

Procurement Theory in Buying Travel

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Agenda

- Segmentation
 - Buyer's view: Kraljic Matrix
 - Supplier's view: preferencing model
- Relationship spectrum
- Market structure analysis: Porter's Five Forces



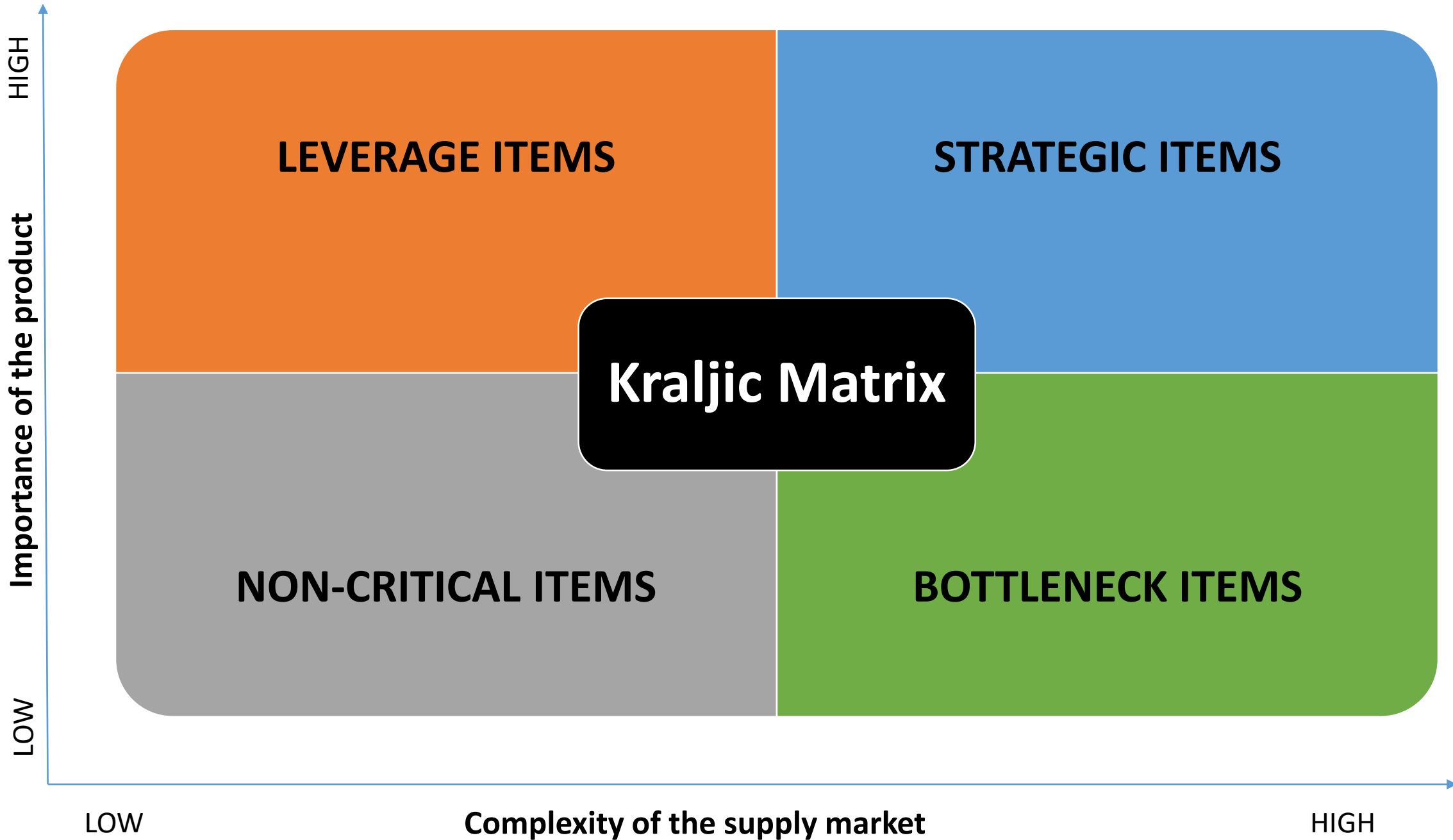
Supplier segmentation:
is it important to your
business?

