Merchandising airline ancillary services through optimised TMC adoption and enhanced corporate traveller experience

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The thesis studies merchandising airline ancillary services to business travellers through travel management companies (TMCs) in Finland. It researches if current tools and practices efficiently enable merchandising of ancillaries and whether that merchandising successfully reaches end customer – corporate traveller – and matches their expectations.

The thesis project was commissioned in October 2014 by Amadeus Finland Oy, an IT solution partner and Global Distribution System (GDS) provider for businesses in the field of travel and tourism. Research data were collected through online surveys carefully designed to serve the purpose of studying each target group in detail.

The purpose of the thesis is to identify and analyse potential gaps or shortfalls in the current procedures and propose appropriate measures for optimising ancillary service adoption in TMCs. In addition it provides valuable insight into corporate travellers' purchasing habits. The needs of TMCs towards their GDS provider are explored in the thesis as are concrete suggestions on how to provide service aligned with those needs.

Firstly, the thesis introduces the commissioning party and its field as well as the concept of airline ancillary services with the help of the most relevant literature. It defines the notion of a business traveller and outlines three significant TMCs present in the Finnish market.

Secondly, the thesis studies if merchandising of ancillary services through TMCs is currently performed to its full potential. It addresses any obstacles or hindrances TMCs may face with promoting and booking ancillary services. These findings are then compared to the expectations and views of corporate travellers regarding ancillary services, enabling discussion about the measures needed to encourage TMC adoption to better reach, attract, and influence corporate travellers.

Finally, practical measures to optimise merchandising ancillary services through TMCs and enhance the corporate traveller experience are presented.

Keywords
Ancillary service, merchandising, travel management company, business traveller

Table of contents

1   Introduction

The thesis studies the process of merchandising airline ancillary services through travel management companies (TMCs) operating in the Finnish market as well as the habits, needs, and expectations of Finnish business travellers. The objective is to discover whether the current tools used by TMCs allow efficient promoting, offering, and booking of ancillaries for business travellers. Ultimately, the thesis aims to provide concrete measures for improving the procedures in place in order to match the expectations of travellers and realise increased ancillary sales.

The research was commissioned in October 2014 by Amadeus Finland Oy. The purpose of the research is to identify potential gaps and propose appropriate measures for optimising ancillary service adoption in TMCs while offering valuable insight into the purchasing habits of a Finnish business traveller.

The thesis is structured to allow for the most practical way for the reader to follow the work undergone between October 2014 and February 2015. To begin with, the most relevant literature is studied in Chapter 2 to provide a clear view on the commissioning party and its field as well as the concept of airline ancillary services. The notions of business traveller and TMC are examined, followed by reviews of three (3) TMCs present in the Finnish market relevant for the study. Applicable terminology is explored to the extent that is appropriate for the purposes of the thesis.

Literature review is followed by Chapter 3 which outlines the research including its objective, method, and implementation. With the help of visual aids, Chapter 4 introduces the reader to both the qualitative and quantitative data gathered from TMCs and business travellers. Chapter 5 further analyses the data from each of the surveys conducted while pinpointing notable patterns and differences in responses. Finally, discussion of the results, final conclusions, and measures for improvement are presented in Chapter 6. In addition, the final chapter reviews the research conducted, explores its validity and reliability, and offers suggestions for further research on the topic.

References and appendices are found at the end of the thesis.

2 Literature review

The chapter begins by introducing the reader to Amadeus IT Group, a global technology solutions provider. Likewise the commissioning party Amadeus Finland Oy is presented. The chapter then moves on to explore the topic of research by studying the most relevant theoretical framework related to ancillary services and business travellers. Finally, three (3) travel management companies (TMCs) surveyed as part of the research are introduced to the reader.

2.1 Amadeus IT Group

"Amadeus provides the technology which keeps the travel sector moving - from initial search to making a booking, from pricing to ticketing, from managing reservations to managing check-in and departure processes." (Amadeus 2015c.)

Amadeus, founded in 1987 by Air France, Iberia, Lufthansa, and SAS, is an IT solutions partner and Global Distribution System (GDS) provider headquartered in Madrid. Two other central sites are located in Nice and Erding, and globally the company operates in a total of 195 countries. Employing over 11,000 people, Amadeus offers products and services that enable its customers to reach a higher business potential. In 2012 it reported total revenue of €2,910.4 million. With a strong focus on innovation, Amadeus makes notable investments in research and development and aims to "shape the future of travel". (Amadeus 2015e; Amadeus 2015c.)

The first National Marketing Company (NMC) of Amadeus opened it Finland in 1988. The year 1990 saw the opening of Amadeus' data processing centre in Erding, Germany as well as the introduction of the Amadeus system for booking purposes for travel agents. In 1992, the first Passenger Name Record (PNR) was created. By 1994, a total of 34,500 airline sales offices and 47,500 travel agencies were using Amadeus. All system users were linked into the Amadeus Global Distribution System (GDS) in 1998, making Amadeus the largest GDS in the world. In 2006, National Marketing Companies (NMCs) were renamed Amadeus Commercial Organisations (ACOs). (Amadeus 2015d.)

Today there are a total of 71 local ACOs. Globally Amadeus serves more than 6,000 corporations. Amadeus' employees come from 123 different nationalities. Providers in Amadeus GDS include, for example, 430 bookable airlines, 32 car rental companies, 300,000 hotel properties, and 243 tour operators worldwide. (Amadeus 2015b.)

2.1.1 Global Distribution Systems (GDSs)

A Global Distribution System (GDS) can be defined as follows:

> A worldwide computerised reservation network used as a single point of access for reserving airline seats, hotel rooms, rental cars, and other travel related items by travel agents, online reservation sites, and large corporations. (BusinessDictionary 2015.)

GDS is a computerised service enabling travel related transactions. Although originally designed to be used by airlines, GDSs' usage was quickly extended to travel agencies. Today it is possible to book various services and products through GDSs, common examples of which include airline tickets and hotel rooms. (Kelly 2015.)

Sabre defines GDS as follows: "GDS stands for Global Distribution System. This is the industry's name for a system that lets travel suppliers distribute travel products' rates and information for agencies to market and sell." (Sabre Travel Network 2015.)

Today's leading GDSs include Amadeus, Sabre, and Travelport (former Galileo and Worldspan). (BusinessDictionary 2015; Amadeus Hotels 2015.) Sabre and Travelport, Amadeus' competitors, are both briefly outlined below.

Sabre describes itself as "an innovative technology company that leads the travel industry by helping our customers succeed" (Sabre 2015a). Sabre is an abbreviation of the words Semi-Automated Business Research Environment. Developed by American Airlines and IBM, Sabre's first reservation system was installed in 1960. In the following decade it was introduced to a travel agency for the first time. In the 1980s, Sabre Airline Solutions launched the first revenue management system in the industry and began to expand globally. In the 21st century Sabre had executed multiple acquisitions. Most recently the company announced its intention to sell subsidiary Travelocity to Expedia. (Sabre 2015b.)

Sabre GDS is headquartered in Texas, United States. In addition to this location it has global development facilities in Buenos Aires, Krakow, and Bangalore. Sabre has employees in 60 countries and over one billion people worldwide use its technology. (Sabre 2015c.)

Travelport, a "leading Travel Commerce Platform", facilitates connections between various travel industry stakeholders and provides crucial IT solutions to its customers. Its Travel

Commerce Platform is recognisable under the names Travelport Apollo, Travelport Galileo and Travelport Worldspan. (Travelport 2015a.)

Founded in 2006, Travelport's preceding GDS began operating in 1971. Travelport's history, like that of Sabre's, includes a variety of acquisitions and transformations. Former GDSs Galileo and Worldspan have both been merged into today's Travelport. In 2011 the company remodelled from a traditional GDS to a new travel commerce platform. 2013 saw the introduction of Travelport Merchandising Platform, which incorporates Travelport Rich Content and Branding, Travelport Aggregated Shopping, and Travelport Ancillary Services. (Travelport 2015b.)

Travelport is headquartered in Langley, United Kingdom. Present in more than 170 countries through offices and development facilities, Travelport employs a total of 4,500 people. (Travelport 2015a; Travelport 2015c.)

2.1.2   Products and services

Amadeus provides services and solutions for and/or related to the following industries: airlines, airports, ground handlers, car rental, corporations, hotels, travel agencies, travel insurance, and railways. (Amadeus 2015f.)

For airlines Amadeus' services include both IT and distribution solutions, such as Altéa Suite, Stand-Alone IT Solutions, Amadeus Airline Retailing Platform, and Merchandising Portfolio including Airline Ancillary Services. Airports and ground handlers, on the other hand, can benefit from the Airport Sequence Manager, Amadeus Airport Fixed Resource RMS, Amadeus Common Use Service, and Altéa Ground Handler Departure Control Suite, to name a few. (Amadeus 2015f.)

For travel agencies' purposes, Amadeus' services have been grouped into the following categories: Business travel agencies, consolidators, leisure travel agencies, online travel agencies, single-site travel agencies, travel management companies (TMCs), and travel search companies. An example of an IT solution for TMCs is the Amadeus eTravel Management Tool. Services for hotels include, for example, Amadeus Instant Preference and Amadeus LinkHotel. (Amadeus 2015f.)

2.1.3   Customers and brand image

Amadeus' customers are located in a variety of sectors within the travel and tourism field. Customers include travel providers such as airlines, airports, cruise lines, ferry operators,

insurance companies, and travel media companies; travel sellers, such as travel management companies (TMCs), online travel agencies, vertically integrated tour operators, and consolidators; and travel buyers, both corporations and travellers. (Amadeus 2015g.)

"Our ambition today is made up of our vision, values, business strategy and brand promise that all come together to support our purpose as a company; to work with our customers and partners to shape the future of travel." (Amadeus 2015h.) Originally created in order to address the issue of selling airline seats more efficiently, Amadeus has consistently focused on innovation and the future. Figure 1 illustrates the company's ambition. (Amadeus 2015h.)
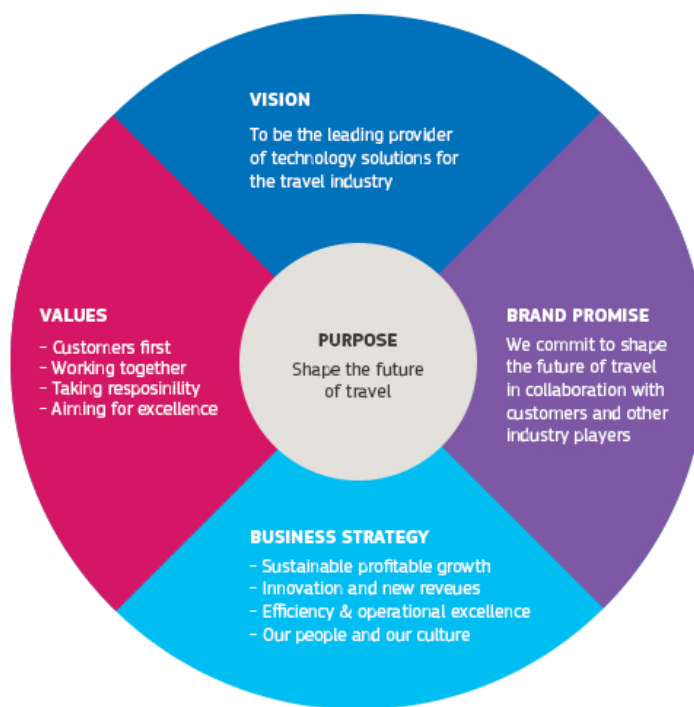

Figure 1. Amadeus' Compass of Ambition.

The company's values are the following: Customers first, Working together, Taking responsibility, and Aiming for excellence. (Amadeus 2015i.) Amadeus' brand promise is the commitment to work with its customers as well as partners to shape the future of travel (Amadeus 2015j).

"We're a technology company dedicated exclusively to the global travel industry. It's a large business operating at a massive scale, but what we can offer travel businesses can be explained simply." (Amadeus 2015k.) Amadeus aims at helping its clients to connect,

to serve their customers, and to manage their business (Amadeus 2015k). Recognising its corporate social responsibility, Amadeus has not only partnered with UNICEF, but focuses its social responsibilities in three main areas – Knowledge and Skills Transfer, Technology for Good, and Community Support – as well as addresses the impact of its operations on the environment (Amadeus 2015l).

