

At a Glance

- Manufacturing Company
- Scope: Travel spend of \$3,500,000 annually, 5,550 transactions, 88% domestic
- Estimated annual savings of \$140,000 (based on specific fare class inventory and 350 round trips in first year of market pair discount)

Challenge

A leading producer of engines for outdoor power equipment, that operates numerous facilities in the United States, needed assistance in negotiating and implementing a carved-out market pair contract term. They wanted this market pair contract term to be aggressively priced and included on the contract with their preferred airline carrier. Travel Leaders was engaged to help identify which domestic market pair would help build optimal value and savings.

Solution

The client and Travel Leaders worked together to identify the domestic city pair that would provide the best opportunity for optimized cost savings. The number of segments flown and the travel spend that was incurred ultimately determined which key city pair was chosen. Once this was determined, the team took the suggestion to the preferred carrier to build in to the new contract proposal.

The carrier responded to our suggestion by asking if the client could travel a minimum of 250 segments per year in this city pair on their aircraft. Travel Leaders then ran some air activity reports to ensure that the client could meet these obligations.

Results

The preferred carrier came back with a very generous offer of a fixed flat fare for the key market pair that was identified. The carrier placed some minimal restrictions on this discounted fare, but nothing that the client was not expecting or could not overcome.

A total of 700 segments were flown in this market pair in the last 12 months resulting in a 99% market share for the preferred carrier, thus raising the overall contract performance.
