

Turn to pg. 35 and discover our latest European Tag Sale!



TravelAgent

HELPING AGENTS SELL MORE TRAVEL MORE EFFECTIVELY

APRIL 11, 2005

DESTINATIONS

MEXICO

Villas in Los Cabos.....20

AUSTRALIA

Snowbird escapes.....24

PACIFIC NORTHWEST

Celebrating Lewis & Clark....28

NEW ENGLAND

Birthday bash in Boston.....31

CRUISES

CULINARY VOYAGES

Seabourne's 'Chefs' Circle'.... 34

HOTELS

HEART OF ST. MORITZ

Luxury at Badrutt's Palace....49

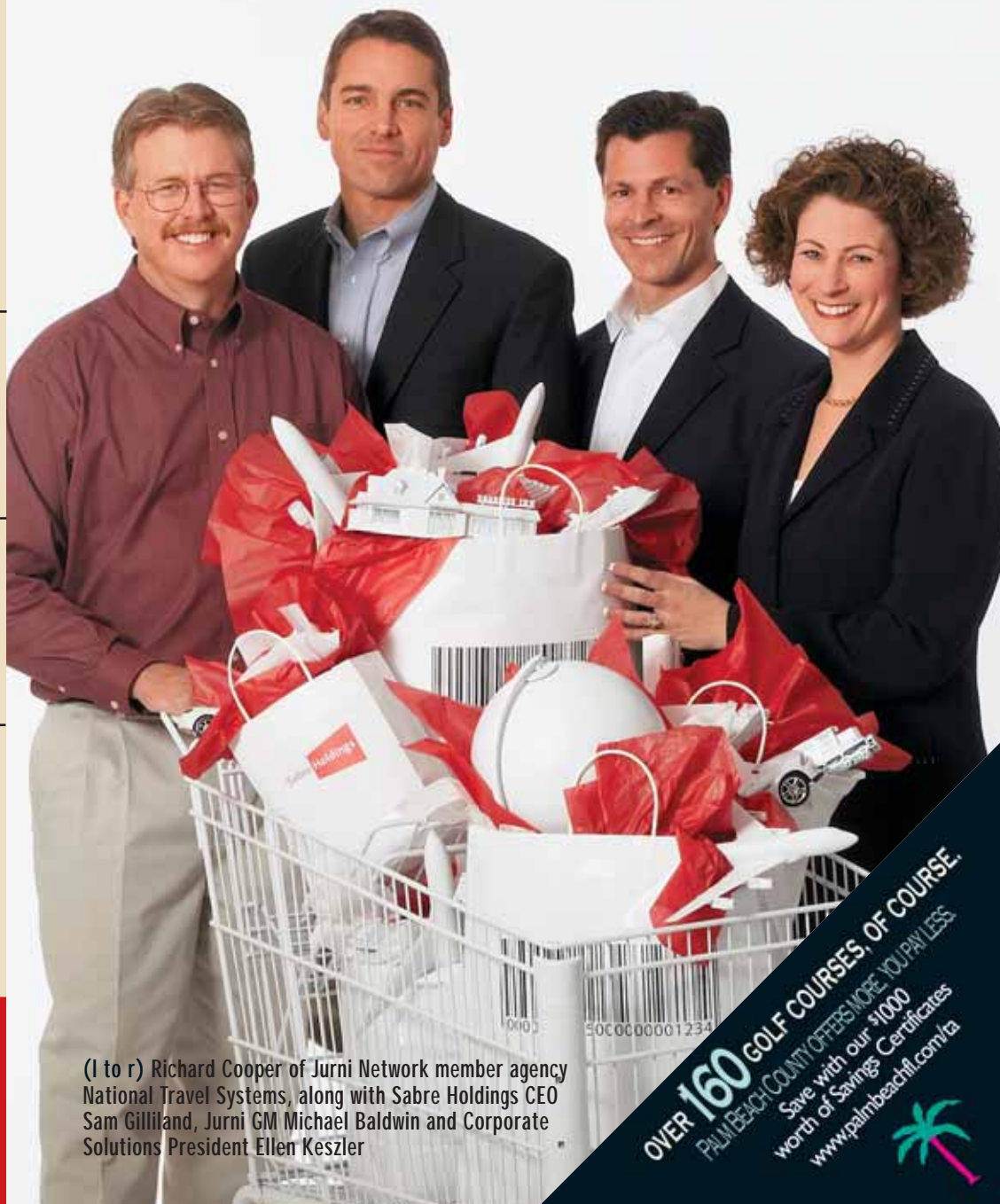
TOURS

ROMANCE IN EUROPE

Key Tours' new brochure55

ONE-STOP SHOP

Sabre helps agents feed the market



(l to r) Richard Cooper of Jurni Network member agency National Travel Systems, along with Sabre Holdings CEO Sam Gilliland, Jurni GM Michael Baldwin and Corporate Solutions President Ellen Keszler



TravelAgentElectronic.com

AN ADVANSTAR PUBLICATION

OVER 160 GOLF COURSES, OF COURSE.
PALM BEACH COUNTY OFFERS MORE YOU PAY LESS
Save with our \$1000 worth of Savings Certificates
www.palmbeachfl.com/ta



Reinventing Retail

Sabre is working with suppliers and agents alike to move more product more effectively

BY JENNIFER MICHELS

Like the rest of the travel industry over the past several years, Sabre Holdings Corp. has had to take a look at its core business and make some tough decisions on where to trim the fat and how to remain relevant to agents and airlines. Fortunately, Sabre saw the handwriting on the wall early in the game and has already made changes that are yielding more flexible tools for agents.

But large-scale change is never easy. Like other travel companies, Sabre has cut staff and has been forced to renegotiate once-lucrative contracts with cash-poor airlines.

Chairman and CEO Sam Gilliland says the best opportunities for the company lie in helping travel retailers sell hotels and tour packages, and even cruises. To that end, Sabre is creating better technology to be used by both travel agents and suppliers. Sabre's flexibility will increase as it continues to move away from the old-school, proprietary GDS model toward more open systems, particularly to sell airline tickets. Out of the nearly 10 billion transactions the company processes a month, currently 3 billion move through open systems, and more will follow as it continues to transition air pricing and shopping to such middleware solutions as Linux, Apache and Jboss.

"People say we are old technology or a legacy system," says Chris Kroeger, senior