What is your criteria of segmentation?

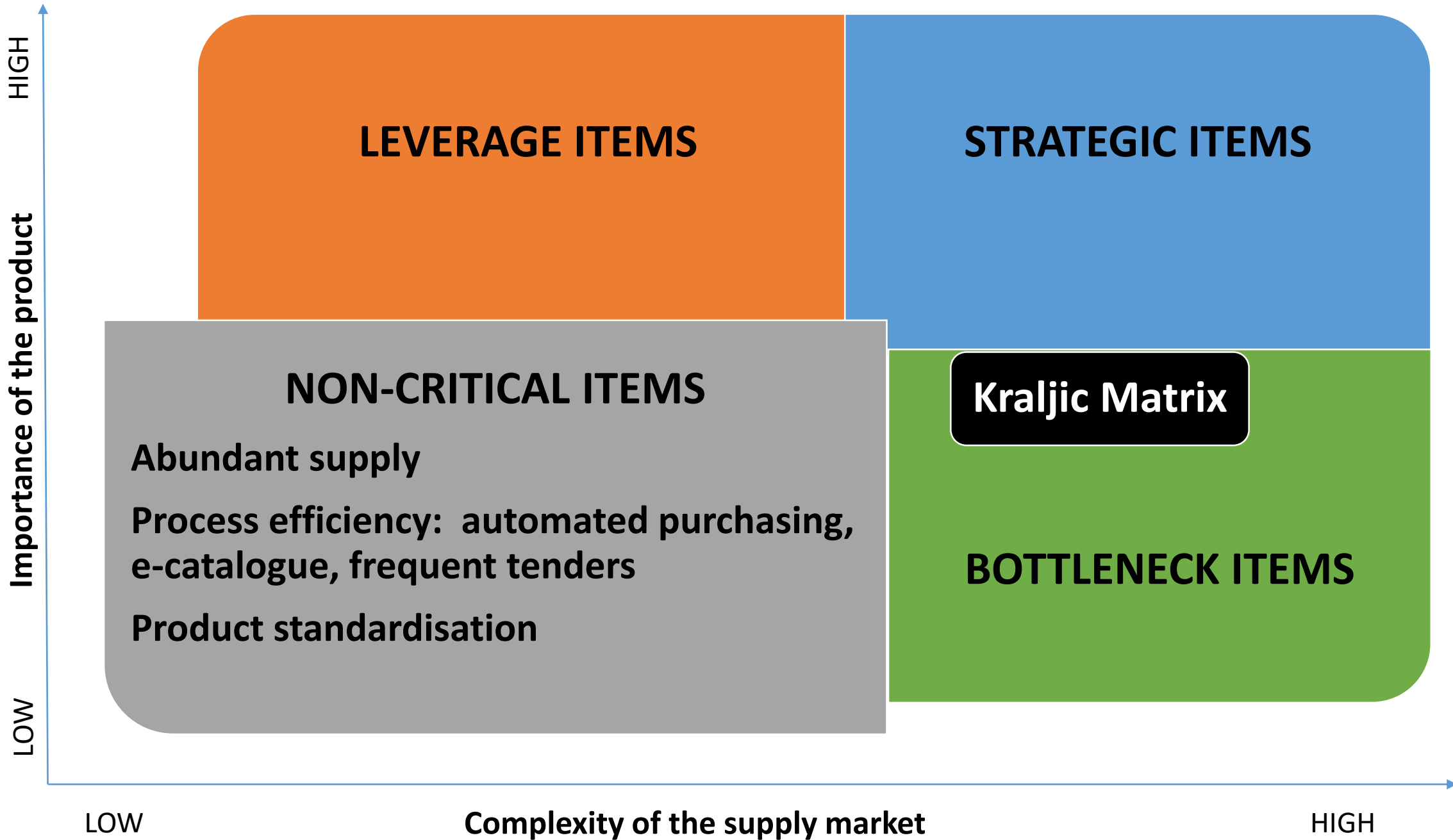


