



W H I T E P A P E R

Selecting a TMC partner in India – Some key considerations for Global Travel Managers

Business Travel in India remains a strong story. Presently estimated at \$33bn, business travel spending is expected to cross US\$90 bn by 2030, making India the 5th largest business travel market globally. India is already the 3rd largest aviation market in volume domestic air passenger traffic, and is expected to become the largest market globally in the next 10 years. The Indian travel industry is large, diverse and complex. As such, setting up and managing a robust travel program in India is a challenge for any professional Travel Manager. This paper provides some key perspectives and information on business travel market in India that will be useful for Corporate Travel Managers in establishing and a successful Travel program covering the India market, particularly Travel Managers who are remotely located or have not had prior experience in working in the India market.

- The travel industry is highly fragmented with over 10,000+ Travel Agencies of varying sizes & inconsistent product/service offerings.
- A large and diverse market necessitates the ability to deliver standardized service as well as the ability to manage local nuances across multiple customer locations.
- Extremely low barriers to entry has resulted in proliferation of small/medium sized agencies.
- There is a significant churn/financial stress driven by the capacity to manage credit & changes in regulatory practices impacting profitability and ability to sustain/survive.
- The organized TMC space has seen some consolidation in recent years with Consumer centric Online Travel Companies acquiring Corporate Travel Companies with an intent to expand presence in the business travel space. This strategy has met with limited success.
- Another important consideration is the constrained supply of trained and skilled manpower.
- Corporate Travel Service remains high touch to a large extent; centralized servicing is gaining currency and online is in early stages of development:
 - Traditional Implant service model is still quite popular among large global & Indian companies.
 - Others prefer offsite service or a combination of online and offline service.
 - Telephone & e-mail are the primary booking channels.
 - Most travel service providers continue to use dated telephony and e-mail systems for handling customer service.

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- The major part of the Indian Corporate Travel industry is unorganized with abundance of 'mom & pop' travel shops who do not adhere to formal quality standards. Only a few of the recognized travel companies have instituted Quality Management programs.
- The Domestic Aviation market is large and growing rapidly and is expected to be the 3rd largest in the world by 2021.
- Availability & fare levels are highly dynamic in this competitive market.
- LCC's dominate domestic air travel with two-thirds market share (& growing).
- LCC inventory is not available on GDS and Travel Agents need to transact bookings through airline websites that leads to delays and inefficiencies.
- Indian Railways is the largest railway network in the world and emerging as a preferred means for business travel.
- The Indian hotel industry is widely dispersed with over 150,000 hotel rooms spread across various hotel categories.
 - <50% of the room inventory is in the branded or classified sector. A plethora of small hotels or guest houses form an important part of the value chain.
 - Many large companies follow the practice of using guest houses in high traffic cities.
 - Nearly 35% hotel demand is for smaller cities where content is not available on the traditional booking platforms (e.g.GDS). As such, Travel Agents deploy fragmented hotel aggregator platforms and/or rely on manual processes.
 - Recent changes in GST regulations have further complicated the corporate hotel reservation and billing process.
 - Globally accepted practice of 'pay at hotel' is limited to large chains and large city hotels.
- After Office hours travel services for business travelers are mostly managed through informal arrangements involving contacting the Travel Counselor or Agency Manager on their mobiles in personal time. Only handful TMCs have formalized after-office hour servicing capabilities.
- India is no exception to the uncertainties facing today's world traveler with regards unforeseen events, exigencies and disruptions. However, globally accepted practices around duty-of-care are in nascent stages of development and limited to global / limited professionally managed Indian TMC's.
- A fiercely competitive market place comprising agencies of varying size and ownership structures, increasing pressures on margins, and fragile compliance standards have led to opaque financial practices in the Travel industry leading to an overall lack of confidence amongst many Corporate clients with Travel service providers.
- Good Corporate Citizenship and contribution to environment protection is a low priority for Travel Companies in India and current efforts are extremely limited in scope and impact.

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