



# Top 5 best practices for LCCs to be successful with travel agents



Amadeus  
Best Practice study

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## The travel agency channel is booming for LCCs

Ten years ago, many low-cost and hybrid carriers (LCCs) didn't address the passengers that used travel agencies to book flights.

Fast-forward a decade and travel industry dynamics have changed dramatically. Most low-cost and hybrid carriers now have a distribution strategy where the travel agency channel features prominently. In fact, over the last three years, **travel agents have delivered 28 %<sup>1</sup> growth in LCC sales**, accounting for **up to 30 %<sup>1</sup> of total LCCs' volumes**.

For these airlines who have embraced an omni-channel approach and see the long term benefits of travel agency sales, efforts to work with agents have certainly paid off. They have expanded their geographical reach to capture incremental sales, accessed completely new customer segments and generated significantly higher revenues from these customers.

### Did you know?

- ✓ Travel agencies continue to be a huge force in the travel industry, commanding over **50%<sup>2</sup>** of airline sales
- ✓ LCCs can generate on average **€10<sup>1</sup>** net revenue more per booking via travel agents compared to bookings on airlines own websites

Travel agents have delivered **28%** growth in LCC bookings over the last 3 years

This paper outlines Amadeus' key experiences from working with these airlines and the travel agents and shares the top 5 best practices to allow other carriers to fully capitalise on the travel agency channel.

## Understanding your partners' needs

For any commercial partnership to be successful, it is important to understand your business partner's needs. In the case of airlines, recognising what travel agents require to service their clients and run their business, is key to forming a profitable relationship.

Today's travellers demand far more from travel agencies and it is only by providing an effective and personalised travel experience that agencies can hope to secure their trust and continued loyalty. Whether booking air travel for business or leisure, access to choice and value for money are key factors for both agents and their customers.