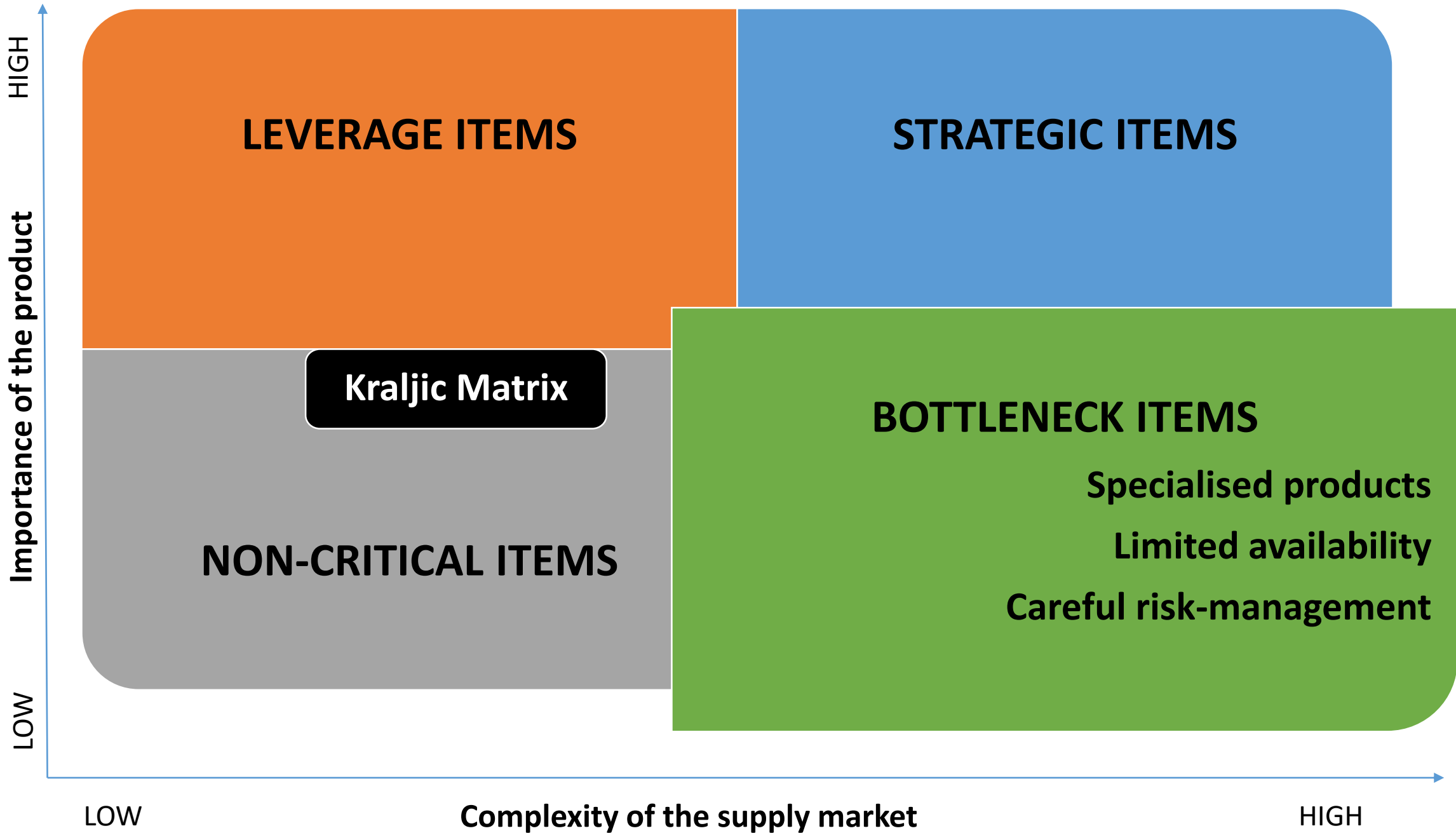


The Buyer's View



Kraljic Matrix