2.1.4 Amadeus Finland Oy

Amadeus IT Group's local office in Finland, Amadeus Finland Oy, was established in 1988. It was the first of Amadeus' National Marketing Companies (NMC) to be launched. Later on in 2006, as an outcome of the company's brand evolution programme, NMCs were renamed to become local Amadeus Commercial Organisations (ACOs). (Amadeus 2015d.)

In the Finnish register, Amadeus Finland Oy is listed under the field of Software design and production, with the business function of marketing, developing and maintaining travel and tourism related IT solutions. The CEO is Ms Paula Maarit Punkari, and the number of employees in 2013 was 22. In the same year turnover was 6,566 €. The office is located in the capital city area, near Helsinki-Vantaa airport. (Kauppalehti 2015.) Ownership of the company is shared between Finnish airline Finnair (95 %) and Amadeus IT Group (5 %) (Kaitosalmi 2013).

In Finland, Amadeus' customers include several travel agencies and travel management companies (e.g. SMT), tour operators (such as Aurinkomatkat and Finnmatkat), and even travel and tourism related educational establishments. Suppliers such as airlines and hotels constitute the ACO's main affiliates. The primary product is Amadeus Selling Platform, while others include, for example, Amadeus ePower and Amadeus eTravel Management. (Nieminen 2013.)

Finnish is the official company language and as such an essential skill for all employees. Yet English is also spoken daily at work, resulting in a requirement of fluency when recruiting new personnel. (Kaitosalmi 2013.)

2.2 Ancillary services

This subchapter finds definitions for the concept of ancillary services in air travel. It provides examples on typical airline ancillary services, and discusses the main mediums through which ancillaries are currently merchandised.

2.2.1 Definition

IATA describes ancillary services or ancillaries as "any service that is commercialised by an airline outside its product attributes" (IATA 2014). Petergreenberg.com (2014) offers another, perhaps a more practical, definition for ancillary fees as including "anything other than ticket sales, such as baggage fees, frequent flyer mile sales, and in-flight optimisation, like choosing a seat and purchasing Wi-Fi." This suggests services such as checked-in baggage, seat selection, and WiFi connection could be classifies as ancillary services.

Coughlan (2013, 2) notes ancillary services "can be bought in a bundle with an inexpensive, base fare." She goes on to explain the notion and profitability of ancillaries further as follows.

> Some such ancillary services are very low-cost for the airline to provide, ---, yet provide significant value to some segments of travellers, and hence offer significant profit potential. Other ancillary services are only produced at a more significant cost, ---, but as long as a segment of travellers places high enough value on them for their prices to more than cover the cost to provide them, these too can be incrementally very profitable. (Coughlan 2013, 2.)

According to Amadeus, ancillary services (such as in-flight meals, in-flight entertainment, airport lounges, and loyalty schemes) have developed and grown substantially and will continue to do so – both for their considerable potential in terms of profitability, and the ability to use such services to ensure a personalised travelling experience for each passenger. (Amadeus 2014b.) In the Finnish market common ancillary services include, for example, checked-in baggage, seat selection, pets in cabin, and in-flight meals (Syrjä 2014).

2.2.2 Merchandising

"Buying travel is arguably a more complex process than ever before and also one that is evolving to reflect not only the rapid change we are seeing in technology and communications tools but also the growing breadth of the offer and an increasingly sophisticated traveller. " (Amadeus 2014b, 1.)

Amadeus estimates merchandising revenue for airlines to stand for $130 billion by 2020. Current earnings from selling ancillaries are acquired mainly through airlines' direct channels (e.g. websites). (Amadeus 2014b, 1.)

The historical timeline of distribution, technology, and merchandising in aviation is somewhat unclear, yet 2007 can be seen as the year when merchandising as it is known today entered the field. The evolution over the recent years has been notably fast-paced. (Amadeus 2014b, 4.)

In 2007, the global economy was rather stable, and low-cost carriers such as Ryanair and easyJet gained ground in Europe. In the same year, for the first time, easyJet enabled a third party, TMCs, to sell its seats through the GDS. This prompted other low-cost carriers to modify their distribution strategies, and hence the first step away from low-cost ideology was taken. Full-service carries also began to re-evaluate their distribution, and as a result, the notion of hybrid airlines emerged. (Amadeus 2014b, 5.) "Hybrid airlines could pick and choose which low-cost or full-service principles they wanted to adopt. This blurring of the lines had many consequences, and arguably the most important of these was that airlines now needed to rethink and evolve how they were selling their product." (Amadeus 2014b, 5.)

Contrasting the figures of the first ever detailed report on airlines' ancillary revenue to those of 2014, the evolution is visible. In 2007, based on 31 airlines, the total value was analysed at $2.45 billon, $6.99 per passenger. The Ancillary Revenue Yearbook, produced by IdeaWorks, reported the corresponding values in 2014 at $31.5 billion total, and $16 per passenger (59 airlines analysed). (Amadeus 2014b, 6.)

Direct channels of merchandising saw airlines increasing their sales through modifying the existing ancillaries as well as creating new ones. Indirect channels benefitted from IATA's roll-out of electronic miscellaneous documents (EMDs) which enabled standardised sales of ancillary services through all channels, including TMCs. In 2011 IdeaWorks stated that EMD adoption facilitated TMCs to sell ancillaries in such measure the overall sales of ancillary services could rise to $100 billion. (Amadeus 2014b, 7.) "The first airline to adopt EMDs to facilitate sales through travel agencies was Finnair in 2010. Finnair also led the way with interline EMDs, when it struck a deal in 2012 with partner Egyptair allowing both carriers to sell ancillary services on each other's flights. EMDs are now almost at 100% adoption across the industry." (Amadeus 2014b, 7.)

According to IATA, the total number of passengers globally is likely to reach 3.91 billion by 2017. Merchandising ancillaries effectively will not only bring revenue to airlines but generate customers that are more demanding and better informed. The traditional search engines might no longer be sufficient in discovering the most suitable travel

arrangements. Creating innovative and inspirational ways to search (e.g. by budget or holiday type) will present yet another merchandising opportunity. (Amadeus 2014b, 7.)

Merchandising sees significant potential in utilising social media (e.g. Facebook, Twitter, LinkedIn, and TripAdvisor). In 2012 KLM introduced the concept of social seating by launching "Meet and Seat" – a tool enabling passengers to choose whom to sit next to based on other passengers' social media profiles. Airlines have also begun to acquaint themselves with the concept of allowing passengers to bid on a variety of ancillaries. This could ultimately result in a win-win situation between both the airline and the passenger. In addition, merchandising is at the core of IATA's New Distribution Capability (NDC). It will aim to "modernise airline retailing by enabling innovation in the way airline products are distributed" as well as facilitate personalised service. (Amadeus 2014b, 8.)

Introducing big data into the process of merchandising ancillaries inherently brings along a question of privacy. However, evidence exists on consumers being willing to impart their personal details and data in order to receive a more personalised service. Airlines are to create, maintain, and consult profiles of their customers to allow for personalised, well-timed offers, ultimately optimising their merchandising. Services can be offered, for example, at the time of booking, two days prior to departure, or during check-in – it is essential to know which services should be offered for a particular customer and at which stage. (Amadeus 2014b, 8-9.)

While the physical process of selling ancillary services through direct channels can be somewhat straightforward for airlines – via their website, over the phone – indirect channels such as travel agencies and TMCs may sometimes struggle. In 2012 a research into ancillary services within the travel management process found TMCs prefer to use all-inclusive or bundled fares as "services sold separately from air fare make the travel management process costly and complex" (Rautanen 2012). For TMCs who use the GDS when booking travel for their clients, adding ancillaries will require them to spend more time per booking, as ancillaries and their costs vary between airlines and are not visible or bookable in the GDS. Amadeus has developed tools that help optimise the sales of ancillaries through different channels. One is the Amadeus Airline Ancillary Services. The Amadeus eTravel Management tool also incorporates some common ancillaries. (Rice 2012; Syrjä 2014; Amadeus 2015a.) In addition, Amadeus states that the future Global Merchandising System will "enable airlines to deliver their entire content offering dynamically through our direct and indirect global retailing and distribution systems through all channels and sales points, and on all devices." (Amadeus 2014b, 11.)

2.3 Business travellers and travel management companies (TMCs)

This subchapter begins by exploring the concept of business traveller. The term is defined and the general characteristics, habits, and expectations of business travellers are outlined. Later chapters will study the needs and preferences of business travellers in more depth based on the research conducted.

Following this examination focus is placed on travel management companies (TMCs) and their definition. TMCs' field, role, and purpose will be briefly discussed, succeeded by concise investigation of three (3) relevant TMCs for Finnish business travellers: Carlson Wagonlit Travel (CWT), VIA Egencia, and BCD Travel.

The subsequent chapter of the thesis will introduce the research, its objectives and methods, and implementation.

2.3.1 Business travellers

MacMillan Dictionary (2015) defines a business traveller as "someone who is travelling on business." WordWeb Online (2015) goes further with its explanation, stating that a business traveller's "expenses are paid by the business he works for."

The latter definition is supported and expanded upon by Davidson and Cope (1994, 10): "Apart from self-employed people and those paying to attend certain types of association meeting, the person who travels is rarely the person who is financing the trip." Business travellers are the end consumers of business travel and as such an important stakeholder in the market. A substantial number of business travellers, although not all of them, are "managerial and sales staff, who have the power either to make decisions or to influence the decisions of others." (Davidson & Cope 1994, 9-10.)

It is worth noting that business travel in general has various purposes and motives. Business travel can occur due to many different reasons, such as meetings, exhibitions, and incentives. The purpose of travel has a significant effect on who travel(s). (Davidson & Cope 1994.)

According to Amadeus' 2014 research on business travellers, almost half (48%) travelled ten (10) or more times in 2013. Of the surveyed business travellers, 51% said they needed to alter their travel plans prior to departure. 48% could book travel for themselves through an online booking tool, and 52% of respondents reported having travel related

outstanding expenses from 2013, for example due to unsuccessful compliance with their travel policy. (Amadeus 2014a, 5.)

"Overwhelmingly, respondents are positive about the need to travel for business. Over half (55%) find business trips interesting. 36% find them enjoyable and 17% say business travel is motivating." (Amadeus 2014a, 5.) According to the same research, business travellers most value efficiency and WiFi. Ability to book ancillary services in their corporate booking process was appreciated by 62% of respondents. (Amadeus 2014a, 5.) Business travellers place less emphasis on travel factors not related to their work. Only 1% of respondents wish to have the option of travelling with friends and family, while 2% look for guidance and recommendations on local sights and restaurants. (Amadeus 2014a, 7.)

Amadeus identifies four types of business travellers: the Reluctant Traveller, the Corporate Shark, the Gadget Nomad, and the Reward Traveller. Reluctant Travellers do not enjoy business trips. Compared to other types of travellers they make overall fewer trips. Most (72%) of the members of this group are aged between 45 and 64. Corporate Sharks represent the largest group (58% of respondents). These travellers are characterised by being very efficient and result oriented. Members typically hold senior positions requiring frequent travel. Corporate Sharks enjoy business travel and feel comfortable with the related technology. (Amadeus 2014a,11.)

The third group consist of Gadget Nomads. They depend on technology tools and value connectivity above all. Members tend to represent senior roles and travel often. Finally, Reward Travellers enjoy business travel and utilise it by collecting loyalty points. In addition 12% of these travellers wish to prolong their business trip in order to incorporate leisure aspects to their travel. Over half of group members state that being able to collect points to ultimately gain rewards is a priority. (Amadeus 2014a, 11.)

It is reasonable to conclude, therefore, that business travellers are characterised by many distinctive factors and in order to accommodate for recent developments service should move towards providing a more personalised experience for each individual. Business travellers need more than an enjoyable means of travel to keep spirits lifted. Efficient and functioning tools enabling travellers to work on their own terms are a necessity. High level service should be available when self-service does not meet the business travellers' preferences and/or needs.

Business travellers are comfortable with booking travel independently, yet many wish to personalise their travel experience. This could be enabled by introducing tools that allow business travellers to book desirable ancillary services as well as change their existing itineraries when necessary. Business travellers' expectations also include uncompromised connectivity and the ability to collect rewards. Above all, business travellers "want corporate travel services that answer their need for efficiency and allow them to continue working productively when they are on the move." (Amadeus 2014a, 13.)

