer rather than explaining a concept or a process in details. Also some issues related to the use of terms arose, for example, some respondents considered "suppliers" as all their partners, including travel agencies, while the others understood this term as related to the hotels mainly. Finally, one of the most important considerations when it comes to the quality of this study is the lack of researcher's experience in scenario building. As it was previously discussed in this chapter, there are many ways to build scenarios, yet no rigorous procedures were found by the author to support scenario construction based on theme interviews.

5 Interview findings

5.1 Corporate client

Travel managers.

All companies under the study were big (over 500 employers) international companies with substantial travel. However, functions related to travel management were executed by people in different positions in the organizations, varying from part-time travel coordinator to managing director. Descriptions of the companies and travel managers' functions can be found in Appendix 2. From the six people interviewed, two travel arrangers occupied **administrative roles** (such as management/executive assistant). Travel-related tasks represented less than 50% of their work and often were perceived as "non-core" tasks. These types of travel managers had limited decision-making power regarding travel policy, and majority of their travel-related functions included bookings on behalf of the employees, coordination between the agency and the employees and being a contact person for TMC. They negotiated with suppliers (hotels, airlines) and made new agreements. They were also responsible for educating and informing travel coordinators/assistants and being a contact person for them in case of questions.

Three managers occupied positions related to **process management** in a broader scale. Their positions included Process Manager, Category Manager and Vendor Processes Manager. These managers saw travel as a part of process development in an organization, and they took active part in developing travel processes in cooperation with procurement department. Their major tasks were related to building a smooth process of travel management (compared to executing the process for administrative managers) and included building and maintaining supplier relationships, developing travel policy and payment solutions, selecting and working together with the TMC. These types of managers saw their work mainly as developers of the processes, and had travel assistants to execute the processes.

One manager occupied Managing Director post in an expert business travel organization, and thus was classified as having **strategic role** in decision-making. This inter-

viewee did not represent corporate buyer as such, however, her role as an expert and consultant in corporate buyers' decision-making process was perceived as important for the present study. She was also responsible for educating and organizing trainings and seminars for the buyers.

Nature of business travel.

All companies under the study described travel as substantial part of their businesses, with hundreds of employees travelling annually. Out of four corporate buyers interviewed, three have so-called **"heavy travellers"** – sales and project people, for whom travel is a part of their core functions. These people travel weekly, book shortly prior departure via online tools or TMC, as often they are familiar with the destination they travel to, and thus can manage travel arrangements themselves. However, for the project people often the nature of travel is more complex, as they might need to go for a longer period of time to a new destination. In this case two companies use the help of their TMC to arrange the bookings and give advice on hotel selection in a new destination. For this group of employees travel is a part of their job description, and they were described as eager to travel by the managers interviewed.

Another group of travellers described by the interviewees was **executive travel**. This kind of travelwas booked via travel assistants, as, according to the interviewees, managers did not have time to search for hotels and tickets. Mainly executive travel was related to internal reasons inside a company, such as board meetings or trainings. In two companies executives do not follow same procedure in travel arrangements. For example, in one company managers can book business class instead of economy; and in another company the interviewee mentioned that managers would fly even if there were a recommendation to use a train for other employees. Both interviewees explained this difference by the fact that managers needed to be more efficient with the time. Also one manager explained that when government people such as ministers travel, special security and safety recommendations apply (such as not travelling by the same plain). This group of travellers was described during the interviews as not so willing to travel; and internal travel as one issue to be substituted with virtual meetings whenever possible.

When it came to **generations**, no big differences were found between older and younger employees in the nature of travel and booking preferences. One manager mentioned that she was not aware of the differences because travel assistants did the bookings and not the traveller. Another manager noted that the travel policy defined clearly booking channels and other travel procedures, so there was no room for personal preferences. However, some differences were mentioned. According to the interviews, older employees preferred travel assistants as their booking channel, and were keener on face-to-face meetings, whereas younger employees booked online and felt more comfortable with the virtual meetings.

5.2   Travel management

Travel management process.

All companies under the study had **centralized travel management process** implemented or being developed when this study was made. Two companies were in the process of changing their TMC and revising travel policy. All companies had travel policy in place that defined preferred booking channels, criteria for choosing hotels and transport providers and expense management. All but one company had *savings*, or cost-efficiency, as the "red line" in their travel policy. Examples of cost-efficiency included using public transport instead of a car for domestic travel; using phone- or videoconferencing whenever possible; choosing cheap airline tickets. The remaining company admitted that savings are important, but did not have it reflected in the travel policy.

Booking channels.

All four companies representing corporate buyers had travel assistants/secretaries to do the bookings; however, only one company used travel assistants as the only way for a traveller to book a trip. In this company all the bookings had to be done via travel assistants either by phone or email according to their travel policy. The rest of the companies used a combination of different booking channels: assistants as the primary choice, making bookings themselves via online tool or contacting TMC directly.

Assistants were recommended as preferred booking channel in three companies. They could be contacted via email, phone call or face to face by the employees. Once a traveller had contacted the assistant, he/she then emails TMC or uses **online tool** to do the booking. All companies had online booking channel available, however, only 2 companies allowed travellers to access this tool and do the bookings themselves. In both companies it was stated in the travel policy that simple point-to-point travel could be booked online. Finally, two companies allowed their employees to **contact TMC directly** to do the bookings. These companies saw this channel as unwanted, however, their travel policy did not forbid this type of booking, and so some travellers contacted TMC by phone or email, bypassing travel assistants.

While all companies had online tool used either by the assistants or travellers themselves; two companies also used **direct bookings** from their suppliers' web pages. In one company domestic hotel bookings were done directly from the hotel web pages bypassing the online booking system, and in another company it was possible to book flight tickets from one of the partner airlines directly.

Travel policy.
All companies had travel policy in place, with two companies being in the process of developing/updating the policy. The main principle of the travel policies was similar in all companies: cost-efficiency or the travel, which could be achieved through evaluating the need of travel; cheaper flights and other transport alternatives, earlier bookings, more careful selection of the suppliers.