HIGH

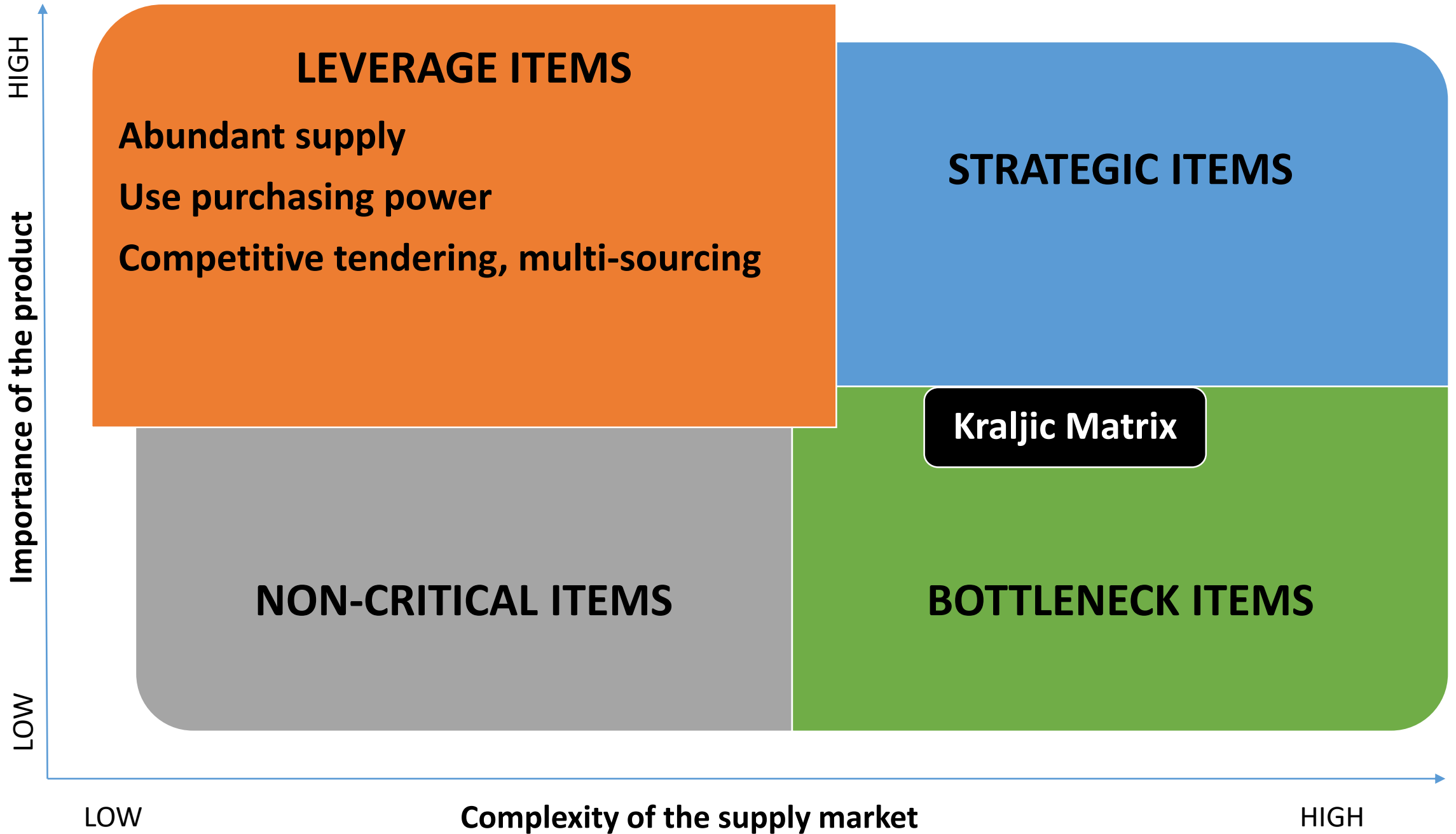
Importance of the product