2.3.2 Travel management companies (TMCs)

A travel management company (TMC) can be defined as "a business travel agent that manages an organisation's business travel requirements. In addition to making reservations, a travel management company will help an organisation gain control and visibility of their business travel spend." (ClickTravel 2014.) Services may include, for example, supplier negotiation, crisis management, an online booking tool, and traveller tracking. (ClickTravel 2014.)

The Guild of Travel Management Companies (GTMC) explains TMCs as derivatives of business travel agents. "As the range of products and services offered grew, the role became more complex. With the gradual withdrawal of commission agents began to charge for their advice and the term Travel Management Company (or TMC) was born." (GTMC, 2015.)

Travel management itself is defined by the Global Business Travel Association (GBTA) as follows:

> Travel management is a specialised business function that balances employee needs with corporate goals, financial and otherwise. Travel management ensures cost tracking and control, facilitates adherence to corporate travel policies, realises savings through negotiated discounts, and serves as a valuable information centre for employees and managers in times when travel is not as smooth and carefree as it used to be. (GBTA 2015.)

TMCs' services are used by client companies and organisations in order to save time and money. Both smaller and bigger companies can benefit from TMCs' services. TMCs can reduce complexity on the part of the customer as well as point out savings potential. (Concierge Business Travel 2015.)

"In contrast to a standard travel agency that only handles hotel and flight or ground travel reservations, travel management companies offer comprehensive management services to companies covering everything from scheduling to shaping corporate travel policy." (eHow 2015.) TMCs services include negotiating with vendors to secure the best rates. Global TMCs also serve as international connections providing information for travellers on topics such as visa requirements, language and local customs, currency, and safety. In addition TMCs create and update traveller profiles and provide their clients with regular reports on travel expenses and the adherence to their travel policy. (eHow 2015.)

The Association of Travel Management Companies (ATMC) suggests that there are three key skills that every TMC should demonstrate: understanding, specialisation, and professionalism. Understanding refers to the TMC's ability to be attentive towards the client company's motives and targets as well as the business traveller's rights and requirements. The skill of specialising in the many different services provided by a TMC is also crucial – it is not sufficient to merely book travel. Finally, professionalism covers solid and high level customer service at all times, as well as utilising the most up-to-date, efficient tools and systems to guarantee such service. Appropriate processes are to be in place and staff must be able to perform under pressure. (ATMC 2005.)

2.3.2.1 Carlson Wagonlit Travel

Carlson Wagonlit Travel (CWT) is "a global leader specialising in business travel management" with a mission to provide valuable business travel, meetings, and events solutions for its customers. (CWT Global 2015a.) The core values driving CWT are Customer Care, Commitment to Excellence, Cultural Diversity, Reliability, Entrepreneurial Spirit, and Integrity (CWT Global 2015b).

The history behind today's CWT stretches as far back as the 19th century. The company as it is today was merged in 1994 when the business travel activities of two companies, Carlson Travel Network and Wagonlit Travel, were united. (CWT Global 2015c.)

Owned by Carlson, CWT acts in over 150 countries and territories. It caters to a variety of clients, including government institutions, non-governmental organisations, large corporations, as well as small and mid-sized companies. CWT employs 19,000 people worldwide and is a member of the Association of Travel Management Companies. (CWT Global 2015d; CWT Global 2015e; ATMC 2015.)

"CWT is Finland's largest business travel agency offering a full range of services in business travel, meetings and events as well as in leisure travel." (CWT Finland 2015a.) Offices are located in Helsinki. Customers in Finland include companies such as Elektrobit, EFI - European Forest Institute, Tekla Corporation, and Metsä Group. (CWT Finland 2015a; CWT Finland 2015b.)

2.3.2.2 VIA Egencia

VIA Egencia, part of Expedia Business Travel, is a leading TMC in the Nordic countries. Present in Norway, Denmark, Sweden, and Finland, it provides "innovative business travel technology and expert local service to more than 10,000 clients in over 60 countries around the world." (VIA Travel Group 2015a.) VIA Egencia also enables client companies to reinforce their travel programmes and realise savings in travel related costs without neglecting the needs of their travellers. (VIA Travel Group 2015a.)

Egencia and VIA Egencia are divisions of Expedia, Inc. Egencia is one of the largest TMCs in the world. Founded in 2002, it employs over 3,000 people globally and serves "more than 4 million business travellers at 15,000 companies in nearly 60 countries." (Egencia 2015a.) Egencia also boasts the highest averages in travel policy adherence and online adoption, and is a member of the Association of Travel Management Companies (Egencia 2015a; ATMC 2015.)

Egencia's global customers include, for example, ManpowerGroup, Lacoste, Lexmark, Asante, and Starbucks (Egencia 2015b). VIA Egencia is headquartered in Oslo, Norway, while VIA Egencia Finland offices are located in Helsinki. Alongside business travel solutions, VIA Egencia Finland provides group and meeting travel services, marine travel services, and RAPTIM tours. (VIA Travel Group 2015b.)

2.3.2.3 BCD Travel

BCD Travel is part of BCD Group, a leading travel industry company. In addition to BCD Travel, BCD Group incorporates many aspects on travel within it – namely Travix, Park 'N Fly, Parkmobile International, and AERTrade International. Operative in over 100 countries, BCD Group has more than 12,000 employees worldwide. BCD Travel as it is today began in 2006 and is dedicated to enabling its customers to "travel smart and achieve more." (BCD Travel 2015a.)

BCD Travel's mission is to "power our customers' success by making the most of their travel investment, keeping travellers safe and enhancing the traveller experience." (BCD

Travel 2015f.) Values list Vision, Innovation, Service, Integrity, Teamwork, and Strength. (BCD Travel 2015f.) Global clients include companies such as American Standard, Ingram Micro, and Carestream (BCD Travel 2015b).

BCD Travel and CWT were both nominated for the World's Leading Travel Management Company Award in 2014 (World Travel Awards 2015). In 2014, for the second year running, BCD Travel was named as the Most Admired Travel Management Company (BCD Travel 2015c). BCD Travel's client retention rate has been more than 97% for a considerable amount of years (BCD Travel 2015d).

Headquartered in Utrecht, The Netherlands, BCD Travel Finland's offices are located in Helsinki (BCD Travel 2015d; BCD Travel 2015e).

3 Research

This chapter begins by outlining the research objective, problem, and target group. The research method used is then described and its strengths and weaknesses examined. To conclude, the chapter explores the implementation of the method in question by reviewing how and when data was gathered. Results are presented in Chapter 4, followed by a deeper analysis in Chapter 5.

3.1 Objective

The research objective was to examine the views and opinions of both TMC employees, especially business travel agents, and business travellers regarding airline ancillary services and their merchandising. The research problem was defined as follows: Do the solutions and services provided by Amadeus enable TMCs to efficiently merchandise ancillaries to business travellers? If not, what types of improvements would be needed? Another topic of interest was the needs of business travellers, and whether those are currently met by the TMCs with the help of Amadeus' products.

The research included two distinct target groups: Finnish business travellers who use the services of a TMC, and TMC employees based in Finland who use Amadeus' tools. Target groups were ultimately defined as follows.

Business traveller: a Finnish employee who travels, or has travelled for business by plane. These travels are related to current employment and the traveller's employer uses the services of a TMC operating in Finland.

TMC employee: an employee of a TMC operating in Finland (either CWT, VIA Egencia, or BCD Travel, all of which use Amadeus' tools). Preferably – although not a requirement – a person who (routinely) books travel for TMC's customers.

The individuals in each target group were not assumed to have any previous knowledge of airline ancillary services. Ancillaries were defined and explained through the chosen research method to accommodate for a unified view on the topic among the participants.

3.2 Method

The research method was a written survey conducted online. As there were two target groups, two separate surveys were designed to fit the contrasting purposes. Participants of each target group also had the opportunity to choose to respond either to a Finnish or an English version of the survey.

Conducting an online survey was chosen as the method to accommodate for efficient gathering of data. The online survey was time-effectively designed and distributed to target groups. It enabled an ease of access and completion for participants. In addition it allowed for both qualitative and quantitative data to be collected. The time frame for implementing each survey was effortlessly controllable with the chosen online survey tool, and gathered information was easy to retrieve from one location.

Weaknesses in terms of the chosen method included the inability to pose relevant follow-up questions to respondents. In addition the qualitative data gathered was somewhat time-consuming to analyse. The most challenging aspect, however, was reaching the busy business travellers and TMC employees, many of whom often struggled with already participating in several different surveys.

A copy of the survey designed for business travellers is found in English in Appendix 1, while the survey distributed to TMC employees is copied in Appendix 2.

The surveys' outlook was simplistic. Questions were carefully designed to serve the purpose of the research problem. They were placed below one another in a logical order, exempting participants from clicking through several pages. The introductory text on top of the survey page outlined the research, its parties, objective, and target group, as well as the respondents' anonymity. The concept of ancillary services was similarly introduced and defined. Surveys included closed, open-ended, multiple choice, and scale questions.

3.3 Implementation

The online survey was designed, distributed, and managed effectively through online tool Webropol. Eight (8) active links were created to allow for data tracking – two (2) surveys (Finnish and English) were implemented for business travellers, and likewise two (2) survey links existed for each of the three (3) TMCs studied.

The survey links were distributed via email to three (3) TMCs in January and February 2015 and seventy-nine (79) business traveller employer companies and organisations

between November 2014 and February 2015. Each email included the links to both language versions of the applicable survey and a cover letter offering information about the research (objective, target group, anonymity, and access to published results). Two (2) TMCs were provided with a three (3) week time frame to participate in the survey, while one (1) was reached only at a later point in time resulting in a shorter time frame of two (2) weeks. The business traveller survey links were collectively closed on February 19, 2015.

Gathered data was analysed in February 2015 with the help of appropriate Webropol tools.

4 Data

The replies gathered from the questions in both surveys are reviewed in this chapter. Some data is presented in figures to help visualise the results.

A total of three (3) TMCs were studied, each with their own copy of the TMC survey template. In this chapter the results have been combined to represent TMC employees' responses as a whole. The responses to both versions of the business traveller survey (Finnish and English) have similarly been merged for the purposes of the study.

The TMC surveys gathered 15 responses in total, while the business traveller survey resulted in 213.

4.1 TMC survey

The demographics of respondents to the TMC employee survey are as follows: 13 respondents were female and 2 male. A total of eight (8) respondents were aged between 38-47 years, while four (4) were between 48 and 57. The age group 28-37 was represented by two (2) respondents and the age group 58-67 by one (1). Out of 15 respondents, 13 were in a position relevant to that of a business travel agent.
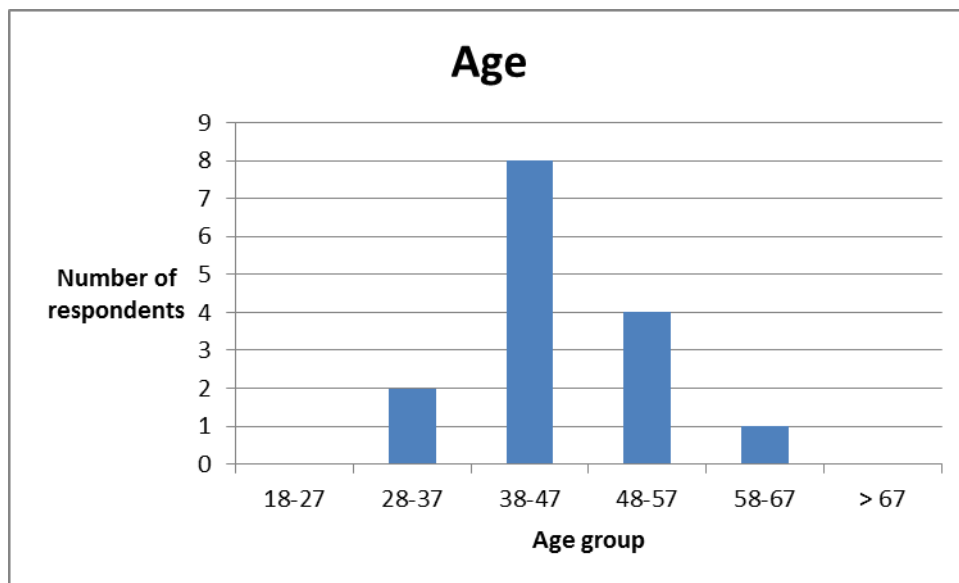

Figure 2. TMC survey respondents' age groups

When asked if they are familiar with airline ancillary services and how to book them, seven (7) said yes, and stated they feel comfortable booking ancillaries. Another seven (7) said they are familiar with ancillary services but do not feel fully comfortable booking them.