One of the core elements of the travel policy mentioned in three buyers' interviews and both expert interviews was the **need for travel**. Two companies used reason codes for every booking. That is, employee had to state the reason for travelling. For short internal meetings and domestic travel two companies recommended videoconferencing or phone calls instead of face-to-face meetings. As one interviewee summed it up: "*now we can travel only when we really needs to, and when we have time*". However, both travel managers mentioned that they did not see decrease in travel because of the virtual meetings.

Another important element mentioned in the interviews was the **cost of travel**. All managers found it to be the outmost important at the moment of the interviews. For some companies cost-efficiency meant cheap flight tickets and hotel discounts (three companies); for the others efficiency was more in a process development, including earlier bookings and using preferred suppliers. Supplier agreements are more thoroughly discussed in the Supplier theme below.

Policy compliance was discussed as an important part of the travel management process. All but one company had strict guidelines regarding the bookings. In three companies bookings outside the travel policy were not allowed and were not compensated. One company had a preference list of suppliers: first priority to preferred suppliers, if these suppliers are not available/fully booked, then other hotels were allowed to book. One corporate buyer did not have detailed guidelines regarding hotel selection. This company allowed so-called "Google bookings", that is, random hotels outside the agreements. As the manager explained, they did not have it stated in the travel policy, so some employees wanted to book hotels according to their own preferences. The interviewee admitted, however, that this practice had to be re-assessed. Also one manager mentioned that the price is more important than the preferred supplier: according to their policy, if a hotel outside the agreements was 20% cheaper than preferred hotel, it was allowed to book this hotel.

5.3 Suppliers

Relationships.
All managers but one were responsible solely or jointly with the procurement department for creating and maintaining relationships with the suppliers: airlines and hotels. Two managers also mentioned national railways as their supplier, and one manager – ferry lines. Remaining person was only responsible for the bookings and was not involved in relationship building process.

All managers mentioned that the company had contracts with hotels and transportation providers, however, the extent of these contracts as well as terms and conditions varied. Four companies had agreements with the **hotels** at main destinations (business

areas), to which their employees travel regularly. All of them had several hotels at a destination to provide convenience and flexibility for the travellers. Some of these hotels were chain hotels; however, none of the interviewees mentioned chain hotels as their priority. One company had also agreements with small-scale hotels to reflect their ethical values. One company had hotel agreements only with their clients, even though it was possible to find cheaper alternatives at a destination.

The main criteria for choosing a hotel were certain quality standard (three companies); convenience for travellers and location (two companies); hotel sustainability and ethical programme (one company); and benefits like discounts (one company). Among other reasons were mentioned: hotel being a customer of the company; recommendation of local offices; travellers' feedback and safe hotel environment.

The contracts companies had with the hotels were updated annually; however, two interviewees mentioned that they tried to build long-term relationships with the hotels at those destinations where employees travelled regularly. One interviewee said that for the project-related trips, they usually mad short-term contracts with the hotels for the period of a project. Three managers revised contracts regularly and discontinued agreements if there was not enough volume or travellers provided negative feedback.

When it came to the **benefits** of the relationships, two types of benefits were mentioned: lower fixed prices and discount percentage. All companies had agreements with fixed rates and it was clearly preferred type of benefit from the managers' point of view, but also four managers said they had volume discounts at certain hotels. There were two main reasons to prefer fixed rates: first, fixed rates provided cheaper stay and thus saved money, which was important for all managers; and second, fixed rates were easier to upload into the booking system and thus easier to take control over the bookings.

All companies had agreements with **airlines**; three companies had relationships with the national railways; and one company mentioned ferry lines as their transport partner. Two companies made global agreements with the airlines for the main destinations

mainly based on the schedules and price. However, the price in itself was not the goal. It was more important to have flexible ticket with the possibility to change dates then the cheapest ticket. Two managers said that making agreements with airlines that would give benefits was difficult, because in order to get good competitive prices the volume of travel had to be significant. One manager explained that sometimes quoted rates at the moment of booking were cheaper than negotiated rates based on the contract. In this case even though there were certain restrictions, the company was willing to accept them and take cheaper tickets. Another problem related to the airline agreements was lack of competition in certain destinations. Two managers mentioned this as a challenge, meaning that they had to have contracts with certain airlines because there were no other carries to those destinations. They also mentioned that low-cost airlines such as Norwegian were playing a bigger role in business travel. Three companies had contracts with Norwegian.

Relationships with the **railway** were discussed by three managers. Two of them admitted that they were not fully satisfied with these relationships, and described them as "one way relationship". According to these managers, Finnish National Railways, VR, had monopoly and could thus dictate prices and other contract terms, as well as change the agreements when they wanted to. The interviewees felt that they had to choice but agree to what VR was offering. As one manager described it: "*they tell us and we do or we don't. You don't have any power, there are no competitors, so it is a relationship in one way. We use them, and that's it; they give us the rules they want us to do. So, it's not that efficient*".

Loyalty programs
None of the interviewees considered loyalty programs as being important in their supplier relationships. Two companies said that when the bookings were done via TMC, the agency would then use loyalty points for the following bookings, so travellers were not involved in the loyalty programme. At the same time three interviewees mentioned that **loyalty programs were not a company business but individual traveller's**. One company did not monitor if their employees used loyalty cards during business travel and how they used loyalty points. In another company it was stated in the travel

policy that loyalty points had to be used for business travel only, however, the managers did not monitor if employees followed the policy.

All interviewees admitted that monitoring loyalty points used by individual travellers is a complex and sometimes impossible task that should not be a part of travel manager's tasks. One person explained that there were new regulations issued by the Finnish tax authorities regarding the usage of the loyalty points which stated that it was employee's responsibility to include bonuses from the loyalty card into his personal tax claim; and that a company should keep track on the usage of the bonus points, but they were not liable to make tax returns on these points.

Negotiations with suppliers
Four companies under the study negotiated supplier agreements. In three of these companies, negotiations were responsibility of a travel manager, whereas in the remaining company in was a task of a sourcing manager to negotiate the agreements, and the travel manager did not take part in the negotiations. One company also used their TMC's contracts, and one more company relied on the TMC to negotiate on the company's behalf.