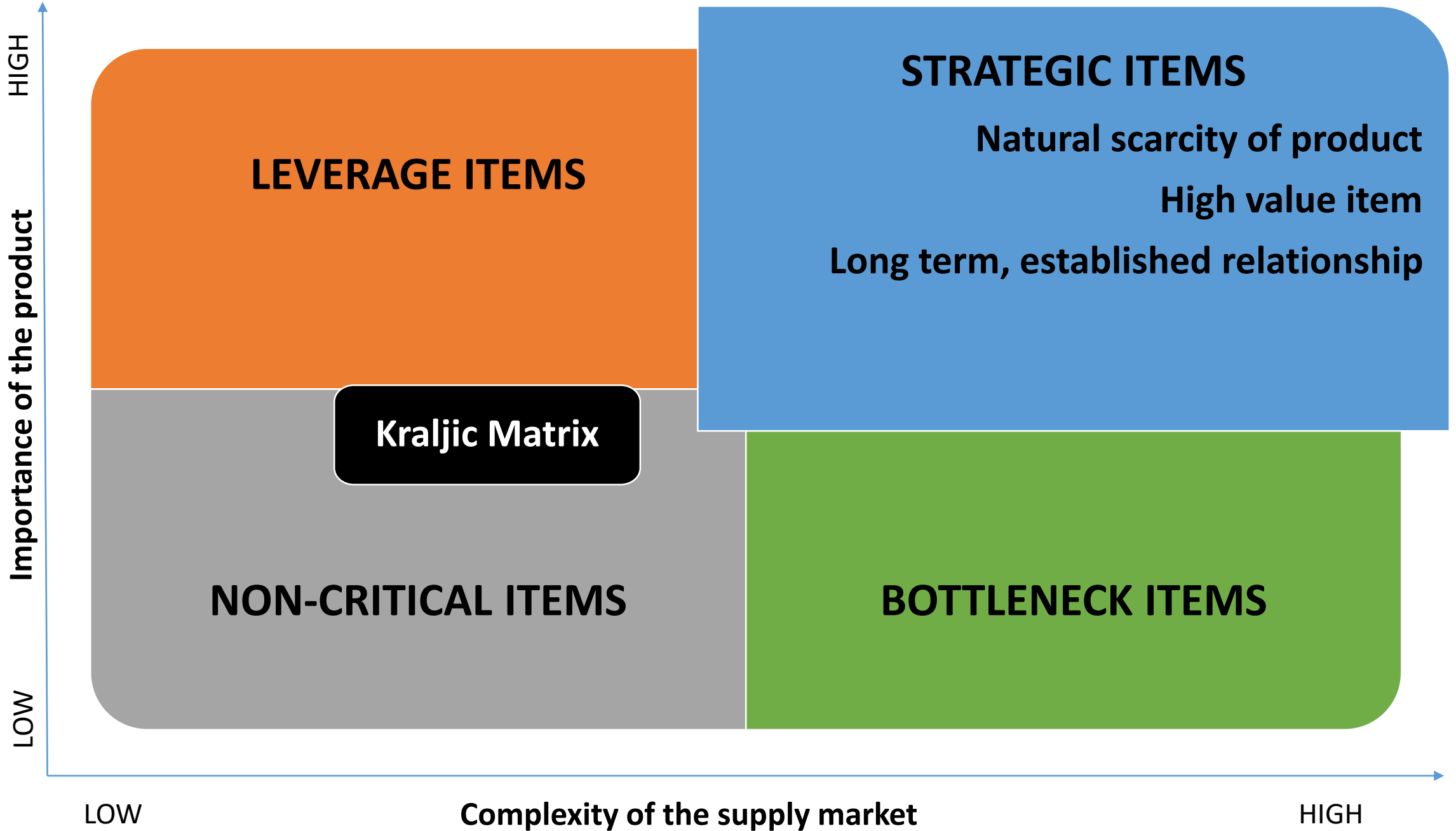
LOW

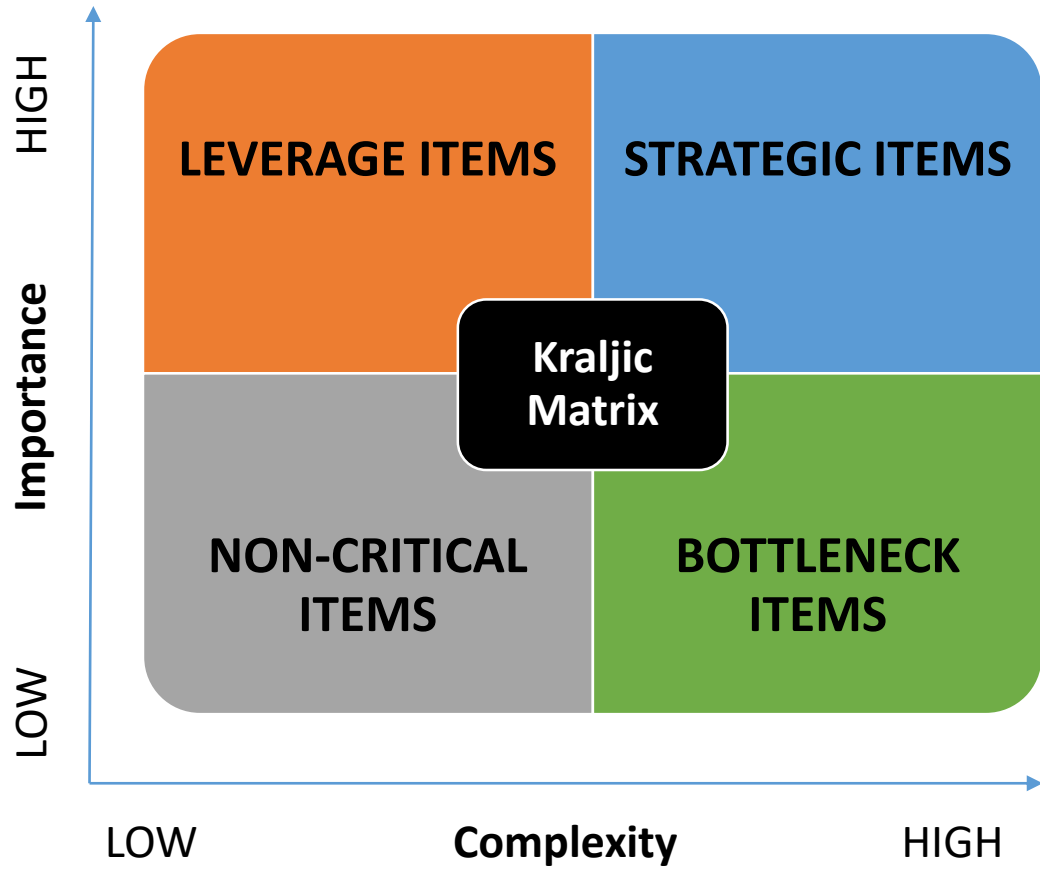