Out of 15 respondents, one (1) stated they were not familiar enough with ancillaries but would like to learn more about them.
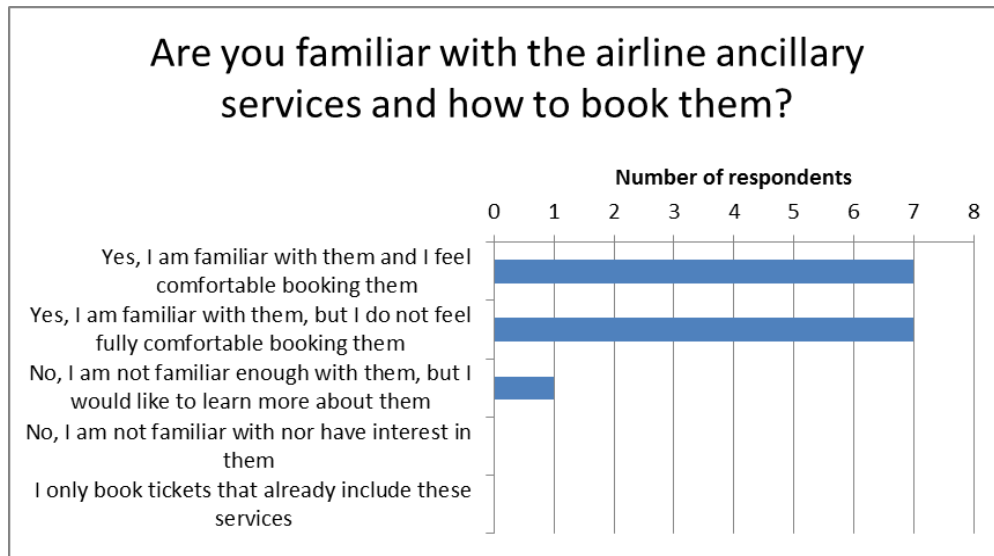

Figure 3. TMC survey respondents' familiarity with ancillaries

A total of 10 respondents fully agree with the statement "Booking ancillary services for the business travellers adds value to my company", and 11 fully agree with "Booking ancillary services for the business travellers adds value to them as my customers". As for the statement "Booking ancillary services is an essential part of my booking habits", five (5) respondents fully agree and nine (9) somewhat agree.

When asked for suggestions how to better promote and book ancillary services for business travellers in the future, one (1) respondent pointed out the importance of stating which ancillaries are not included in the ticket of the airline in question on the booking confirmation. Another respondent wanted to see ready-made template descriptions of each ancillary available in the tools. In addition two (2) respondents said they would like to have clearly visible links available on their offers and confirmations redirecting to the ancillaries which are bookable for that particular trip. Mobile phone reminders were also mentioned.

Related to the impact of travel policies, 10 respondents somewhat agree with the following statement: "Business travellers who are fully aware of their company's travel policies book more ancillary services in general (either according to the travel policy or by paying for them themselves)". With the superseding statement "Business travellers who lack a company travel policy book less ancillary services" five (5) respondents somewhat disagreed and four (4) somewhat agreed, while six (6) did not know. Out of 15

respondents, 11 fully or somewhat agreed with the statement "Business travellers are not always aware of which services are included in their travel policy".

When asked how companies could improve their travel policies to better serve the business travellers' needs, three opinions were raised: clearer communication and information towards travellers; focusing travel management tasks within one department or appointing them to one person in the organisation who communicates and shares information according to company procedures; and condensing lengthy manuals into a few paragraphs.

Out of 15 respondents, seven (7) felt it is more beneficial for the business traveller to book ancillary services with his/her TMC rather than on the airline's websites. Contrastingly five (5) were of the opinion that it is better for the traveller to use the airline's website directly. The remaining three (3) respondents were neutral about the topic or recognised advantages and limitations in both options.

A multiple choice question found that in order to book ancillary services for their customers, respondents would find it helpful to have: better and faster technical tools for booking them (9 respondents); more training and/or time to practise booking them (9); better tools and/or instructions how to present them to customers (8); better product information (8); more time to serve customers (7); more information of customers' needs and willingness to purchase them (6); and better sales commission (3). Additionally two (2) respondents pointed out struggling with the different practises of each airline and hoped for a unified approach towards ancillaries, with one (1) outlining the need to have updated, detailed seating maps (including, for example, extra leg room seats) fully visible in Amadeus.
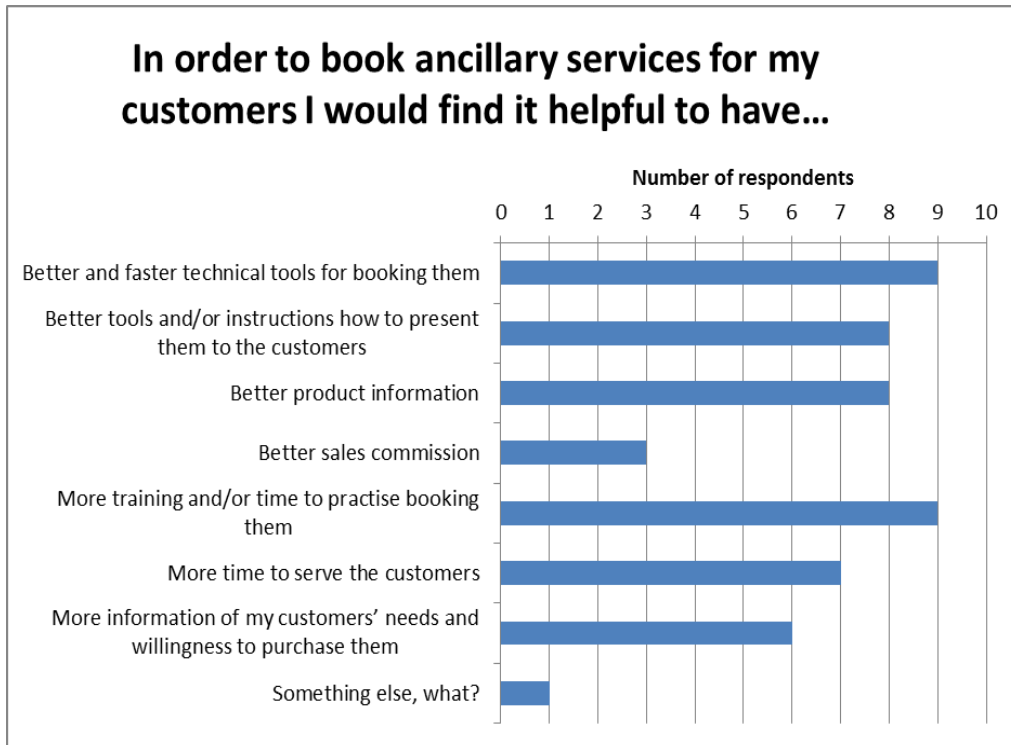
Figure 4. TMC survey respondents' needs for booking ancillaries

Another multiple choice question asked respondents to point out the key elements to improve the sales of ancillary services. A total of ten (10) respondents stated better tools and/or instructions how to present ancillaries to the customers were key. The remaining options gathered responses as follows: better and faster technical tools for booking them (8), better product information (7), more training and/or time to practise booking them (4), more information of customers' needs and willingness to purchase them (4), more time to serve customers (3), and better sales commission (2).

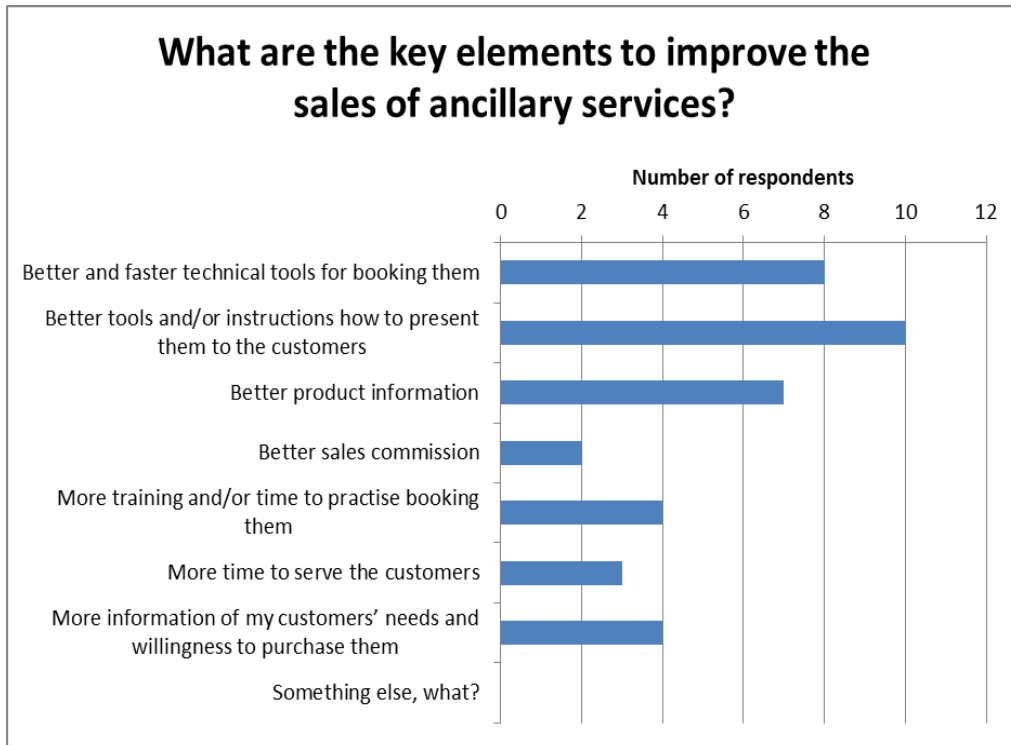**What are the key elements to improve the sales of ancillary services?**

Figure 5. TMC survey respondents' opinions on key elements to improve the sales of ancillaries

Finally, the respondents were requested to write down any additional thoughts or suggestions on what could improve their experience of booking ancillaries for their customers. The need to see a common practice across all airlines regarding ancillaries – similar services all booked in the same way – was stressed by two (2) respondents. Currently business travel agents struggle with remembering which airlines offer which ancillaries, on which flights, and in which classes.