Those managers that negotiated themselves with their suppliers did it because they wanted to have control over agreements. They also though that it was not the TMC's responsibility to be involved in negotiations. At the same time two managers mentioned that TMC is a part of the process: one company used TMC's contracts for the hotels, and one company allowed their TMC to negotiate new contracts. One more manager thought that in the future they might use TMC's expertise in negotiation process.

5.4 Travel Management Company

Functions of TMC
All four corporate buyers as well as government procurement organization used TMC in their travel management process. Two of the companies were in a process of changing their TMC at a time of the interviews (Spring 2012). According to the interview-

ees, the functions of the TMC were the following (the number in brackets indicates amount of managers mentioned this function):

- Booking hotels and flights (5);
- Providing statistics and reports (5);
- Offering online booking system (3);
- Helping control and monitor travel (3);
- Providing travel-related information (3);
- Visa support (3);
- Offering solutions that support client's travel policy (consulting) (2);
- Maintaining traveller profiles (2);
- Negotiating with suppliers (2);
- Execute travel policy (2).

Clearly major functions of TMC were bookings and reporting. Managers valued statistics they got regularly from the TMCs and information about the cost of travel. They also mentioned that one booking system helped to get better reports, so online tools provided by the TMCs were mentioned as one task of an agency. Managers also believed that TMC helped to control and monitor where the travellers were. Three managers mentioned providing travel-related information as important task of an agency. Examples of information included destination-specific information, vaccination recommendations and possible weather disturbances. Visa support was also related to information regarding destination, and was mentioned by three managers. Other functions included consulting services, storing and updating traveller profiles, negotiating with the suppliers and executing travel policy.

When asked about the **future functions and roles of TMCs**, most managers agreed that agencies needed to become more expert-oriented and provide consulting services rather than mere bookings. As one interviewee said: *"… when you talk about TMC, the name tells it, it is Travel Management Company, they need to know why this company is travelling, where they are travelling, and then be able to recommend to the buyer…"* So, providing information that would help companies optimize their travel was among the future needs mentioned. Two managers would have liked their TMCs to be more proactive and not just

give reports, but also provide feedback and recommend suppliers. IT-knowledge was also mentioned as future expertise of the TMC staff due to development of online and mobile booking tools and information systems. Overall, consulting services were heavily emphasized during the interviews as desired function of TMC, however, only one company was satisfied with the level of such services, the rest would have liked their TMCs to offer these services in the future.

Relationships

Most companies had two to three years' contracts with their TMC. Two companies were in the process of changing their TMC, and one company planned to change the TMC next year. Three years was a common duration of the agreements, followed by the assessment, after which the company opened next bid. One company had two years' agreement with the TMC, because they were in a process of building new travel management programme and defined relationship with the TMC as "a test". As the manager stated: "*we are not married yet, we are just dating*". Another company changed their TMC due to re-organization of own business. One more company had had same TMC for over 10 years; however, it was the only company under the study to have long-term relationships with the agency.

Most interviewees agreed that building relationships with TMC takes time and effort and requires trust and commitment from both parties. Three companies had nominated account manager or a team in the TMC who worked closely with the travel manager. The managers met at least once a month and communicated by email and phone call on a weekly basis. However, one manager felt that nominated account manager did not have enough time for face-to-face meetings. According to this manager, the expertise of the TMC was of a high level, but the time spent with the client was not enough.

When asked to describe relationships with the TMC, the most common answer was "executors of our travel policy". That is, managers saw TMC as a partner that should follow guidelines and policies of their clients. At the same time two managers expected TMC to take more active role in the company travel management and help optimize the process. "Partnership" was a common word to describe the relationship, however,

corporate buyers wanted to keep control over the relationship and expected TMC to follow. The concept of a partnership was described well by one of the interviewees who said that "… *the relationship at it's best is really so deep that the TMC understands the nature of business of the client*".

5.5   Technology

Online booking tools

All interviewees mentioned technology and in particular online bookings as important part of the travel management. Online booking tool was set up together with TMC in all companies under the study. In two companies travel assistants used online booking systems offered by TMC to do the bookings. In these companies travellers did not have access to the online system. Two other corporate buyers offered online bookings as the primary booking channel for the travellers. However, they also mentioned that less than 50% of the bookings were done online. Mainly younger employees were using online system. According to the interviewees, older travellers were less comfortable with technology and so preferred traditional channels such as assistants or TMC. One company used Amadeus system for online bookings, and acknowledged that it was not very user-friendly but the company developed own guidelines for the travellers to use the system.

One of the main reasons to use online booking tool was its cost efficiency. Two managers said that using online tool is cheaper than contacting TMC. Another reason for using the online system was policy compliance. Two companies had restricted the selection of hotels in the system to include only contract hotels available for bookings. In one company the system monitored out of the policy bookings and sent e-mail notification to the travel manager each time a non-contract hotel was booked. Two managers said that using online system was most convenient booking channel. They hoped that in the future more travellers would use online instead of travel assistants or TMC.

Mobile bookings

Mobile bookings were not in use in half of the companies under the study. Two companies used mobile bookings, and one company did not mention mobile tools. Com-

panies that did not use mobile explained that at the moment only web-based booking tool was available, but in the future they might use mobile versions as well. One manager mentioned lack of equipment (such as good phones or iPads) as an obstacle for using mobile. Another manager did not see mobile tools as necessary because the assistants did all the bookings.

Those companies that used mobile mentioned travel applications, mobile tickets, check-in and delay messages as technologies in use. One manager mentioned that mobile systems were new technologies and were available for the hotel bookings only at the moment of the interviews. The benefits of using mobile applications were related to information flow in case of delays, changes in the schedules and emergency alerts (like in the case of an ash clouds). At the same time one manager mentioned that the problem with mobile technologies, in particular mobile tickets, was related to the lack of paper proof needed for reporting purposes. Mobile tickets needed to be printed in order to be included in the travel expense report, and not all travellers remembered or had a possibility to print it. Nevertheless, all managers acknowledged the importance of mobile applications in the future.

Videoconferencing

Four managers said that video- and teleconferencing was used in their organizations as virtual meetings. In two companies videoconferencing was included into the travel policy: it was stated that internal short meetings had to be done with the help of technology instead of travelling whenever possible. Videoconferencing was seen as a tool of reducing internal travel between company's units as well as a substitute of international meetings in which members were familiar with each other. For the sales meetings as well as new contacts traditional face-to-face meetings were stated as more appropriate.