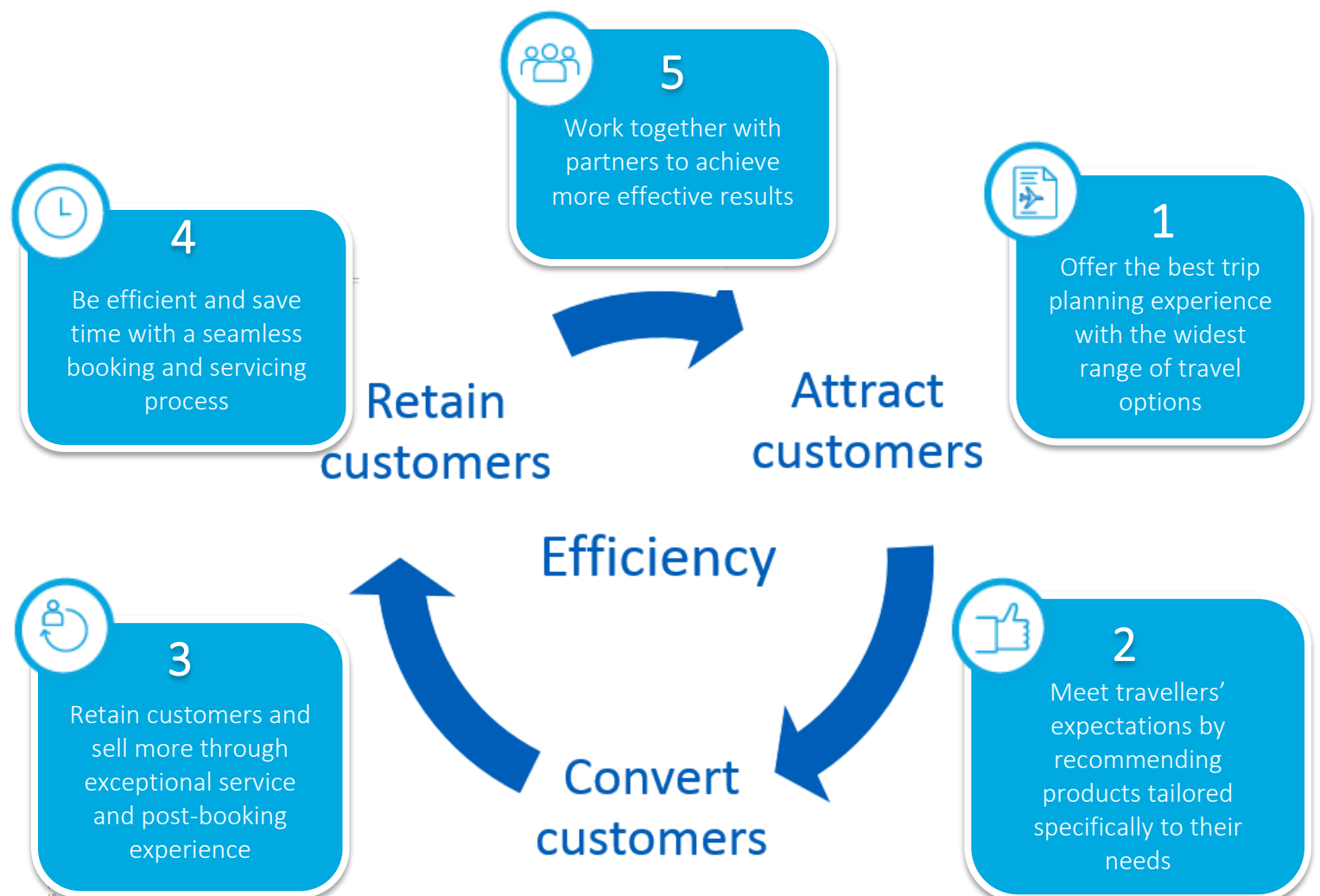
<sup>1</sup> Amadeus MIDT data, 2016

<sup>2</sup> Phocuswright European & US Online Travel Overview Eleventh Edition, Jan 2016

This means agents are more open than ever to including low cost and hybrid carriers in their recommendations to travellers, if they can do so without impacting the efficiency and service levels they provide.

So, what are the needs of travel agencies and how can understanding these help LCCs achieve their business objectives?

## Travel agencies' key needs



The most successful LCCs have adapted their offering to fulfil the key needs of travel agents. In the following section, we outline the top 5 best practices airlines can adopt to do just that!

# Top 5 best practices to ensure your airline's success with travel agencies



## 1. Offer all of your competitive fares

Earning customers' trust and securing their continued loyalty is at the core of the travel agency business. Therefore, it is essential that travel agents can provide the best flight recommendations to their customers in a very efficient manner. With so much choice available, many travellers have become extremely selective and price sensitive when choosing their flights. Having access to your full range of fares and ancillary services will help travel agencies feel they are offering their customers the best deal by including your content in their recommendations. **Don't miss out on the opportunity to be competitive! Show that you value travel agents by being transparent and open with your content. In turn, agents will recommend YOU to their customers, as opposed to your competitors.**

Airlines showing full range of products get up to **twice as many bookings** from travel agents.



## 2. Adapt your product offer for travel agency customers

LCCs provide a wide variety of flight offers targeted to different customer segments and even include 'deals' which are exclusively for the travel agency channel. Travel agents' customers have different needs to your direct customers. For instance, business travellers need fares that offer flexibility to change dates or times and are prepared to pay a premium for this; corporate customers need to comply with their travel policies, so it's essential to have access to special corporate fares in the approval flow. High-end leisure travellers may opt to bundle a fare with an ancillary service such as family seating or extra luggage, for more convenience. **By offering travel agencies choice and flexibility, they can select the best fares for their customers, based on each traveller's specific needs and expectations, while at the same time achieving a higher overall yield for YOU. Be ahead of the game by creating exclusive, bundled offers that your indirect customers are prepared to pay extra for!**



## 3. Let agents work for you and reduce your call centre costs

One of the most important aspects of travel for customers is receiving the best-in-class service, at all stages of the trip. You, as an airline, are committed to customer service excellence, and the great news is that your partners - the travel agents - cannot only do this job extremely well for you, but they will also save you substantial costs. On average, 10%<sup>1</sup> of itineraries are subject to change and this can be both expensive and time-consuming if handled directly by your airline. Travel agents however, can service passenger bookings very efficiently using professional GDS tools, taking away considerable workload from your call centres. In a few key strokes, travel agents can cancel or modify a booking, with all updates automatically reflected in the passenger name record. **Let agents be the extension of your sales force and offer a unique traveller experience throughout the whole journey, to all your passengers!**



4. Connect to agents in the most efficient way

Agents do more than **4x as many bookings** on carriers that participate using all industry standards and at the highest connectivity.