4.2   Business traveller survey

The business traveller survey's demographics show 65 respondents female and 148 male. The age groups represented displayed a wider range than those of the TMC survey, with 71 respondents being between 29 and 38 years old, 63 between 39-48, and 59 between 49-58. The age group 59-68 consisted of 13 respondents, while years 18 to 28 were represented by six (6) and the over 69-year-olds by one (1) respondent.
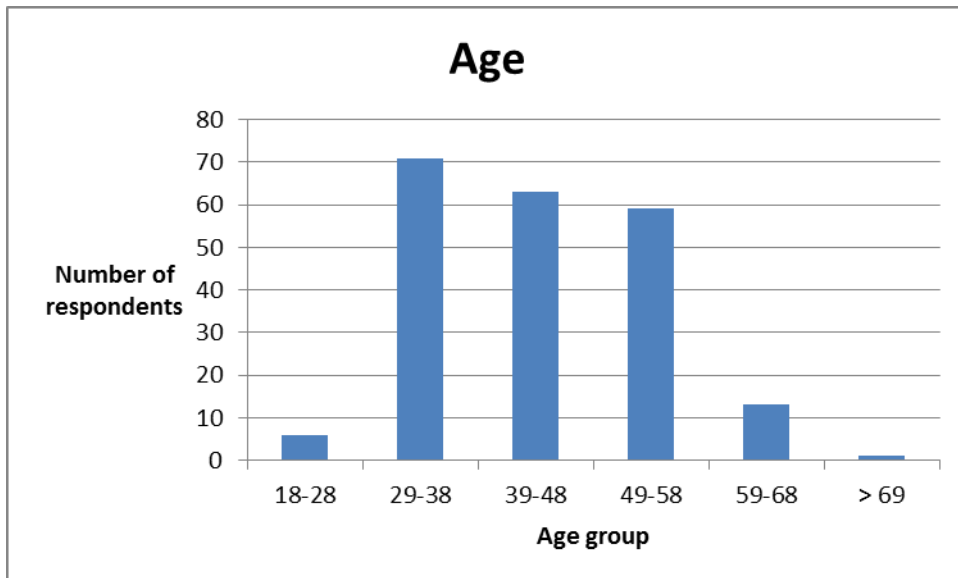
Figure 6. Business traveller survey respondents' age groups

The travellers were asked to state their position in their respective companies. Out of 213 respondents, 117 were senior staff, with the second most common position being in management (45). A supervisory position was held by 19 respondents while 18 were junior staff. A total of three (3) were travel coordinators and two (2) owners, while other nine (9) responses included, for example, athlete and specialist.
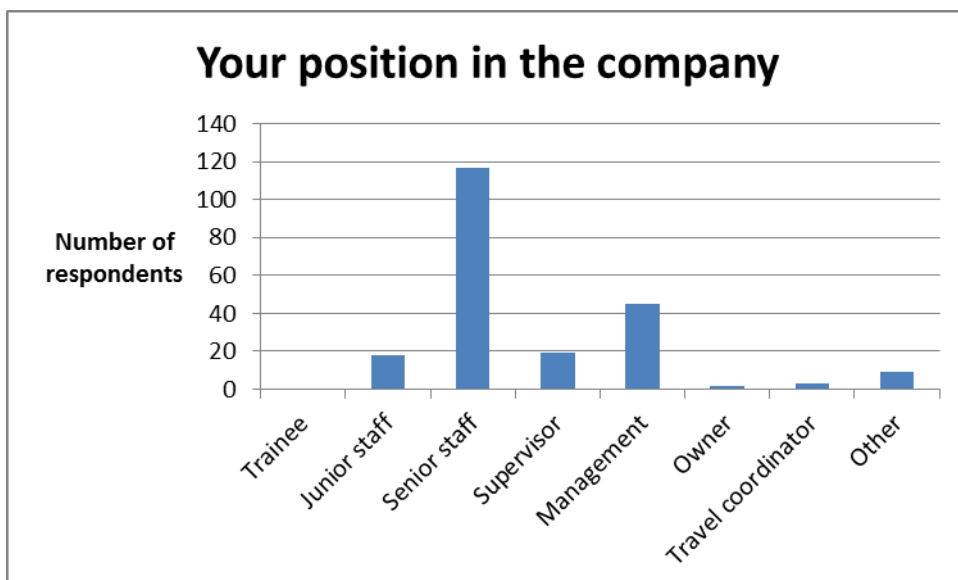

Figure 7. Business traveller survey respondents' employment positions

In total 59 business travellers stated flying for work 3-6 times a year, closely follow by 7-12 times a year (58 respondents) and 1-4 times a month (55). The number of respondents

travelling by plane 1-2 times a year resulted in 27, while seven (7) make trips less than once a year and another seven (7) once or more times per week.
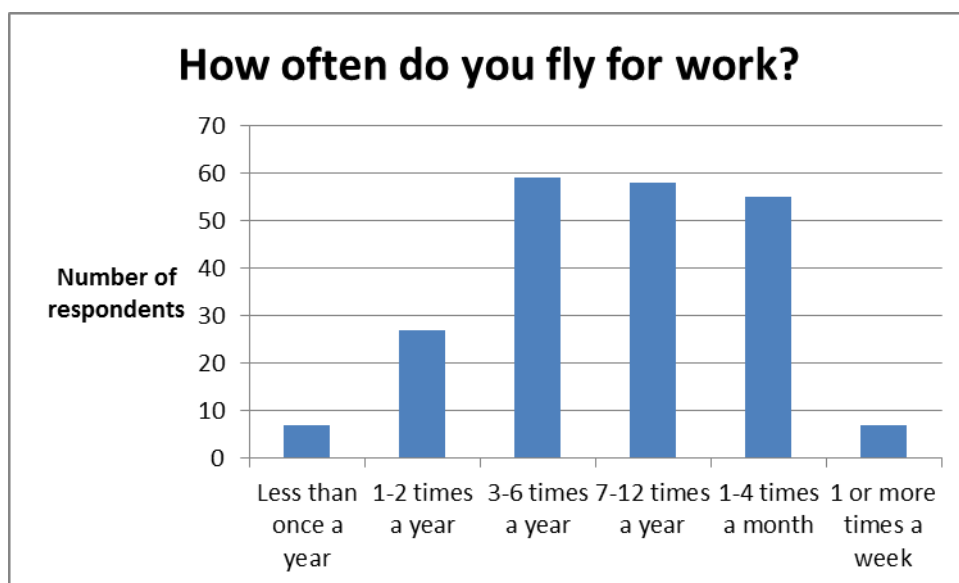

Figure 8. Business traveller survey respondents' travel frequency

The domestic flights taken by business travellers often occurred less than once a year (122 respondents) or 1-2 times a year (48). Scandinavian routes were most commonly flown either less than once (76), 1-2 times (56), or 3-5 times (45) a year. European flights were mostly stated to occur 3-5 times (67) or 1-2 times (63) a year. Long haul routes were commonly taken less than once a year (138) or 1-2 times a year (46), and travel including multiple destinations similarly occurred less than once (135) or 1-2 times (53) a year.

In terms of how often travellers use which booking channels, TMCs' online booking tools were the most commonly used, followed by the companys' travel agents booking travel for employees. Other ways of booking flights included the travellers' secretaries or assistants performing such tasks, and the travellers searching for the flights online before contacting their TMCs and providing the correct flight details. Figures were as follows:

Booking channel	Number of respondents			
	Never	Seldom	Often	Always
Via the airline's website	144	50	18	1
Via the airline's mobile application	197	15	1	0
By calling the airline	198	15	0	0
Via online booking tools	171	30	9	3
Via my travel agency's online booking tool	82	24	44	63
Via my travel agency's mobile application	201	10	2	0

By calling my travel agency	120	62	22	9
By emailing my travel agency	134	46	24	9
My company's travel agent books them for me	99	35	20	59
I book elsewhere	123	1	0	5

Table 1. Business traveller survey respondents' current use of booking channels

Out of 213 respondents, 132 were familiar with airline ancillaries and the methods of booking such services. The option of being familiar with ancillaries but not knowing how to book them resulted in 24 responses, while 23 participants were not familiar with them but would like to learn more, and another 23 were not familiar with nor interested in ancillaries. A total of 11 respondents only buy tickets that already include ancillary services or are automatically entitled to such due to their frequent flier tier level.
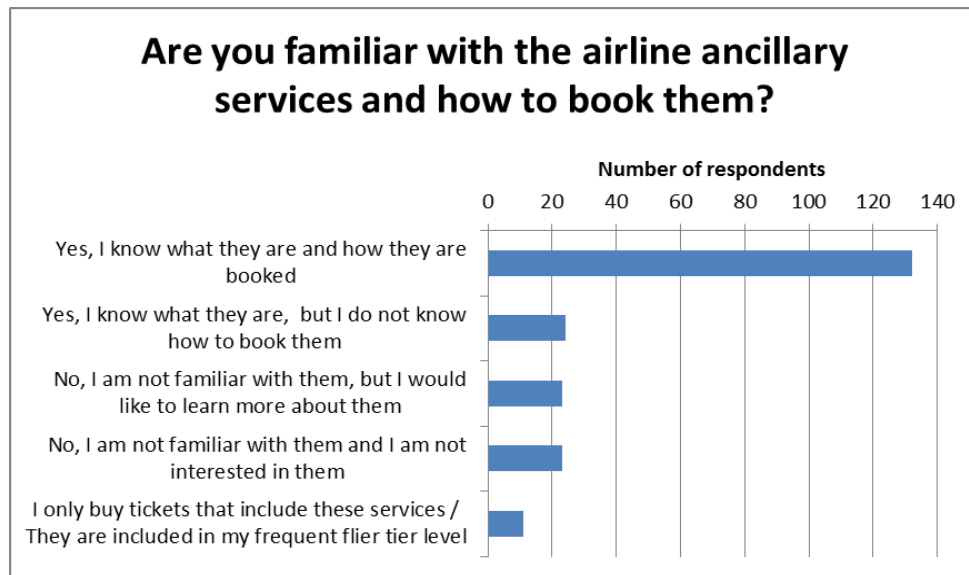

Figure 9. Business traveller survey respondents' familiarity with ancillaries

Out of 213 participants, 169 felt their TMC or travel manager does not actively offer them the option to add ancillaries to their travel, contrasted with 44 respondents who stated they feel they are actively being offered such a possibility.
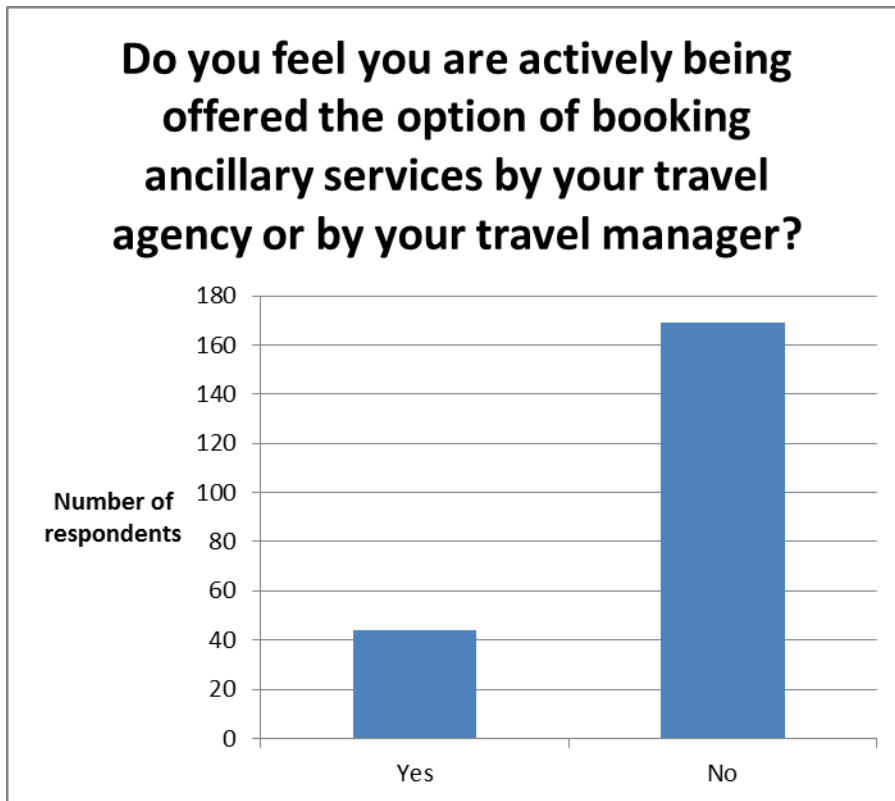
Figure 10. Business traveller survey respondents' opinion of being actively offered the option to book ancillaries

When asked if they would like to have something changed in how the ancillaries are currently being offerred, 133 respondents said no. A total of 22 respondents did not give an answer or did not know, while 12 respondents felt they were not familiar enough with ancillaries and their availability as they were unsure of their companies' travel policies or were not provided with such information. Positive responses were generated by 46 respondents, who said they would like to see improvements in how the ancillaries are offered. Respondents want to be able to clearly see which services are included in their tickets and which are not. If there are ancillaries that can be bought by paying extra, detailed information has to be available on the nature and cost of such services. In addition, many travellers are restricted by travel policies. These should be re-evaluated, and all aspects need to be clearly described to travellers. When travel policies prohibit all ancillaries, travellers do not wish to receive offers on them.

Some respondents saw booking ancillaries as a difficult process as it is not incorporated into the tools they use to book travel through their TMCs. This means travellers must phone their TMC each time to complete their booking when they wish to add ancillaries to their travel. Ancillaries between different airlines should also be easily comparable. Examples of desirable ancillaries included text message upgrades and transportation to

the airport. Many wish to see more detailed information provided on the ancillaries, especially when it comes to in-flight meals.