When asked to estimate how videoconferencing affected amount of business trips, managers were not able to give precise numbers. One manager said that amount of emails had reduced with the use of videoconferencing, but no statistic was available to make conclusions regarding flown miles. She indicated that this was something to monitor in the future.

Technology trends

Three managers mentioned mobile bookings as a future tool in business travel. Some of them used mobile technologies already now, but they felt that the usage of smart phones and tablets would facilitate mobile travel applications development and use. Managers also stated that online tools they used now could also be available via mobile in the future. Individual bookings made by the travellers themselves instead of assistants were also mentioned as facilitator of mobile bookings.

One manager mentioned development of virtual meeting systems and mobile applications as a future development. She also saw direct offerings from suppliers as one example of technological trend and as a future booking channel. One more manager mentioned direct bookings from suppliers as coming trend. It was supported by the fact that two companies used web pages of hotels and airlines to make bookings.

5.6   Sustainability

Sustainability was clearly not the main element in travel management for the interviewed managers. Only one interviewee – from the government procurement organization - had strong ethical and environmental guidelines in the travel policy. The corporate buyers under the study acknowledged relative importance of sustainability, but admitted that it was not the issue in supplier selection or other travel-related decisions. Also the interviewee from the expert organization noted that sustainability was taken into account but was not the main driver in travel management.

Three companies had general corporate social responsibility guidelines that were valid also for the travel procurement. These guides defined criteria for choosing suppliers, for example, using small hotels; taking into consideration carbon offsets of the suppliers and checking CSR policies supplied had. Two managers mentioned that in the online booking tool there were links to the hotel web pages, so if the hotel wanted to include environmental policies, travellers could find it there; but there was no separate field to sort hotels based on their environmental impact.

Videoconferencing was mentioned by two managers as their statement of environmental responsibility; however, at the same time the managers admitted that cost-efficiency was probably more important than sustainability when using alternatives for travel. Similar approach was used when making decisions whether to use trains over flights; and public transport over own car: although the choice of a train or public transport was more sustainable, it's price was more important factor.

Three managers believed that sustainability should be more an individual traveller concern rather than company's. At the same time they acknowledged that this was the issue discussed more than acted upon.

Two companies had stated that CSR was important but had not defined clearly what it meant. For example, there were no limits for rental cars or flights in one company. Another company had started developing ethical guidelines and planned to include travel management into these guidelines.

All interviewees believed that sustainability would become more important issue in the future, however, at the moment strong emphasis on cost-efficiency was clearly more important than green values and social responsibility.

5.7 Safety and Security

All interviewees stated that safety of the travellers was an important issue. Three companies had safety guidelines in the travel policy, and one more company was in the process of developing travel security programme. One company did not have clear safety guidelines for staff, but relied on the travel agency in providing information regarding safety. For one more company, the government procurement, safety was outmost important due to the nature of their clients (for example, ministers). In this organization three levels of security were used, including special regulations for the travellers; security checks of the suppliers; and different access rights to the traveller profiles within the TMC.

Overall all interviewees agreed that safety and security were joint responsibility of the company and TMC. Three companies mentioned online portal where travellers could find safety-related information and emergency phone numbers among other instructions. These numbers were TMC's numbers, that is, in case of a trouble travellers had to contact the agency to address the issue. One manager only said that she expected employees to contact travel assistants, not the TMC team. Two managers mentioned that TMC would send text messages as alerts directly to the travellers" phones in case of delays or other unplanned situations.

Another issue related to safety was the fact that bookings should be done via the online tool or the agency directly. Bookings via TMC were seen as safe, because then travel managers knew where the travellers are and which suppliers they used. Four managers mentioned bookings via TMC as a safety issue.

6 Scenarios

6.1 Key assumptions

Scenario planning is a structured process to foresee future based on certain assumptions. The following scenarios were created based on the interview findings (see Chapter 5.1) and megatrends identified through the literature (see Chapter 3). The findings and megatrends allowed three independent scenarios to be identified for the next 3 to 5 years.

Based on the interviews, three types of the variables were chosen for the scenario planning: corporate buyer factors; TMC factors and supplier-related factors, and three possible statements were made on each factor, reflecting probably future development.

From the corporate buyer side there were three factors identified based on the interview findings: different roles of travel managers; demands of the travel policy concerning booking processes and the overall travel efficiency; and individual travellers' preferences and attitudes. Assumptions about these factors are presented in Figure 8.
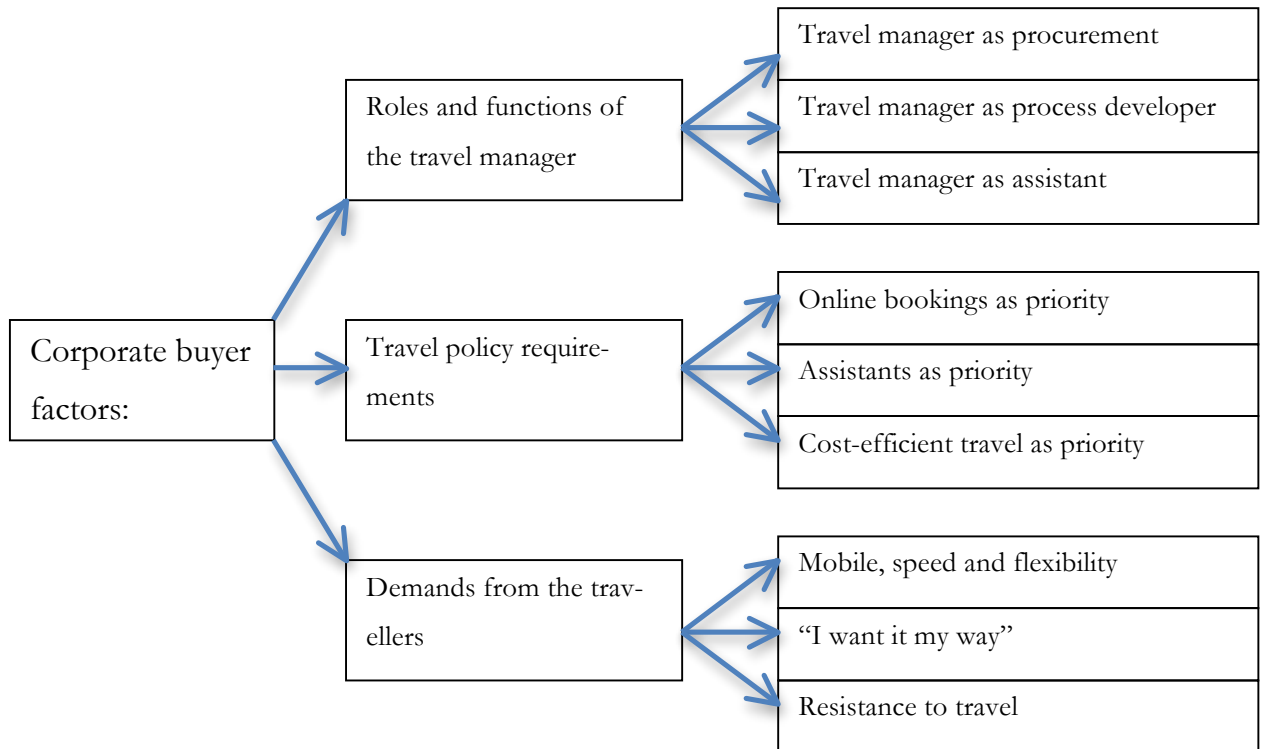