Travel agencies need professional tools that offer speed, reliability, depth of content, as well as passenger servicing capabilities. Equally important for travel agents, is that LCC fares are displayed alongside traditional carriers, making price and like-for-like comparisons easy, thus offering exceptionally fast service, transparent recommendations and informative customer advice. Studies show that using the GDS is five times faster<sup>3</sup> than other channels, which is why it is the preferred way for agents to access airline content.

With the advanced functionalities the GDS offers, agents can fulfil both simple and complex booking requests, which may include multiple flight legs and add-on ancillary services. For LCCs, this means increased opportunities to generate revenue from flight sales and non-flight services (e.g. baggage, allocated seats and sports equipment). **Be the easiest carrier for agents to choose and they will be able to sell your fares and ancillary products to all your potential customers!**



5. Work in partnership with agents

In order to exploit the full potential of the travel agency channel, LCCs can work on adoption activities in partnership with travel agencies. This may be in the form of joint training activities and sales promotions to encourage greater awareness of your brand. You can also take a more dynamic approach by purchasing on-screen media placements to promote your fares and routes directly to travel agents in your selected markets. **In addition, if your goal is to target the lucrative corporate customer, you can establish negotiated fare agreements to fully capitalise on this segment. Develop joint adoption initiatives with your travel agency partners to maximise your brand exposure and drive incremental revenues!**

Airlines advertising on travel agency screens can achieve up to **60%<sup>1</sup>** increase in bookings.

## Real results that confirm LCC success in the travel agency channel

Travel agencies are increasingly interested in working with LCCs and have demonstrated that they can generate substantial new business for low cost and hybrid carriers. At the same time, offering travellers value for money helps agents build trust and enhance their overall service offering. For LCCs, the travel agency channel has opened up new markets and customer segments, helping them to grow sales and increase brand awareness, as these case studies demonstrate.

These results come from LCCs who work with our global travel agency network, the largest in the world.

<sup>3</sup> "Productivity of LCC booking Solutions", study published by UPS (United Parcel Service of America, Inc.)

## GROW REVENUES

Typically, LCCs can expect to **achieve a yield increase of approximately 75% from premium bookings**, and what is even more exciting, is that the ancillary services adoption ratio for LCCs can reach up to **80% in a very short time**.

**Vueling** focused on their most profitable routes, where yield was higher, and adapted their offer by taking into account agents' preferred booking flows and deploying Amadeus eTicketing solution.

The airline achieved over **18% of sales through the GDS** within 12 months of launching ticketing and BSP, and **revenue per passenger increased by 28%**.

**Other carriers connecting via Amadeus Light Ticketing have consistently high ancillary adoption rates, reaching up to 80%.**

## FORGE INTERLINE PARTNERSHIPS

Establishing commercial agreements with new airline partners can help LCCs attract more passengers, however the technical capabilities required to manage interline arrangements are both complex and costly. Amadeus has addressed this challenge by creating **interline products for LCCs, which allow travel agents to book more competitive, long-haul fares**.

**A leading Asian carrier** implemented a range of interline partnerships whereby long haul airlines in their market could feed into its domestic network. Amadeus acts as a bridging solution for all indirect (GDS, interline) bookings and the Amadeus e-Ticket Server enables the carrier to receive inbound interline electronic tickets from partner airlines. As a result, over the past 3 years, the airline has seen **13.4% of its indirect bookings coming from interline partners**.

## REACH NEW CUSTOMERS & GROW SALES

Travel agencies are the perfect channel for LCCs to increase brand exposure and distribute content beyond the airline's home markets.

Amadeus provides **access to the high-yield business traveller segment, enabling LCCs to compete with full service carriers**.

**Norwegian** has expanded **into 10 new markets** (outside Norway), including international flights to North America and Asia. Norwegian has experienced **55% growth in Amadeus over the last 4 years**.

**easyJet's** bookings **doubled year-on-year, both online and offline**, with business travel representing **20% of easyJet's total bookings**.

*"Collectively we've worked on this partnership model where Amadeus and easyJet, hand in hand, are educating and training the entire travel agency network to book easyJet via Amadeus, and we've seen an increase in our bookings of 100% year on year"*

**Anthony Drury, Head of Business, easyJet**

## How can Amadeus help?

Amadeus has the largest global network of travel agencies' giving you access to **agents in 270 markets** and more than **11,000 corporations**. We also have **75 local commercial offices** around the world which can support you with your travel agency adoption efforts. To discuss how you can grow your business in the travel agency channel, please contact your Amadeus Account Manager.

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Thank you!

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