vice president of Sabre Travel Network, North America. "But we started moving to open systems several years ago and are learning to do more with less."

Hoping to use existing technology to tap into more online hotel sales, Sabre recently entered into an agreement to acquire SynXis Corp., a privately held

Sabre Travel Network's Chris Kroeger takes the company "shopping" on the Internet with new flexible online tools.



Essential Links

Sabre Holdings: www.sabre-holdings.com

Travelocity: www.travelocity.com

Get There: www.getthere.com

Agent 59: www.agent59.com

Jurni Network: www.jurni.com

provider of reservation management, distribution and technology services for hotels. Its subscriber base is about 6,000 hotel properties that use its system to sell inventory through multiple channels, including travel agents.

"This move reinforces our belief that the best way to give travelers what they need is to make sure that suppliers get what they need too—in this case, compelling technology that can automate the hotel reservation process and provide hoteliers with a single view of inventory," says Eric Speck, chief marketing officer of Sabre Holdings. Sabre intends to extend the benefits of SynXis, now used primarily by hoteliers in the U.S. and Europe, to other hotel companies.

On the airline front, GDSs have responded, says Gilliland, to the carriers' desperate efforts to slash costs, from employee pensions to booking fees. Sabre has taken \$350 million in costs out of its business in the past four years, while reducing its staff from 11,000 employees to only 6,500. In the past 12 months, Sabre has added 1,500 people in globally accessed call centers, along with 400 developers overseas. In addition, Sabre has given more than \$200 million back to the airlines since it rolled out its Direct Connect Availability three-year pricing option with airlines that participated in the Sabre GDS in the fall 2002 (the DCA-3 contract). The DCA-3 contract reduced the carriers' booking fees and facilitated dealings between airlines and agents to maximize revenues and minimize costs.

When those three-year contracts begin to expire in 2006, Gilliland says the company will continue to be aggressive about its cost structure. Kroeger says Sabre is seeking solutions to address the question of how the expiration of the DCA-3 contracts will affect distribution. The solutions could be as individual as the agencies that implement them.