Figure 8 Corporate buyer factors and assumptions.

Figure 9 presents factors from the TMC side: the expertise of the agency; it's service offering and the nature of relationships with the clients.
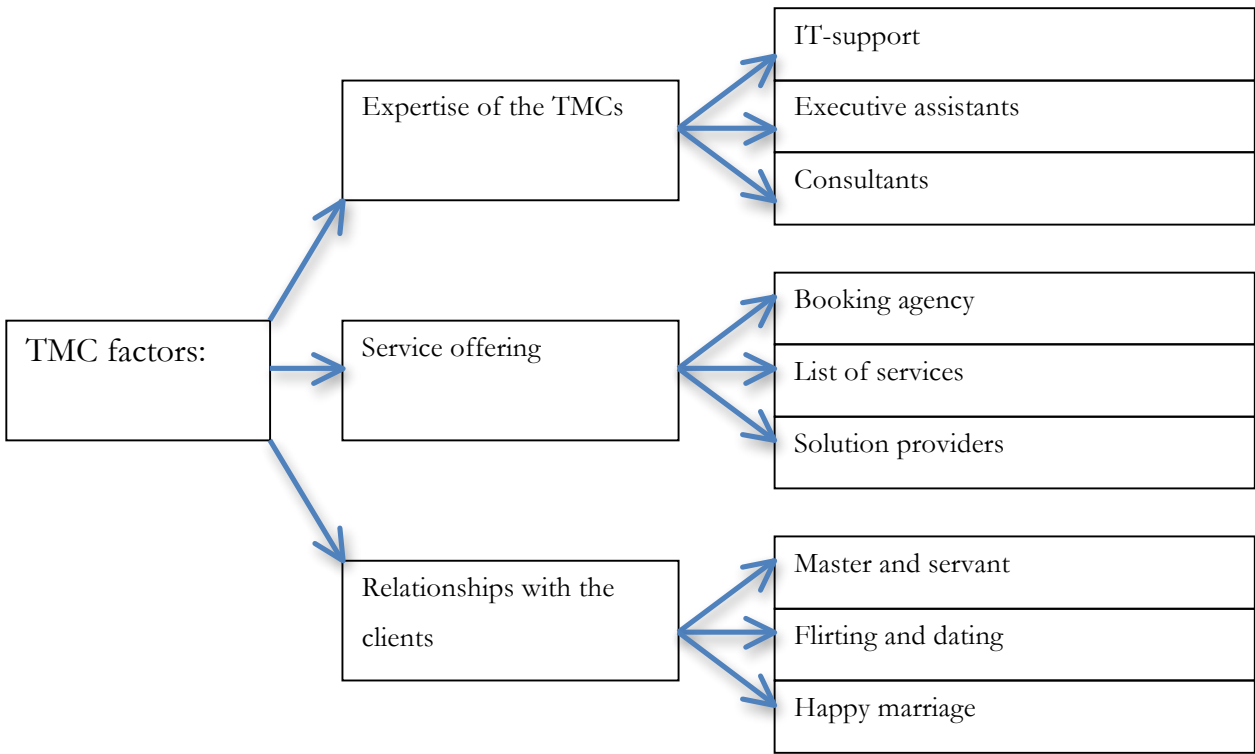
Figure 9 TMC factors and assumptions.

From the supplier-related factors only two were considered important for the future work of TMC: sustainability and security as a trend; and relationships with the clients. Assumptions on these factors are presented in the figure below.
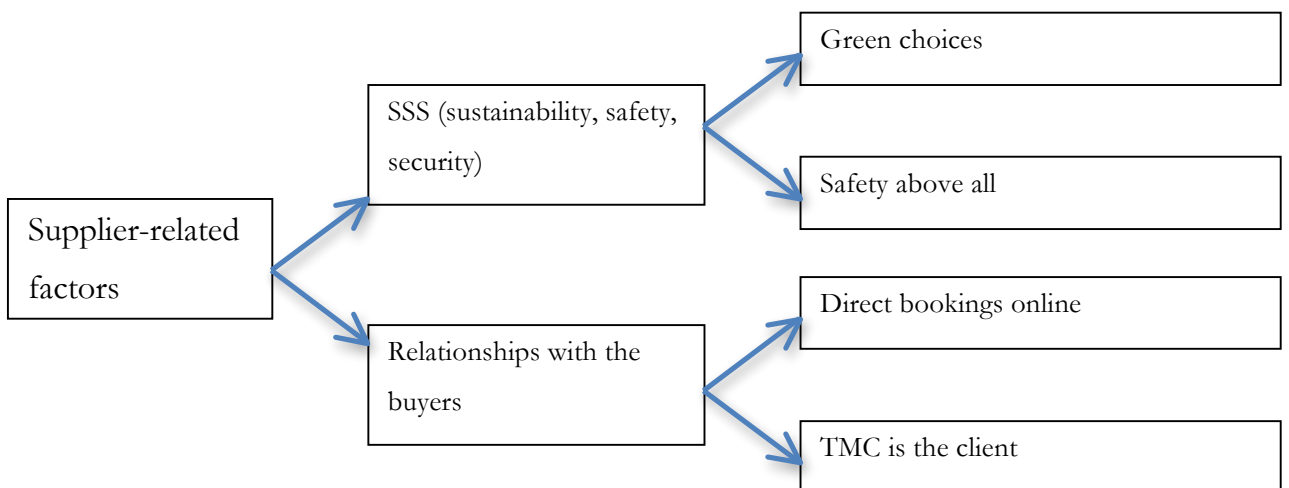

Figure 10 Supplier-related factors and assumptions.