Out of all participants, 132 stated their company has a travel policy in place which is familiar to them. A total of 64 said that while there is a travel policy, they are not very familiar with it, and three (3) respondents replied their companies did not have existing travel policies. The remaining 14 did not know if the company they work for has a travel policy in place.
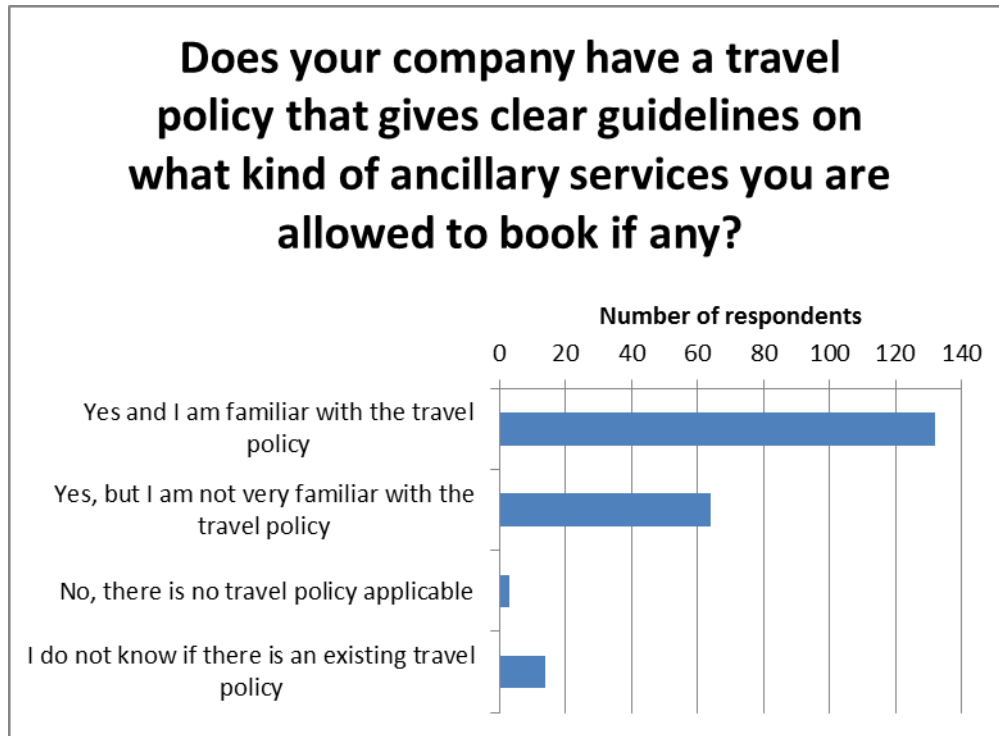

Figure 11. Business traveller survey respondents' familiarity with travel policies

Most common ancillary services allowed by the respondents'companies' travel policies were ticket changes/cancellations (91 respondents), baggage (55), seat selection (52), and in-flight meals (24). The remaining figures were as follows: extra legroom (19), lounge access (13), Wifi on board (12), priority security check (11), priority check-in (10), sports equipment (9), priority boarding (6), pre-order in-flight shopping (4), and in-flight entertainment (2). Other (16) responses included upgrades with frequent flier points, business class seat for intercontinental flights, and being entitled to ancillaries due to tier level, with 12 or those 16 stating they were not aware of which ancillaries their travel policy allows. A total of 83 respondents said their company's travel policy does not include any ancillary services.

In terms of which ancillaries the travellers would be willing to pay for themselves when not included in their travel policy, the responses were as follows: In-flight meals (65), Wifi on board (35), lounge access (33), extra legroom (28), seat selection (24), ticket changes/cancellations (24), priority check-in (16), priority security check (16), baggage (11), in-flight entertainment (10), pre-order in-flight shopping (9), sports equipment (8), and priority boarding (5). Others (2) included business class seat and upgrading with frequent flier points. In total 84 respondents said they are not interested in paying for any such ancillaries.

Most respondents would prefer to book ancillaries for their travel at the time of the booking (149). Another 58 would prefer to book at the online check-in, and 48 between making their booking and checking in online. A total of 17 respondents would prefer to book ancillaries on board the plane, seven (7) at the airport check-in, and three (3) would prefer to do so at the gate.

When asked how they would prefer to book ancillary services, the travellers' responses were as follows: Via the TMCs online booking tool (92), via the airline's website (58), via the online check-in (58), I would like my company's travel agent to book them for me (41), via the airline's mobile application (25), by emailing my travel agency (23), by calling my travel agency (22), via my travel agency's mobile application (22), and by calling the airline (1). Other (7) responses included not wanting to book ancillaries; wanting to have all necessary services already included in the booking; booking at the airport check-in; and wanting to book at the airport at a spot specifically designed for ancillary booking purposes, which could be located, for example, after the airport security.

How would you prefer to book ancillary services for your flight when travelling for business?
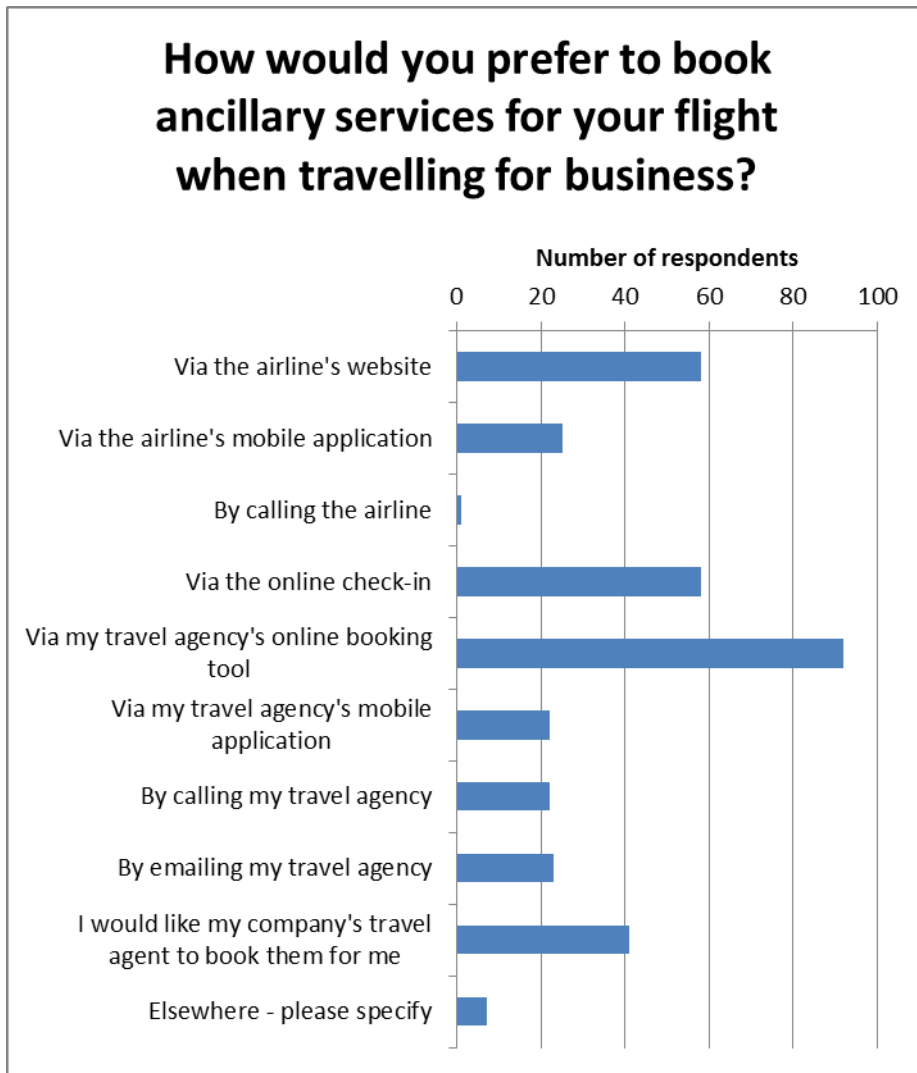
Figure 12. Business traveller survey respondents' preferences for booking ancillaries

In an optional question, 76 respondents indicated their desire to receive more information and suggestions about airline ancillary services from their TMC. In total 51 respondents would like to be offered ancillaries personalised according to their needs and travel habits, while 47 would be happy for the TMC to optimise their accrued mileage by booking ancillaries for their trips. Others stated they would prefer not to worry about ancillaries but have all appropriate services included in their travel by default, and some requests included not receiving any offers or information on ancillaries as company travel spend reductions mean policies do not cover such services.
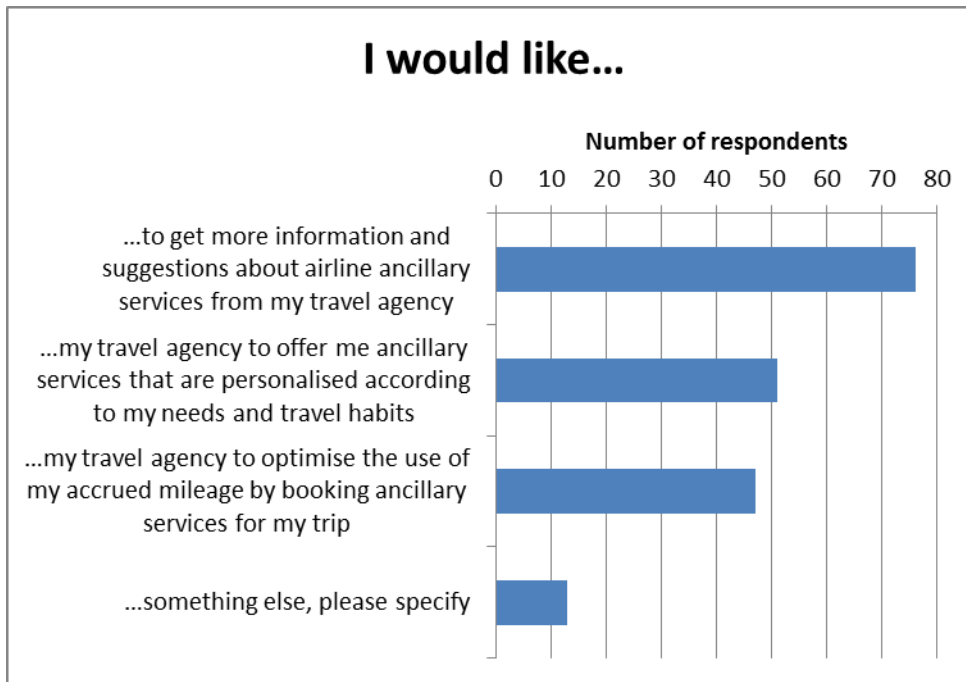
I would like...

Number of respondents

Figure 13. Business traveller survey respondents' wishes in terms of ancillaries

Finally, 21 respondents wrote down their additional thoughts and suggestions regarding ancillary services. Some mentioned certain ancillaries have been negotiated into their company's travel policy, while others requested TMCs sell ancillaries to companies in such a way that individual travellers need not cover the costs. Many would like to have ancillaries as part of their ticket by default. A table on the different ancillaries provided by airlines was requested from Amadeus in order to assist travellers in discovering which services are ancillary and how much each airline will charge for them.

Travellers are concerned over the lack of information regarding in-flight meals. The nature of meals on board (free of charge or paid) must be clearly communicated to travellers in advance. Additionally respondents wish to see the quality of food equivalently follow the price. The travellers' overall willingess to book ancillaries depends on the flight(s) in question. When faced with a long wait for the connecting flight, lounge access is desirable. With shorter connections such a service is not necessary.

Some respondents would be very interested in booking ancillaries yet are restricted by their company's travel policy. Others would be allowed to add such services to their travel but do not wish to pay for them. Some would be interested in having only certain ancillaries negotiated per company or per traveller, eabling more comfortable and efficient travel. Companies' unwillingness to invest in their employees' travel is seen as short sighted and unfortunate.

5   Analysis

The data of both surveys are explained and studied further in this chapter, beginning with the responses to the TMC survey. The analyses highlight any and all emerging patterns, noteworthy individual comments, as well as curious differences, resulting in extensive examination and justified conclusions based on the most relevant data.

