

## Case Study: Insights to Negotiate Airline Contracts

### Summary:

We empowered one of our corporate customers to identify and negotiate new airline contracts by providing reporting packs on air travel spend.

### The Problem:

Navigating the post pandemic corporate travel landscape was a challenge for Joey who heads Travel Management for a large company based out of the US. Prior to the pandemic his company spent upwards of USD 20 million annually on flights. He had negotiated contracts with two domestic and five international carriers which ranged from discounted airfares to free lounge access as various perks for employees travelling on those carriers. Their spend slumped during the pandemic and was recovering gradually with an expected increase to “normal” levels some time during or after 2023. But all contracts had to be revisited due to the dramatic change in their spend patterns. Whilst they were receiving several reports from their travel agency/Travel Management Company they were not insightful enough to provide them enough information to not only know which airlines to target for negotiations but also what information to present during such negotiations. In addition, he was desperately short staffed and did not have time to spend analysing and building reports.

### The Solution:

Joey subscribed to Airline Metrics’ monthly “Snapshot Analytics” reporting service which provides summarised reporting on all his air travel spend. The reports were sent to him each month and showed air fare spend by carrier including year-on-year changes that highlighted change in spend % by airline.

The reporting pack also included spend by airline on “flown revenue” basis which is what airlines measure revenue on that allows like for like comparisons as opposed to “ticket value” reporting. This meant the ability for Joey to demonstrate exactly how much money was retained by each carrier excluding



Flown Net Fares Report - June 2019

No.	Code	Marketed Airline (\$000s)	Apr19-Mar20	Apr 21-Mar22	DIFFERENCE	YOY Change%
1	QF	Qantas Airways - Dom.	238,456	167,402	- 71,055	-29.8%
2	QF	Qantas Airways - Int.	89,196	56,534	- 32,662	-36.6%
3	VA	Virgin Australia - Dom.	73,719	57,185	- 16,535	-22.4%
4	VA	Virgin Australia - Int.	21,514	14,983	- 6,532	-30.4%
5	SQ	Singapore Airlines	21,740	13,010	- 8,731	-40.2%
6	QR	Qatar Airways	16,908	10,899	- 6,009	-35.5%
7	EK	Emirates Airlines	10,189	7,793	- 2,396	-23.5%
8	EY	Ethiadd Airways	7,493	6,475	- 1,018	-13.6%
9	AC	Air Canada	7,671	5,487	- 2,184	-28.5%
10	ZL	Regional Express	5,713	4,228	- 1,485	-26.0%
11	BA	British Airways	3,711	2,707	- 1,003	-27.0%
12	HI	Hahn Air Systems	3,264	2,583	- 681	-20.9%
13	UA	United Airlines	3,574	2,489	- 1,085	-30.3%
14	TL	Air North	2,092	2,481	389	18.6%
15	AA	American Airlines	2,036	2,461	425	20.9%
16	CX	Cathay Pacific Airways	2,439	2,460	21	0.9%
17	NZ	Air New Zealand	2,249	1,967	- 282	-12.5%
18	PX	Air Niugini	1,869	1,802	- 67	-3.6%
19	MH	Malaysia Airlines	1,449	1,492	43	3.0%
20	DL	Delta Air Lines	1,334	1,443	108	8.1%
21	FJ	Fiji Airways	2,014	1,426	- 587	-29.2%
22	TG	Thai Airways	1,815	1,408	- 407	-22.4%
23	LA	Latam Airlines	1,024	1,117	92	9.0%
24	FP	Pelican Airlines	-	1,082	1,082	
25	GA	Garuda Indonesia	1,240	991	- 248	-20.0%
26	VN	Vietnam Airlines	808	691	- 116	-14.4%
27	KE	Korean Air	534	547	13	2.4%
28	HA	Hawaiian Airlines	425	511	86	20.2%
29	PR	Philippine Airlines	666	487	- 179	-26.8%
30	CI	China Airlines	197	463	267	135.6%
31	AY	Finnair OYJ	441	449	9	2.0%
32	LH	Lufthansa	320	436	116	36.2%
33	CZ	China Southern Airlines	452	404	- 47	-10.5%
34	OZ	Asiana Airlines	481	398	- 83	-17.2%
35	JL	Japan Airlines	400	398	- 2	-0.5%
36	SA	South African Airways	227	328	101	44.4%
37	NH	All Nippon Airways	243	324	82	33.6%
38	CA	Air China Intl	321	310	- 10	-3.3%
39	AF	Air France	240	269	29	12.1%
40	AS	Alaska Airlines	100	269	169	167.9%
41	IE	Solomon Airlines	104	268	163	156.4%
42	MU	China Eastern Airlines	192	266	75	39.0%
43	KL	KLM Royal Dutch Airlines	158	177	20	12.6%
44	WY	Oman Air	80	173	93	117.5%
45	AI	Air India	264	162	- 102	-38.6%
46	MI	SilkAir	141	151	10	7.1%
47	MK	Air Mauritius	103	147	44	42.7%
48	UL	SriLankan Airlines	175	141	- 34	-19.3%
49	TK	Turkish Airlines	235	132	- 102	-43.6%
50	BI	Royal Brunei Airlines	115	132	17	14.6%
51	VS	Virgin Atlantic Airways	16	104	88	543.8%
52	SK	Scandinavian Airlines	80	95	15	18.7%
53	NF	Air Vanuatu	83	94	11	13.0%
54	ET	Ethiopian Airlines	134	93	- 41	-30.5%
55	KQ	Kenya Airways	96	88	- 8	-8.8%
56	OS	Austrian Airlines	102	87	- 14	-13.9%

taxes and any revenue leakages via “code share” flights and vice versa. The information also covered top domestic and international destinations, the spend on each of those sectors as well as which airlines were getting the highest spend for those markets. All reports were presented in graphical and in tables in both pdf and Excel format which allowed Joey to use them for his presentations with various stakeholders and also make amendments and notes.

**The Result:**

Joey was able to renegotiate not only all of his previous airline contracts but it also enabled him to identify and reach deals with other carriers who he could target using the new reporting he subscribed to. This was despite the fact that their spending was still significantly lower than the pre-pandemic days. Airlines who themselves were significantly short staffed appreciated the proactive manner in which Joey was able to provide accurate and relevant data for them to base their discussions around and were able to assess and sign off on contracts much quicker than Joey's peers. It was a very successful outcome internally as well for Joey and his management team were very impressed by him being able to deliver better value on their air spend even though the spend had decreased since the pandemic. An excellent outcome overall.