LOW

Complexity of the supply market

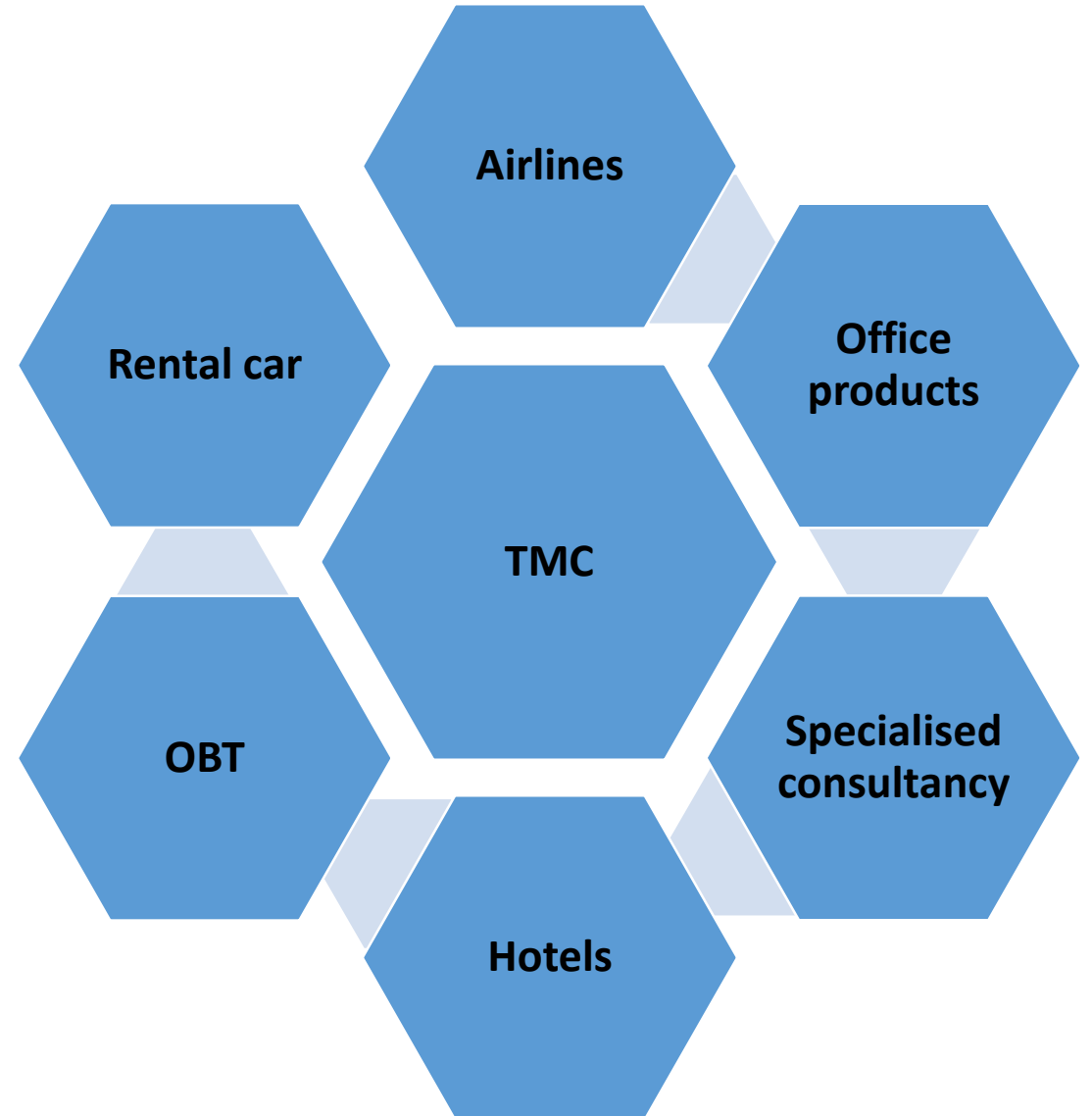