5.1   TMC survey

Most of the TMC survey respondents had a position in their company equal or similar to that of a business travel agent. This suggests the respondents would be highly knowledgeable of the process of booking travel for their clients. Yet it is notable that while seven (7) out of 15 felt comfortable with booking ancillaries, the same number of respondents stated that although they are familiar with ancillary services, they do not feel as assured booking them. In addition one (1) respondent admitted to not being familiar enough with ancillaries. Although in a position where booking ancillary services can and should occur, a considerable amount of business travel agents are somewhat struggling with the task.

Participants felt booking ancillaries adds more value to their customers than their company. Most only partially agreed to the statement that booking ancillary services is an essential part of their booking habits, suggesting this is currently not a priority for agents. In terms of better promoting and booking ancillary services in the future, several ideas were listed. Template descriptions of each ancillary service should be made available in the tools used by TMCs, minimising the need to learn such information by heart and to enable locating necessary information fast for the purposes of both the agent and the customer. Related to this, agents hope to see links available on their offers and confirmations that would direct to the ancillaries bookable for that trip. It was seen as a bigger necessity to outline which ancillaries are not included in a particular ticket rather than the ones that are. This would allow for clearer communication towards the customer and prevent misunderstandings.

The data suggest that occasionally business travellers who are fully aware of their company's travel policy book more ancillaries. Yet when asked if the travellers who lack a company travel policy book less ancillary services, most agents responded not knowing. This could imply that most TMC client companies have a policy in place, and dealing with travellers out of impact of any such policy is very unlikely for the agents. 11 out of 15 respondents partially or fully agreed with travellers not always being aware of which

services are included in their policies, indicating a significant amount of unfamiliarity or incomprehension regarding travel policies among business travellers. Participants pointed out the need for companies to communicate their travel policies clearly to travellers and ensuring information is shared effectively. Appointing all travel management related tasks within the company to one department or employee and condensing lengthy manuals into a few paragraphs were also mentioned as measures for improvement.

Interestingly, seven (7) respondents stated that it is more beneficial for travellers to book ancillaries with their TMC, while five (5) saw airlines' websites as a preferable channel. This suggests not all business travel agents agree with the added value that booking all aspects of business travel via a TMC should create for the customer. The airline websites were seen as more efficient, simpler channels of booking that provide clearer information on e.g. services and prices. They were also recommended as booking channels when travel policies restricted or prohibited travellers from booking ancillaries as part of their managed travel. Booking ancillaries was also thought to be complex, time-consuming extra work for the TMCs.

However, participants who saw bookings through TMCs as more beneficial for the customer pointed out the convenience of having all travel in "one package" enabling an easy booking process on the part of the traveller. Other advantages included efficient managing, reporting, and billing as well as added revenue for the TMCs. In addition, booking through TMCs creates added value when considering traveller safety and making changes to bookings. Yet overall, the responses suggest that the booking process of ancillaries is currently so laborious on the part of the agent, many of them see the advantages of travellers booking ancillary services independently. Intriguingly, all respondents from one of the TMCs studied saw booking through airlines' websites as more beneficial, while 55 % of participants from another TMC recommended booking through TMCs. This indicates a significant variation in opinions not only between individuals but also between TMCs.

Most respondents would see help in introducing better and faster technical tools for booking ancillaries. Such new tools should be accompanied by appropriate training, time for practicing, and comprehensive product information on ancillaries including how to present them to customers. The data also suggest a number of agents struggle to find the time to accommodate for booking ancillaries when serving their customer, and some do not have enough information on the customer's willingness to book them. It could be that the complexity related to current booking processes has an effect on the TMCs ability to gather such data. The responses indicate some differences between TMCs – while the

respondents of one stressed the importance of allowing more time per each customer service interaction, employees of another TMC did not mention this factor at all, but instead focused on the need for better and faster tools.

Overall, the responses indicate that the willingness to book ancillaries is not as critically affected by, for example, sales commission, but does depend on the TMCs being provided with improved and faster tools. Key elements to optimise the sales of ancillary services are similarly related to improved tools, better instructions, and more comprehensive information. The results indicate that the current way in which ancillaries are booked for business travellers via TMCs needs developing. Agents require one common procedure enabled by a fast booking tool, bringing along a unified approach that would remove the struggle of memorising the practices of different airlines. Including detailed information on ancillaries for the purposes of both the agent and the traveller, the tool should also clearly display any differences in airline service levels. In addition to extensive product information, TMCs need instructions on how to merchandise ancillaries to their customers. Finally, the introduction of improved tools and procedures must be followed up with appropriate, inclusive training.

5.2   Business traveller survey

148 respondents to the business traveller survey were men, with the most common age group being 29-38. This is in contrast with the corresponding data from the TMC survey, where most respondents were female and aged between 38 and 47. Business travellers were mostly senior staff or held managerial positions. Such demographics must be taken into account when designing service aligned with customer expectations.

Most participants fly for business 3-6 times a year, and domestic, Scandinavian, and long haul trips as well as those including multiple destinations were most often made less than once a year. This suggests the respondents travel frequently and there is significant variety in the trips made. In addition, travellers tend to fly shorter routes (domestic, Scandinavian, and European) more times a year than long haul – a factor that is likely to increase traveller well-being as more exhaustive travel itineraries take place less frequently. This implies the merchandising of ancillaries need not be focused solely on long haul flights, as shorter journeys are made more often.

A considerable number of business travellers book their flights independently by using their TMC's online booking tool. This requires the tool to be fast and functional while including all the information and various options the traveller might look for when booking

travel. For many business travellers the booking process is handled by their company's travel coordinator. In such cases, the travel coordinator must be fully aware of the company travel policy as well as receive important updates from the TMC in order to provide the travellers with correct and detailed information. The least used channels of booking for business travellers are mobile apps – both the airline's and the TMC's, as well as calling the airline directly. TMCs could consider encouraging a shift from their online booking tool towards their mobile application, provided the application incorporates the functionalities of the online tool and therefore allows equally efficient booking. Airlines' direct channels are not favoured by business travellers who use the services of a TMC.

Responses indicate a clear need for business travellers to receive further information on the topic of ancillaries. Similarly it is evident that TMCs must become more active in merchandising such services to their customers. Currently the knowledge of and familiarity with ancillary services is still limited due to lack of communication. There were more respondents who said they do not know if their company has a travel policy in place than those who stated no travel policy exists. A considerable number were aware of having a travel policy but not being familiar with its contents. Overall the data suggest informing travellers of both ancillaries and the details of travel policies will enable optimising the merchandising of ancillary services through TMCs.

The travellers' companies mostly do not allow for ancillaries in their travel policies. In addition, travellers are not willing to pay for ancillaries themselves. The results indicate a strong preference from the part of the business traveller that such services should be included in their ticket by default. Yet when faced with adding ancillaries to their travel by paying for them independently, travellers prioritise in-flight meals, Wifi on board, and lounge access. Most would prefer to book ancillary services while their travel has not yet commenced to accommodate for utmost efficiency. The channel of booking would be the same as when booking flights: either through the company's travel coordinator or via the TMC's online booking tool. Some independent business travellers would prefer to book ancillaries via the airline website or the online check-in. Hence TMCs should consider offering ancillaries from the moment travel planning begins until just before travel commences, identifying the most suitable channel for each section of the process.

Business travellers ultimately wish to be fully aware of both their company's travel policy and the offering of ancillary services without having to worry about their travel arrangements. Such a requirement calls for appropriate communication from the side of the company and the TMC towards the traveller as well as systems that accommodate for a comfortable booking process, whether the person making the booking is the traveller,

the company's travel coordinator, or the TMC employee. As a solution specialist, Amadeus could enable such tools and training for the TMC who could in turn distribute information to the travellers. Detailed and understandable in nature, this information should not only be personalised according to the travellers' individual needs and habits, but importantly, aligned with their company's travel policy.

Travellers need one point of access to information that tells them 1) what travel related choices are enabled by their company's travel policy, 2) what services are included by default in the ticket they intend to book, and 3) what are the costs of ancillaries associated with a particular airline and ticket type, should the traveller wish to purchase any. Furthermore, business travellers are keen to hear the experiences and opinions of their colleagues regarding ancillary services, presenting a new way of merchandising easily adoptable by TMCs who gather significant amounts of data about their customers' travel habits and satisfaction.

A noteworthy comment by one respondent was that they would rather choose an airline that provides them with the services they require without having to buy them as ancillary. If travelling becomes too unpleasant due to lack of included services, they choose to reduce their travel and telecommute instead. It is crucial to recognise the variety of types of business travellers and the differences in merchandising methods they demand.

6 Discussion

This chapter summarises the study conducted between October 2014 and February 2015. It places focus on the results by building upon the analysis of the previous chapter and providing the commissioning party Amadeus Finland Oy with concrete measures to realise increased sales of airline ancillary services through optimised TMC adoption and enhanced corporate traveller experience. In addition the chapter evaluates the conducted research in terms of its reliability and validity. At the end of the chapter, suggestions for further research on the topic are explored.

The topic of research was merchandising airline ancillaries for business travellers through TMCs. The research problem examined was whether the solutions and services provided by Amadeus enable TMCs to efficiently merchandise ancillaries to business travellers, and if not, what types of improvements might be needed. The views and opinions of both target groups were studied through online surveys. Data was gathered between January and February 2015.

The results of the study indicated a lack of efficient communication about ancillary services towards both TMC employees and business travellers. Both parties wish to receive clearer information on the nature of ancillary services, their offering, and pricing. TMCs stress the importance of a faster booking tool that includes all ancillaries as well as provides detailed information for both them and the customer, while travellers agree that the TMC online booking tools currently in use do not accommodate for independent, efficient booking processes. Furthermore, both parties note the utmost importance for companies to communicate their travel policies to business travellers in detail in order to allow travellers to make informed decisions.

According to the results, key elements to optimise the sales of ancillary services through TMCs relate to providing TMCs with improved tools, training, and detailed information. This resonates with the business travellers' need to receive comprehensive information on ancillaries. Travellers are eager to learn which services are enabled by their corporate travel policy, whether or not such services are included in their ticket by default, and if not, how much they would cost. Once travellers have access to such data and become more knowledgeable, TMCs can begin to optimise their merchandising by addressing individual traveller habits within the limits of travel policies.

In order to enable TMCs to grasp and adopt the process of merchandising ancillaries to their customers more effectively, a three-tier optimisation process is introduced to the

commissioner. The model combines the key factors demonstrated by the results of the study to allow for a notable increase in the sales of ancillaries. This "3T model" described below comprises of an improved tool, comprehensive training, and an informative table, all of which are to be provided to TMCs in the aforementioned order.

The **tool** with which TMCs book travel for their customers must be improved in order to accommodate for easy and efficient booking of all ancillaries. The improved tool provides one common way for TMCs to book ancillaries, removing the need to memorise detailed information, make bookings elsewhere, and spend time searching for information on airlines' websites. Template descriptions of each ancillary service are included in the tool, allowing the agent to check details for their customer. The tool enables locating necessary information and completing bookings faster than before. TMCs will also benefit from easier managing and reporting of travellers' trips. The same tool could be incorporated into the use of the business traveller, allowing them to independently book travel that includes ancillaries and access relevant information. Through the new tool travellers should also be provided with flexibility in changing their travel plans to the extent that is appropriate.

Training is crucial once new technology has been introduced to the TMCs. Flexibility is key to training, and hence Amadeus is encouraged to offer adjustable training packages fit for each TMC's needs. Packages could be modified in terms of the content, channel, method, and length of training. For example, a 1-month online training course covering the use of the improved tool as well as providing comprehensive information on airlines' ancillaries, or a 2-day intensive training course implemented in person at the company's premises focusing solely on the new functions of the introduced tool. Training will ensure a correct and efficient use of the new tool as well as provide TMC employees with all the required information to actively sell ancillaries.

Finally, Amadeus is to create a **table** for the purposes of both TMCs and business travellers. This table distributed online to both parties will cover all Amadeus airlines and their ticket types. Readers will be able to see which services are included in each ticket of each airline, reducing the likelihood of misunderstandings and disappointments during travel. It will also help travellers plan their upcoming journeys. In addition to displaying which services are included, the table will list all available ancillaries and their approximate prices per airline. This will allow the TMC employee to serve customers more effectively by having all information at hand. Business travellers booking travel independently will similarly be aided by such a document.

