

At a Glance

- Global Manufacturing Company
- Scope: Travel spend of \$24,000,000 annually
- Realized average savings of \$773,909 for 1st quarter (net rate of 15.1%)

Challenge

The U.S. based global manufacturing company faced renegotiations in 2008 on several carriers. Performance on previous contracts was struggling due to overextended and overlapped market share performance in certain areas. The client was seeking supplemental savings by improving discounts with key air suppliers, and realigning market share to insure better performance.

Solution

The client engaged Travel Leaders to assist in negotiating airline agreements. Travel Leaders analyzed travel patterns and completed a benchmarking study to gauge overall program effectiveness against unbiased market intelligence. It was determined that the customer was over extended in the Asia markets.

Travel Leaders was able to negotiate with the top 2 international carriers to agree to lower market shares in key markets while lowering the discount by only one point. The carriers also agreed to place financial incentives in place to reward the customer for good performance.

Results

The first quarter of the new contracts proved to have excellent performance on all carriers in the customer's portfolio – even over performing in some markets. The overall net effective savings rate was at 15.1% resulting in a total savings of \$773,909 for the quarter. The customer also achieved the incentive goals and was rewarded for good performance showing an additional soft dollar savings of over \$5,000.