Based on the combination of the assumptions presented above, three scenarios are developed to address possible future work of business travel managers. These scenarios are not exclusive; they can co-exist in the future as they only reflect combination of buyer-, supplier- and TMC-related factors. Corporate clients are different in their size, travel volumes, cost strategies and business areas, thus their needs concerning TMCs are also different. So, scenarios presented below use the buyer' needs as the starting point and concentrate on the travel agency work and offering in the future.

6.2   Scenario 1: "Press the button"

Key assumptions: travel is easy and familiar; travel managers as assistants; online and mobile bookings as priority; many suppliers; educated travellers; TMC as booking hub.

The first scenario utilizes technology as key megatrend in the future work of the travel agencies. According to this scenario, business travel in the future will become more frequent due to globalization and economy development. Companies will expand their businesses abroad, having subsidiaries and sale offices in different geographical areas to serve international customers. Employees of these international companies will be required to travel on a regular basis. For them, travel will become a part of daily routines, and with development of air transportation trips will become easy to plan and execute.

Employees in the future will use internet connection to plan, book and report their trips, so online bookings will become a priority. Because of frequent travel, employees will use laptops, pads and smart phones – or any other portable devices – to work outside the office, so online travel system will become essential. Travellers will use personal ID when entering the system from any device with the internet connection, making it easy to access booking history, to make changes in the reservations, or to communicate with the TMC.

In this scenario, there will be no position of the Travel Manager in the company. Travel-related tasks will be executed by the management assistants as part-time job. These tasks will mainly be related to being a contact person for a TMC as well as up-

dating travel policy when new suppliers emerge. Travel procurement will be a function of procurement department together with other organizational purchasing tasks.

Companies will use wide network of suppliers, both hotels and transportation providers, to serve frequent travellers better. Instead of choosing preferred suppliers, companies will make agreements with many different service providers, especially in the air transportation. Convenience for the traveller will be the main selection criteria. The price will still be important when choosing suppliers, however, preferred supplier agreement prices will not be significantly different from the normal rates.

If online and mobile booking channels become a priority, travel management companies will mainly be needed to connect all the suppliers into one system. Building integrated online portal for the corporate clients will become the major task for TMCs. So, IT-competence will become essential for the TMCs to survive. The agencies will turn from booking agencies to booking hubs, connecting the buyer with all the suppliers and providing support and maintenance for the online portal. The buyers will expect their TMC to provide 24/7 online support, and instead of having one assigned Account Manager will require a team to be available all the time.

6.3   Scenario 2: "Do as we say"

Key assumptions: travel managers as experts and developers; careful supplier choice in-house; TMC as executors of the policy.

According to the second scenario, corporate buyers will have an expert position of Travel Manager, whose main tasks will be to develop and optimize travel processes within organization. With business education and background in the selling or intermediation, this travel manager will have knowledge and competences in travel management and travel procurement. He/she will take part in strategic decision-making in the organization, and will develop travel policy and supplier relationships according to company's values and strategic goals. The manager will choose suppliers and TMC carefully, having extensive RFP, in which travel management process will be pictured.

He/she will personally check every supplier to make sure that suppliers are of a certain standard.

In the second scenario, travellers will have less freedom in their booking preferences. They will follow travel policy strictly, and will use travel assistants to help if needed. From a traveller point of view, there will be not many hotels to choose from, however, these hotels will all be reliable and of the same standard. The travellers will also use online booking channel, but assistants will still be used more often. Travellers will not be contacting TMC directly.

When it comes to TMCs, their main role will be to execute travel policy of the client. They will need to follow instructions from a travel manager and will need to adjust own practices and tools to fit the need of the client. If a TMC is unable to do so, it will not be chosen as a partner. With clear travel management model, it will be rather easy for a company to switch from one TMC to another, so it will be important for a TMC to address the needs of the company to become partners. Relationship between the TMC and the client will be hierarchical, with the client telling the TMC what and how to do.

6.4   Scenario 3: "We can help your business grow"

Key assumptions: TMC as expert and consultant; provides solutions to customers; chooses suppliers on behalf of customers; addresses corporate not travellers' needs.

The third scenario offers expert role to the TMC. According to this scenario, travel management in the future will become even more complicated. Travellers will have complex itineraries with multiple destinations during one trip; they will have special needs such as rooms for allergic people or special food on the plane. At the same time companies will expand to new markets and will need assistance in finding reliable suppliers there. To address these requests, TMCs will offer consulting services for their clients, turning from the booking agents into expert organizations offering information support, helping in supplier selection, and giving recommendations on travel management process.

In the future, TMC will provide Account Manager for each corporate client, who will work closely with the customer on a long/term basis. This account manager will understand the nature of the client's business and thus will be able to give recommendations on developing travel management process according to the goals of the company. The buyer and the TMC will work together on optimizing booking channels and costs of the travel. Such cooperation will require trust and commitment from both parties, but once achieved, will last years.

To be able to become an expert organization, TMC will need to have account managers who know destinations well, who are familiar with the industry trends and who have competencies in IT, excellent communication and time management skills. So, investing into personnel will become one of the major tasks for the TMCs to prosper and compete.