Two of Sabre's large agency customers are working under a model in which the air-

Travel Agent Intel

Here are a few of the most recent of the many changes in the four divisions of Sabre—Sabre Travel Network, Travelocity, GetThere and Airline Solutions—as well as new product offerings:

- Travelocity teamed up with Grooogle to offer group bookings. The group leisure booking function is accessed from Travelocity's main hotel page's shopping engine by clicking on a "5+ rooms" button. Each room can be paid for with a separate credit card instead of forcing the group to assign a group coordinator. In mid-February, Frontier Airlines CEO Jeff Potter joined Grooogle's board of directors.
- Host agency Nexion, which Sabre Travel Network purchased, acquired the assets of Southwest Travel Systems, also is known as MyHostAgency.com, in mid-January. Since the purchase, the 60 Southwest agents have been transitioning to Nexion, making it the largest host agency, says Jurni general manager Mike Baldwin. Nexion's hundreds of agents are counted as one agency member of the Jurni Network.
- Agents in the U.K. now have access to 70,000 properties in their home country, as well as other countries, most of which they previously could not book. The hotels became available after Sabre signed a deal with hotel consolidator Conferma.
- GetThere has enhanced its hotel shopping by borrowing ideas from Travelocity. The result is a GetThere that is easier to use and features new hotel information, including photographs; more hotel address information; better descriptions of properties; amenity icons; options to sort by hotel name, distance or cost; and enhancements for booking company-preferred properties.
- The Airline Solutions Group signed its first airline customer to Reaccommodation Manager: Air New Zealand. The system sizes up passengers according to various criteria, such as frequent flyer status and the fare paid when there is a flight disruption, and prioritizes them for the next flight.
- Corporate travelers can now plan a trip—and hold their seat, hotel room and car—without making a purchase in GetThere. It allows for online voids, full refunds and ticket exchanges.

line does not pay any booking fees, and the details are worked out between the airline and the agency. Kroeger says that Sabre is renegotiating with the airlines that opted for the DCA-3 model in 2002. Some, but not all, of those talks have made a good deal of progress, he says. "We are confident we will come to an agreement on content."

Leveraging Technology

Reaching out to consumers, Sabre has taken Travelocity's example of reaching millions of customers through a user-friendly site, and is using those lessons to improve GetThere, its corporate-managed travel product. When Gilliland took over as chairman and CEO of Sabre Holdings, he decided to merge the technology teams of Travelocity Business and GetThere. "We'll see how that plays out over the next several years," he says, "but I believe that GetThere and Travelocity—and our competitors Orbitz and Expedia—will have a clear cost and innovation advantage over those selling tools that are only for the corporate market."

But while new online entrants in the corporate travel arena continue to challenge companies like Sabre, Gilliland says con-

sumers aren't yet asking for what those companies offer. He believes the new "meta search" engines in the market today, such as Kayak.com and Yahoo!'s Farechase, are having a negative impact. "We think this model is bad for the industry—for suppliers, for travel agencies, and for consumers alike."

Meta search engines offer an appealing proposition on the surface—free distribution and links to an agency's site. However, he says while the core search is free, one must add back the costs of customer service, ticketing, data processing and shopping queries that agencies normally assume. And using search engines requires a mix of search engine optimization and ad placement. "This model will only be free for those who don't understand it," says Gilliland.

These models will push the industry toward commoditization and pure price competitiveness, Gilliland says. "It trains consumers to shop down to the last penny in an anonymous spot market for identical travel products." The industry instead should be encouraging consumers to shop for value.

To get a leg up on savvy consumers who use the Web to find packages, Sabre introduced the agency consortium Jurni Network

in November 2003. Michael Baldwin, general manager of Jurni, says the network is still in its infancy and will continue to evolve. About 2,200 agents are members of Sabre and Nexion combined; Sabre purchased Nexion, the largest host agency in the country, to get Jurni off the ground. Jurni members are agencies, while Nexion members are home-based agents. Baldwin says Jurni agencies average about six member agents per location.

