

## Case Study: Customer Airline Target Negotiation

### Summary:

We empowered one of our TMC clients to enable their corporate client to renegotiate a complex market share based airline contract resulting in a three-year term extension.

### The Problem:

Fran the National Account Manager of a North America based TMC was in discussions with Jeff one of her large national corporate travel customer about the problem the company was facing. The company was given a market share target by a large airline in that market and the company had no visibility on how those numbers were calculated.

The airline kept saying it was a very complex process based on capacity and direct and indirect flight

Origin	Destination	Marketed Carrier	Jan 2018	Feb 2018	Mar 2018	Apr 2018	May 2018	Jun 2018	Jul 2018	Aug 2018	Sep 2018	Oct 2018	Nov 2018	Dec 2018	Grand Total
DFW	LAX	Delta Air Lines	118,538.72	46,227.36	38,962.47	52,038.41	29,926.30	38,111.40	41,888.07	34,963.33	46,482.00	33,220.75	11,456.11	42,710.40	764,886.20
DFW	LAX	Allegiant Air	3,277.69	3,286.40	3,346.30	3,496.70	29,170.00	28,243.97	20,488.60	32,384.32	31,784.28	6,990.20	1,824.00	11,132.75	381,133.07
DFW	LAX	Allegiant Air	16,889.11	11,719.81	17,763.81	28,794.90	18,402.77	19,021.48	14,707.22	49,187.87	27,127.86	16,304.72	1,391.00	11,128.04	118,449.81
DFW	LAX	Allegiant Air	38,112.38	23,094.41	22,902.40	27,802.74	11,941.40	18,215.00	6,947.72	13,248.08	12,226.00	2,594.50	1,222.20	30,261.76	234,896.76
DFW	LAX	American Airlines	22,094.38	9,287.21	21,764.07	24,668.00	9,990.81	22,810.40	13,794.91	7,252.00	9,188.20	6,412.20	806.00	8,149.41	222,988.76
DFW	LAX	Allegiant Air	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

availability based on their network and the competitors' network. The airline contract was up for renewal and Jeff had no idea what data to use as a basis for negotiation and even more perplexing for him was what commitment made any sense as there was no transparency at all in the numbers used.

### The Solution:

Fran was well versed in using Airline Metrics and they had subscribed to the Customer Module. This enabled Fran to pull out detailed information about the client based on each sector they flew revenue wise and also passenger volume wise. In addition, it showed a break-up between marketed and operated carriers on each sector that built the basis for non-stop flights on various key routes. To provide an even bigger edge in negotiations to Jeff, Fran also pulled out



destination-based revenue and passenger numbers for the company using the TripCube module that also provided true O&D data including transit airport information for each trip at a ticket level. In addition, Fran also produced an airline market-share report (internal to the client, not capacity based) that clearly showed how much was being spent by the company on each O&D by carrier.

**The Result:**

Armed with this plethora of data Jeff was able to negotiate a very favourable outcome for the first time ever in a market share based deal negotiation with the airline. He was able to prove time and again using previous year and current year data how much the spend was with the carrier on various key routes and at times change the tactic to showcase how many passengers were being routed on that airline by the company. Jeff was ecstatic about the outcome of the negotiations so much so that he renewed the TMCs contract which was going to be up for tender without entering a tender process for another three years. Fran has now built in a quarterly reporting process for Jeff for all his airline deals. The outcome saw Fran promoted to being the Head of Business Development within one year for her outstanding effort in retaining the customer without going to tender.