It is crucial that each party involved recognise their role in the process of increasing sales of ancillaries. While Amadeus provides TMCs with the appropriate tools enabling efficient merchandising, TMCs must act responsibly toward their customers and filter information appropriately. Travel policies are often very restrictive and many travellers do not have the option of booking ancillaries for their business travel, rendering the offers of TMCs redundant.

The study found four distinctive business traveller groups. Representatives of each group must be approached in a different way by the TMC when merchandising ancillaries. It is the TMC's responsibility to gather information about their customers in order to effectively meet their needs without repelling those travellers who do not wish to receive offers. The four groups identified by the study were:

1) Business travellers whose travel policy does not include ancillaries and who are not willing to pay for such services
2) Business travellers whose travel policy does not include ancillaries but who are interested in booking such services
3) Business travellers whose travel policy includes ancillaries and who are entitled to such services by default due to their frequent flier tier level
4) Business travellers whose travel policy includes ancillaries and who are interested in being offered such services.

When approached by the TMC in the appropriate way, through a suitable channel, and at the right time, travellers in groups two (2) and four (4) represent great potential for increasing ancillary sales. Even travellers in group one (1) can be solicited by first ensuring satisfied customers in groups two and four, after which introducing a new way of merchandising by recounting the positive experiences of those colleagues to travellers in group one. Many business travellers were eager to learn more about ancillaries by consulting their colleagues and hearing about other business travellers' opinions.

As a conclusion, this enhanced corporate traveller experience combined with clear communication and optimised TMC adoption through the 3T model will ultimately result in a significant increase in the sales of ancillary services.

The research conducted on the topic is deemed reliable as data was gathered through unbiased online surveys. Respondents were employees of three global TMCs operating in Finland as well as employees of various companies and organisations operating in different fields across Finland. Validity of the conducted research is confirmed by the

results and conclusions providing a solution to the initial research problem. An intriguing aspect in terms of research ethics is the respondents' awareness of the commissioning party. It is possible that by introducing the research to participants as commissioned by Amadeus Finland Oy, travellers and TMC employees may have altered their replies so as to not provide a fully truthful insight – a limitation known as demand characteristic. Yet detailed accounts even on negative issues were received for open-ended questions, suggesting participants felt comfortable sharing various opinions related to the topic.

Commissioned by Amadeus Finland Oy this research and its findings are anticipated to be of relevance in optimising the merchandising of ancillaries to business travellers through TMCs. A suggestion for further research on the topic is to more closely examine the four types of business travellers identified by this study and to conclude the most effective ways in which to merchandise ancillaries to each group while honouring the respective travel policies.

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Appendices

Appendix 1. Online survey for business travellers (English)

Business Travellers' preferences regarding airline ancillary services

This survey is conducted as part of a Bachelor's thesis for HAAGA-HELIA University of Applied Sciences. It aims at identifying and measuring the habits, experiences and expectations of Finnish business travellers in terms of purchasing airlines' ancillary services. The research is conducted by HAAGA-HELIA students and commissioned by Amadeus Finland Oy.

Answering the survey will only take around 5-10 minutes of your time. All the replies will be kept anonymous. The results of the research will be later published on www.theseus.fi. The survey has been sent to you as it targets business travellers in Finland. Your reply is highly valued!

Airline ancillary services

Ancillary services are considered as all additional services a passenger is able to purchase from the airline on top of his/her flight ticket. Depending on the ticket type, cabin class, air carrier and frequent flyer tier level, these services might already be included. Common ancillary services would be e.g. a seat with extra leg room, lounge access, meals, baggage or in-flight entertainment and Wi-Fi.

Asterisk (*) indicates a required field.

1. Sex *

◯ Female   ◯ Male

2. Age *

◯ 18-28 years

◯ 29-38 years

◯ 39-48 years

◯ 49-58 years

◯ 59-68 years

◯ 69 years or older

3. Your position in the company *

◯ Trainee

○ Junior staff

○ Senior staff

○ Supervisor

○ Management

○ Owner

○ Travel coordinator

○ Other, please specify_____

4. How often do you fly for work? *

○ Less than once a year

○ 1-2 times a year

○ 3-6 times a year

○ 7-12 times a year

○ 1-4 times a month

○ 1 or more times a week

5. Please indicate the type of flights you fly for business and approximately how often? *

	< 1 times a year	1-2 times a year	3-5 times a year	6-10 times a year	11-15 times a year	15+ times a year
Domestic	○	○	○	○	○	○
Scandinavian	○	○	○	○	○	○
European	○	○	○	○	○	○
Longhaul	○	○	○	○	○	○
Including multiple destinations per travel	○	○	○	○	○	○

6. How do you book your flight tickets? *

	Never	Seldom	Often	Always
Via the airline's website *	○	○	○	○
Via the airline's mobile application *	○	○	○	○
By calling the airline *	○	○	○	○
Via online booking tools *	○	○	○	○
Via my travel agency's online booking tool *	○	○	○	○

Via my travel agency's mobile application *	○	○	○	○
By calling my travel agency *	○	○	○	○
By emailing my travel agency *	○	○	○	○
My company's travel agent books them for me *	○	○	○	○
I book elsewhere - please specify _____	○	○	○	○

7. Are you familiar with the airline ancillary services and how to book them? *

○ Yes, I know what they are and how they are booked

○ Yes, I know what they are, but I do not know how to book them

○ No, I am not familiar with them, but I would like to learn more about them

○ No, I am not familiar with them and I am not interested in them

○ I only buy tickets that include these services / They are included in my frequent flier tier
level

8. Do you feel you are actively being offered the option of booking ancillary services by your travel agency or by your travel manager? *

○ Yes
○ No

9. Would you like to have something changed in how the ancillary services are being offered? If yes, what specifically? *

_____

10. Does your company have a travel policy that gives clear guidelines on what kind of ancillary services you are allowed to book if any? *

○ Yes and I am familiar with the travel policy

○ Yes, but I am not very familiar with the travel policy

○ No, there is no travel policy applicable

○ I do not know if there is an existing travel policy

11. If not included in your ticket, which ancillary services does your company's travel policy allow? *

☐ Lounge access

☐ Advance seat selection

☐ Extra legroom

☐ Changing or cancelling my ticket

☐ Priority check in

☐ Priority security

☐ Priority boarding

☐ Wifi on board

☐ In-flight entertainment

☐ Meals

☐ Baggage

☐ Sports equipment

☐ Pre-order in-flight shopping

☐ Other, please specify_____

☐ My company does not have a travel policy

☐ My company's travel policy does not include ancillary services

12. If not included in your ticket or in your company's travel policy, which ancillary services would you personally be willing to pay extra for? *

☐ Lounge access

☐ Advance seat selection

☐ Extra legroom

☐ Changing or cancelling my ticket

☐ Priority check in

☐ Priority security

☐ Priority boarding

☐ Wifi on board

☐ In-flight entertainment

☐ Meals

☐ Baggage

☐ Sports equipment

☐ Pre-order in-flight shopping

☐ I am not interested in paying for any of these

☐ Other, please specify_____

13. When would you prefer to book ancillary services when travelling for business? *

☐ At the time of the booking

☐ Between booking and the online check in

☐ At the online check in

☐ At the airport check in

☐ At the gate

☐ On board the aircraft

14. How would you prefer to book ancillary services for your flight when travelling for business? *

☐ Via the airline's website

☐ Via the airline's mobile application

☐ By calling the airline

☐ Via the online check in

☐ Via my travel agency's online booking tool

☐ Via my travel agency's mobile application

☐ By calling my travel agency

☐ By emailing my travel agency

☐ I would like my company's travel agent to book them for me

☐ Elsewhere - please specify_____

15. I would like...

☐ … to get more information and suggestions about airline ancillary services from my travel agency

☐ … my travel agency to offer me ancillary services that are personalised according to my needs and travel habits

☐ … my travel agency to optimise the use of my accrued mileage by booking ancillary services for my trip

☐ … something else, please specify:_____

16. Did we miss something? Do you have any additional thoughts or suggestions regarding the ancillary services?

_____

Thank you very much for taking the time to participate - we appreciate your effort!

Appendix 2. Online survey for TMC employees (English)

Survey for business travel agencies regarding merchandising airline ancillary services

This survey is conducted as part of a Bachelor's thesis for HAAGA-HELIA University of Applied Sciences.
It aims at identifying and measuring the habits, experiences and expectations of Finnish business travel agents
in terms of selling and merchandising airlines' ancillary services. The research is conducted by HAAGA-HELIA
students and commissioned by Amadeus Finland Oy.

Answering the survey will only take around 5-10 minutes of your time. All the replies will be kept anonymous.
The results of the research will be later published on www.theseus.fi. The survey has been sent to you as it targets
business travel agents operating in Finland. Your reply is highly valued, thank you in advance for taking part!

Ancillary services

Ancillary services are considered as all additional services provided by the airline a passenger is able to purchase on top of
his/her flight ticket. The ticket type, cabin class and the air carrier, as well as the passenger's frequent flyer tier level
defines which of the services the passenger is entitled to free of charge. Common ancillary services would be e.g. a seat with
extra leg room, lounge access, meals, baggage or in-flight entertainment and Wi-Fi.

Asterisk (*) indicates a required field.

1. Gender *

○ Female

○ Male

2. Age *

○ 18-27 years

○ 28-37 years

○ 38-47 years

○ 48-57 years

○ 58-67 years

○ 68 years or older

3. Your position in your company *

_____

4. Are you familiar with the airline ancillary services and how to book them? *

◯ Yes, I am familiar with them and I feel comfortable booking them

◯ Yes, I am familiar with them, but I do not feel fully comfortable booking them

◯ No, I am not familiar enough with them, but I would like to learn more about them

◯ No, I am not familiar with nor have interest in them

◯ I only book tickets that already include these services

5. How do you feel about booking ancillary services? *

Please evaluate the listed statements according to your experience.

	Fully disagree	Somewhat disagree	I do not know	Somewhat agree	Fully agree
Booking ancillary services for the business travellers adds value to my company	◯	◯	◯	◯	◯
Booking ancillary services for the business travellers adds value to them as my customers	◯	◯	◯	◯	◯
Booking ancillary services is an essential part of my booking habits	◯	◯	◯	◯	◯

6. Do you have suggestions how to better promote and book ancillary services for business travellers in the future?

_____

_____

_____

7. What is the impact of travel policies? *

Please evaluate the listed statements according to
your experience.

	Fully disagree	Somewhat disagree	I do not know	Somewhat agree	Fully agree
Business travellers who are fully aware of their company's travel policies book more ancillary services in general (either according to the travel policy or by paying for them themselves) *	○	○	○	○	○
Business travellers who lack a company travel policy book less ancillary services *	○	○	○	○	○
Business travellers are not always aware of which services are included in their travel policy *	○	○	○	○	○
Other, please specify _____	○	○	○	○	○

8. In your opinion, how could the companies improve their travel policies to better serve the business travellers' needs?

_____

_____

_____

9. In your opinion, is it more beneficial to the business traveller to book ancillary services with their travel agencies

rather than directly on the airline's websites? Why / why not? *

_____

_____

_____

10. In order to book ancillary services for my customers I would find it helpful to have... *

Please select the applicable options. You can choose multiple options, however at least one option needs to be selected.

You may give examples in the boxes.

☐ Better and faster technical tools for booking them
_____

☐ Better tools and/or instructions how to present them to the customers
_____

☐ Better product information
_____

☐ Better sales commission

_____

☐ More training and/or time to practise booking them

_____

☐ More time to serve the customers

_____

☐ More information of my customers' needs and willingness to purchase them

_____

☐ Something else, what?

_____

11. What are the key elements to improve the sales of ancillary services? *

Please select the applicable options. You can choose multiple options, however at least one option needs to be selected.

☐ Better and faster technical tools for booking them

☐ Better tools and/or instructions how to present them to the customers

☐ Better product information

☐ Better sales commission

☐ More training and/or time to practise booking them

☐ More time to serve the customers

☐ More information of my customers' needs and willingness to purchase them

☐ Something else, what?

_____

12. Is there anything else that would improve your experience of booking ancillary services for your customers?

_____

_____

_____

Thank you very much for taking the time to participate - we appreciate your effort!