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ARC Data Showing Promise For Buyers

By David Jonas • March 23, 2017

Prism data is the basis for corporate deals with the big U.S. network airlines. It will be for the foreseeable future. But it has limitations. The Airlines Reporting Corp. designed new tools for corporate buyers and agencies that better detail activity and marketplace benchmarks. This can prepare them for contracting.



Image: Thinkstock

In an early use case of ARC Corporate BI, a company used the tool to tweak some

policies, reinforce others and secure more favorable contract terms.

"The data sources that most companies negotiate on — TMC data and Prism — are decent sources," said KesselRun Corporate Travel Solutions vice president

Krissy Herman. "But so often there is more information that can help strengthen an organization's position in negotiations with an airline, or shed light on certain behaviors that occur within an organization that they should take action on to help better support airline partners."

The consultants at KesselRun in 2016 applied ARC data for an undisclosed multinational client to optimize its air program and rework contracts with two airlines. [Benchmarking](#) was a first step.

Made available last year, Corporate BI taps into ARC's immense data repository to provide transaction-level detail. It includes a company's volume, cabin mix and average price paid — by airline and by origin and destination. Users can compare themselves to the entire corporate market

and to peer organizations spending about the same. Benchmarking by industry sector is in the works. ARC bases corporate-travel datasets on dedicated ARC numbers associated with corporate TMCs and individual companies.

Prism data shows average ticket price by market.

While travel management companies can break it down by classes of service, sometimes they need "a little more heavy lifting" to pull, verify and use granular data, Herman said.

Especially if the client has some atypical citypairs, the TMC data sample may be too small to offer much insight.

KesselRun's exercise showed the client had performed well overall but had room for improvement. "It's one thing to say to a client, 'Book in advance and save money,'" Herman said. "It's another for a client to pass actual data up the food chain. 'Here's proof that based on our patterns we can save x amount by tweaking policy and behavior.' "

Beyond corporate travel, comparisons

against the entire spot market could show if contracted rates are worth it on specific routes. Spot market data represents everything in indirect channels not booked through the client's designated TMC.

ARC: Corporate BI O&Ds match airline definitions, fare mapping is in alignment and data is updated weekly.

Herman explained that the client's previous contract included a flat fare for business class on a transatlantic route that "more often than not" was higher than what was available in the spot market.

Those sorts of observations can prepare the buyer for airline negotiations. "If you are not making share on a certain term," Herman said, "maybe the airline wasn't giving you the best fare in that market. Now we can make that argument."

KesselRun partner Brandon Strauss added that ARC's ability to break down average ticket price by route and by carrier makes it "a real leverage tool."

ARC managing director of product management Arun Gupta said ARC BI tools define O&Ds exactly how airlines do. Cabin-class mapping matches up. Reports

are available weekly, which he said is more frequent than what TMCs and airlines typically provide. All of that can help overcome some of the complexity in how often airlines tweak pricing, [fare classes](#), [fare basis codes](#) and the like.

"Corporates are disadvantaged," said tClara managing director Scott Gillespie during a panel discussion at an ARC event in October. "You hear constantly from travel buyers that Prism datasets don't really match their own TMC data. So where is the gap? Who is right? Who has a vested interest? It's never terribly clear. In that sense, the corporates are behind. That gap will close, as it should."

BCD Travel senior director of supplier relations Jeffrey Blaszyk also spoke at the ARC event. "A lot of times, it's our data versus theirs," he said. "But when we can bring in third-party data that maybe correlates to what we are showing, it helps us when we go back to [the airline] if we are seeing some discrepancy." He said it "shows we're doing our homework."

United Airlines director of sales products and programs Joe Tibble added that better data in the buyers' hands has meant more meaningful conversations. "Traditionally we would go in and say, 'Here are your four or five opportunity areas,'" he said. "Jeff already knows those opportunity areas, so the conversation has shifted."

For KesselRun's client, the analysis showed "significant differences in average ticket price between airlines" in several key markets. That led to increased discounts.

In the Charlotte-Shanghai market, for example, the client expected its volume to grow in the coming 12 to 18 months.

Using the ARC data, KesselRun found that the company's business class ATP on that citypair was \$1,100 higher than the corporate market average. Though the client allowed first class on those flights, and its first class ATP beat the market average, the numbers showed "a compelling business case" to move all travelers to business class. Doing so, according to KesselRun, would generate

"Corporates are disadvantaged. The gap will close, as it should."
tClara's Scott Gillespie

as much as \$9,000 in savings just on that one route.

The analysis also spotlighted which carriers offered the best fares within each class of service. That aided negotiations by uncovering where airlines should improve discount levels to remain competitive. It also showed the client how shifting share can help meet contract goals.

Meanwhile, benchmarking the client against the spot market identified where travelers may have indicated they "found this fare cheaper online." As a result, the client worked with its TMC "to ensure agents are checking all available avenues for best faring," according to KesselRun.

One Piece Of The Puzzle

The ARC Corporate BI product isn't an [airline corporate sourcing tool](#) that allows for forecasting, what-if scenarios and comparisons of airline contract offers. It currently doesn't include quality of service index (QSI) measurements. Airlines use QSI (sometimes called fair market share, or FMS) to state what they believe their fair share is in a given market

based on various weighted factors. They reward clients who deliver above and beyond. QSI formulae vary by carrier. Some big TMCs and industry consultants have their own.



*Doug Mangold,
ARC VP of product*

VP of product Doug Mangold said ARC is exploring how to facilitate more sourcing functions within Corporate BI. It's working with an

unnamed partner to bring in QSI.

Advito vice president Bob Brindley said that while more information can only benefit buyers, ARC data is just one piece of the puzzle. He said there's an opportunity in the market to go further by incorporating data generated after ticketing: on-time performance data, [ancillary spending](#) and so forth.

GoldSpring Consulting partner Neil Hammond said ARC datasets can be valuable as clients search for good benchmarking info. As an independent data source, he said, the ARC tool can assist in clearing up discrepancies in

Prism data. Prism data feeds show an airline what it's getting from a company and, lumped together, what that company gives everyone else. "It tends to be high level with not a lot of detail," Hammond said. "It can be frustrating."

Besides contract modeling, Hammond would like to see ARC Corporate BI include data from non-U.S. points of sale. With the International Air Transport Association, ARC compiles Bank

Settlement Plan data from around the globe. That's part of the separate Direct Data Solutions product.

Within the United States, direct bookings on airline.com sites are missing from ARC Corporate BI data. A lot of Southwest Airlines' corporate travel sales, for example, [go direct](#). The same is true for Prism (owned by Sabre), though United and Concur recently worked out how to bring in [TripLink data](#).

Additional info: ARC Corporate BI is a subscription-based product. Pricing, which ARC did not lay out, is determined by client volume.

ARC also offers Faresight, which provides a far less detailed view at a lower price point. ARC now is working to develop one-page airline performance reports. They will show corporate-specific market shares, average ticket prices and QSI. Snapshot reports on specific city pairs didn't get much traction, Mangold said.

Gillespie's tClara firm gets ARC data for its Air Clarity reports. Analytics firm Prime Numbers Technology, part of Atlas Travel & Technology Group, recently announced a licensing deal to use tClara's fair market share data with sourcing clients. According to Prime Numbers, tClara calculates FMS "using global flight schedules, rigorous connection logic and user-defined parameters."