6.5 Managerial implications and discussion

The scenarios above offer both corporate buyers and travel management companies a possibility to think about the future work, skills and competences needed as well as to assess relationships between a TMC and a buyer. Although these scenarios utilize only some of the interview findings, it is important to remember that key variables such as travel management process, supplier relationships and TMC relationships, are interrelated and depend on the corporate buyer's business, type and size of the company, growth orientation and other buyer-related factors.

For corporate buyers the scenarios can be used as a tool to assess own priorities in travel management, as well as future relationships with TMC. To be prepared to meet the future, companies must be able to answer the questions such as: is travel managed well at the moment? Is it cost-efficient or not? Will travel in my organization increase or decline? Do we have the tools to offer smooth booking and reporting process for our travellers? Can our TMC help us in developing better travel management process, or do we need to change the partner? Do we know how to optimize the process, or do we want TMC to help us? Answering these questions can help the buyers to decide if

they want to keep the competencies in-house and have Travel Manager who will provide cost-effective solutions or if they need reliable TMC who will take care of the travel tasks.

For travel management companies the value of the scenarios comes from re-thinking their current skills and competences and assessing readiness for the future. It is clear that IT skills will be needed in the future, as online and mobile bookings are getting more and more popular among business travellers. At the same time an important question TMCs need to answer is: do we want to be online booking hub with a team of backstage support, or do we want to turn into an expert organization providing information management and support, recommendations and travel management optimization for our clients? Do we have personnel qualified to meet our goals, or do we need to train and/or find new employees?

Scenario thinking is a tool for managing the future. However, scenarios presented in this thesis are short-term oriented. They are built based on the interview findings, which were mainly concerned with the present situation. For the travel managers it was a difficult task to think about long-term future. Most of the interviewees were only able to make assumptions about 2 to 3 years time span. This lack of future orientation among corporate buyers can also be seen as important implication of this study: in order to optimize travel management programs, it is essential to have long-term vision of business travel. Building travel management program that is aligned with the organizational goals and at the same time easy to follow by the travelers requires time and effort, thus, strategic thinking is a must in this process. Also, building relationships with suppliers and TMC is a long process. One of the reasons why travel managers lack strategic thinking at the moment could be their lack of skills and experience in optimizing travel programs. This lack of experience is reflected in scenario 2, where travel managers are given the role of experts in the future; and scenario 3, in which skills and expertise are a part of the value-added service of TMCs.

When talking about megatrends shaping business travel, one conclusion from this study is that not all trends are perceived as important in the future by the travel manag-

ers. Technology development, increase of online bookings and emergence of mobile bookings are current trends. It is expected that technological development will have even greater impact in the future of business travel, as all managers emphasized the importance of information technologies in the future. At the same time sustainability, which was identified from the literature as current and future trend, was not found to be important for travel managers in their relationships with suppliers and overall in travel policies. One interesting fact is that the interviewees considered sustainability as responsibility and right of an individual traveler and suppliers, not the company. Only one organization under the study, the government procurement office, incorporated social corporate responsibility into their travel management process. So, a question for the future is whether corporate buyers will continue concentrating on savings and cost-efficiency as main drivers of the corporate travel, and whether sustainable choices will support these drivers.

Another important trend that was visible from the interviews but not addressed in the scenarios are safety and security. Clearly, corporate buyers understand the importance of stress-free travel and reliable partners. Cooperation between travel managers, security department, TMC and other partners such as insurance companies are the signs of developing solid travel safety programs. However, it is unclear at the moment, who should be responsible for the safety program – the buyer or the TMC. This might also be a niche for TMC to offer services related to safety and security of the travelers.

6.6   Conclusions

This study focused on the future work of business travel agencies. It aimed at analyzing drivers for change in the business travel distribution from the corporate buyers' point of view and at developing scenarios that will help travel management companies to be prepared for the future challenges; to understand structural changes in the corporate travel ndustry; their own role and functions in the future as well as competencies needed to succeed. The question under the study was: **How will the role of travel management companies change in the future? What are the competences and skills required from travel intermediaries to address the changing needs of their corporate clients?**

To answer the research question, four sub-questions were posed. First, trends affecting travel distribution were identified and analyzed. From the literature scanning and industry reports the following megatrends were considered important for the future of corporate travel: globalization and economic trends, ageing population, sustainability, technological trends, changes in consumer patterns and safety and security. Among these trends, especially technology will shape corporate travel and travel programs in the future.

Second, current and future needs of the corporate buyers were analyzed. Clearly the cost pressures were found to be one of the most important drivers of the corporate travel at present, and so will remain in the future. Optimizing travel programs, policy compliance and online booking systems were found to be the current and future needs of the buyers. The need for alligning organizational goals, travel programs, supplier networks into one user-friendly system was found to be important in the future. Also information management and expert knowledge of destinations, travel procedures and itinenary planning were mentioned as the future needs.

To address these future needs, travel management companies need to provide value-added services for the corporate buyers. These value-added service should include IT skills in developing and maintaning integrated travel online systems to ensure policy compliance and offer easy and flexible solutions to the travellers. Also managing information and providing statistics together with recommendations is expected from TMC in the future. Apart from offering reports, TMCs are expected to be proactive and offer advice on optimizing travel. In certain cases it is also expected that TMCs will take the initiative and lead travel management process development.

In order to be prepared to meet the future needs of the corporate buyers, TMCs need to re-think their service offering. Differentiation will be a key in the future travel agency work. TMCs can concentrate on being virtual booking hubs, or expand their service offer and provide consulting services and tailored solutions to their clients.

Corporate travel is and will be shaped by the needs of the companies, however, whatever these needs are, the travel will remain in the future as important business communication tool. Therefore, it is in the company's interests to create travel management programs that are alligned with organizational goals; are cost-effective; easy to manage and at the same time convenient for the travellers. Most of the companies do not have resources to build such programs alone, so they need TMC to help with the process. Therefore, in order to stay relevant in the future, travel management companies should offer expert advice, IT support and professional help together with the bookings as value-added services for their clients.