Jurni Network

Jurni has about 50 preferred suppliers and expects that to grow to about 60. "Between Jurni and Nexion, we're driving sales to our preferreds," Baldwin says. Jurni members provide their customer lists so that Jurni can send specific, direct marketing mailers with the agency's name and logo. Baldwin says Jurni adds an average of 10,000 client names a week to the database. "We aim to get one million this year," he says. The mailings are free to agents if they have customers in the targeted segment.

At this point, even if Jurni did not add a single new member, by the end of this year it would have amassed \$2.4 billion in gross sales. But, of course, it expects to continue to add new members throughout the year.

In December, WorldTravel Vacations chose Jurni as the preferred leisure travel consortium. The company serves more than 250 corporate clients as a division of WorldTravel BTI. This will help it move toward its goal of increasing preferred supplier promotions through more e-mail and direct-mail

campaigns. It intends to increase the number of promotions on the desktop from 1,000 to nearly 10,000. Says Kroeger: "There is a need for relevant and aggregated content."

Kroeger says that although some agencies do not need help with marketing preferred suppliers, others can benefit from Jurni's assistance. "It's good for agencies that don't want to invest in their own technology, and don't know how to segment," he says. Agents could be earning much more by using products such as Agent59, the offering from last-minute travel site Site59. There is the potential to make \$100 on trips due to the 5 percent commission and the typical markup of \$40, and the fact that there are usually two people traveling.

Agent59 is seeing 100 percent year-over-year increases because 20 percent of all bookings are still made only 14 days or fewer before departure. "There is a big market in last-minute weekends," says Kroeger. In addition, there's potential to sell last-minute luxury trips. "People think it is only for cheap travel," says Kroeger, but Sabre is trying to



“The best opportunities for Sabre lie in helping retailers sell.”
—SAM GILLILAND

prove that there are many luxury weekend getaways earning high pay for agents.

In October, Jurni added Jurni Cruise, a cruise browser that integrates published rates and blocked space. The browser was co-developed with OurVacationStore. Says Baldwin: "We are the only entity that can show blocked space, negotiated rates and published rates. Using our merchandising capabilities in our point-of-sale tool, we've moved a lot of cruise space quickly."

It is now working on cruise packages. Sabre missed the Wave Season because programming issues delayed implementation of the project. The vendor has been working on getting the bugs out of this dynamic packaging tool, and Sabre is looking at a July launch. It plans to test a system that will combine hotel bookings with cruises while volumes are lower.

In October, Sabre "reinvigorated" the GetThere corporate agency partner program by infusing it with the best elements of Travelocity. Kroeger says that agents who sell GetThere benefit from training and support that encourage employees to adopt corporate online booking systems. Sabre also played with the pricing of GetThere to help agents sell a less complex version to smaller companies.

Travelocity also expects to see a boost in bookings now that it has expanded its relationship with Disney to include Walt Disney World theme parks. It is offering flight, hotel and travel extras as part of a dynamic package on TotalTrip. On the corporate side, Travelocity Business has new mid-office software as part of its eFulfillment suite.

As Gilliland told investors, "You will see us taking action this year that should bring us a distinct competitive advantage. It will transform us into a true travel retailer to ensure that we have the world's leading travel marketing system." Agents will watch for that as Sabre continues its transformation from reseller to retailer.

Jurni Conference Notes

The Jurni Network Conference, themed "GPS—Gain a Position for Success," will take place at the Arizona Biltmore in Phoenix July 14-17. In a unique twist, attendees will form teams sponsored by different suppliers to compete for points that will be used for an agent incentive program. Sabre also plans to give dedicated 2.5-hour blocks of time to cruises, tours and additional revenue sources. Supplier representatives will hold panel discussions during this time, will rotate roundtable sessions and participate in a general discussion time.

Agents can earn credits toward Associate Cruise Counselor and Master Cruise Counselor designations at a CLIA pre-conference training session. The Travel Institute also will be offering Lifestyle Specialist and Destination Specialist classes. Other activities include mini-product seminars July 14, a tour panel and day-long training July 15, a cruise panel and additional revenue panel and partner information July 16, closing sessions on the morning of July 17, and tours of Phoenix and Scottsdale.