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Attachments

Appendix 1 Interview guide

<table>
<tr><td colspan="3" style="text-align:center">INTERVIEW THEMES AND QUESTIONS FOR BUSINESS TRAVEL RESEARCH
Interviews with Corporate Travel Managers/Travel Coordinators</td></tr>
<tr><td>PART 1:</td><td>CURRENT</td><td>FUTURE</td></tr>
<tr><td>STAKEHOLDERS:</td><td></td><td></td></tr>
<tr>
<td>CORPORATE CLIENT

- Corporate travel drivers (for example savings, safety, comfort, productivity etc.)
- Responsibilities of corporate travel manager</td>
<td>- What are the responsibilities of the corporate travel manager?

- What are the drivers of corporate travel at the moment?</td>
<td>• How will the responsibilities of the Corporate Travel Manager change in the future?

• How will business travel develop in the future? Will the drivers of corporate travel remain the same in the future?

• Will the variables affecting traveller behaviour currently, change in the future?</td>
</tr>
</table>

TRAVELLERS *Differences between Gen Y and older generations* *Preferred treatment*	• Do you see the differences between older employees' travel arrangements and younger generations? What are they? (booking channels, variables such as quality vs price; flexibility; short notice; speed, accuracy and professionalism vs friendly service offered by a travel agent) • Preferential treatment: do corporate travellers expect preferred treatment at hotels, airlines etc	• Which direction is the booking process among younger employees heading? • If travellers expect preferred treatment from suppliers at present, will that remain the same in the future?

SUPPLIERS
 	
    - *Role*
    - *Relationships and pre-ferred agreements*
	• Describe your relationship with your suppliers (trust, transparency, power balance, preferred agreements, selecting suppliers)
	
	• What are the factors that play a role when negotiating preferred supplier agreements?
	
	• Are you satisfied with your current supplier agreements? Why/Why not?
	
	• Do you negotiate directly with suppliers? Why/Why not?
		• How do you foresee the relationship with your suppliers in the future? How will it change?
		
		• What would you expect from your suppliers in the future? Is it anything different from what you are currently expecting?
		
		• Do you think the factors that play a role when negotiating preferred supplier agreements will change in the future?
		
		• Do you see yourself booking directly with

		• Are you currently part of a loyalty programme?	suppliers in the future?
		• How do you see loyalty programmes changing the way you make bookings?	• How do you see loyalty programmes changing in the future? Will it remain important?
		• Who is responsible for administering your programme? Do you feel a TMC should take on this responsibility?	• What should a TMC responsibility be regarding loyalty programmes in the future?
		• Any problems experienced with the programme?	• Do you negotiate better deals with suppliers (airlines, hotels etc.) compared to your TMC and how do you see this changing (if any) in the future?
		• Do you feel safer when making bookings via a TMC than directly to suppliers?	

TMC
 	
  - *Role*
  - *Competencies and skills*
  - *Value added services*
		• Why do you use a TMC?
		
		• What are the responsibilities of your TMC?
		
		• What are the skills and competencies that you expect from a TMC?
		
		• What do you feel are the value-added services that
			• Do you foresee that you will use a TMC in the future? Why/ Why not?
			
			• Do you feel the TMC's role should change? If so how?
			
			• Do you think that your TMC's responsibilities will change in the future? How?

	a TMC could provide? • Are you happy with your TMC? Why/Why not? • Do you trust that your TMC will negotiate the best deals for their clients?	• What skills and competencies will a TMC need in the future to remain relevant? • What value added services should a TMC offer in order to remain relevant in the future?

Appendix 2 Descriptions of the corporate buyers and experts under the study

Case	Description of the company	Interviewee position and experience	Role / Position code	Description of the travel management process	Comments
1	Higher educational institution that operates in Greater Helsinki area with about 500 employees, out of which some 200 travel annually.	Management assistant/travel coordinator At this position 9 months. Travel management as part of the tasks (up to 25% of time)	CB /ADM	Centralized procurement process via TMC but maverick buying is not prohibited and not monitored. No stick guidelines for travellers regarding travel policy. Role of TMC mainly to handle reservations.	
2	Family-owned Finnish group that operates in 8 countries in the field of food services, bakery and confectionary products. About 15000 employees, some 1500 travel annu-	Process manager, travel & meeting management At this position 1,5 year, full-time.	CB/ PRO	Travel management process and travel policy in development stage. New process will be based on strict guidelines and centralized purchasing. Maverick buying prohibited. TMC is a new partner	

	ally.			in developing the process.	
3	Professional organization for business travel professionals, both buyers and suppliers, with the mission to enhance the understanding, knowledge and skills required in corporate travel and meeting management and procurement.	Managing director At this position 6 months, full-time	EXP/ STR	N/A	Acts as experts and consultants in travel management. Helps members/buyers develop their processes. Provides training and education.
4	One of the oldest manufacturers of beers, ciders, soft drinks and energy drinks in Finland and oldest foodstuff producer. Part of a big international brewery group. In Finland employs about 900 people, out of which some 250 travel annually.	Executive Assistant At this position 12 years. Travel management as part of the tasks (up to 10% of the time)	CB/ ADM	Centralized procurement process via TMC. Maverick buying prohibited. Long-term relationships with same TMC. The TMC acts as expert advisor and consultant in developing the process.	

5	Central procurement unit of the Finnish government. Acts as expert organization, which puts the products and services required by the public administration out to tender and maintains the related framework agreements.	Category Manager, Travel Management. At this position 4 years, full-time	CB, EXP/ PRO	N/A	Acts as procurement unit for different governmental organizations, ministries, units etc. Develops strategic travel management process and negotiates framework agreements on behalf of customers.
6	Global cargo handling solutions provider with operations in 120 countries and over 10000 employees worldwide. HQ in Helsinki, Finland. In Finland some 1000 employees, out of which 800 have traveller profiles.	Manager, vendor process development, Travel Manager. At this position 7 years plus 10 years in a similar position. Part-time (up to 25% of time)	CB/ PRO	Centralized procurement process via TMC. Maverick buying prohibited. New TMC has recently been selected as a partner. Role of the TMC as executor of the travel policy.	

Role codes:

- CB – Corporate Buyer
- EXP – Expert in travel management process

Position codes:

- ADM: administrative position; travel management as part of the tasks (less than 50% of working time). Limited decision-making role
- PRO: process management position; travel management as part of the process development. Active decision-making role in coop. with procurement dept.
- STR: strategic management position, senior decision-making role.