HIGH







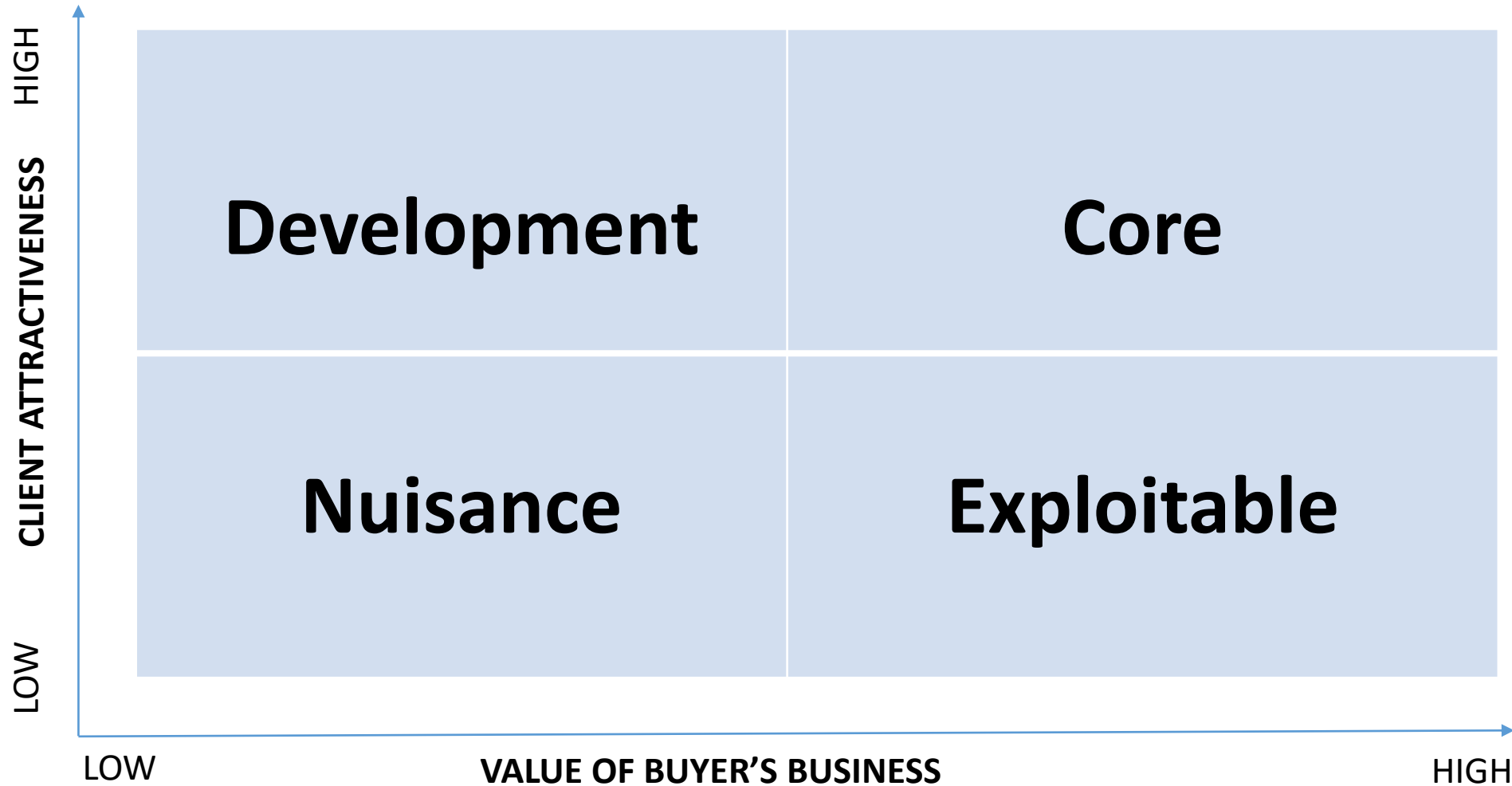
Which quadrant would they fit in?



Switch to the Supplier's View



Supplier Preferencing Model



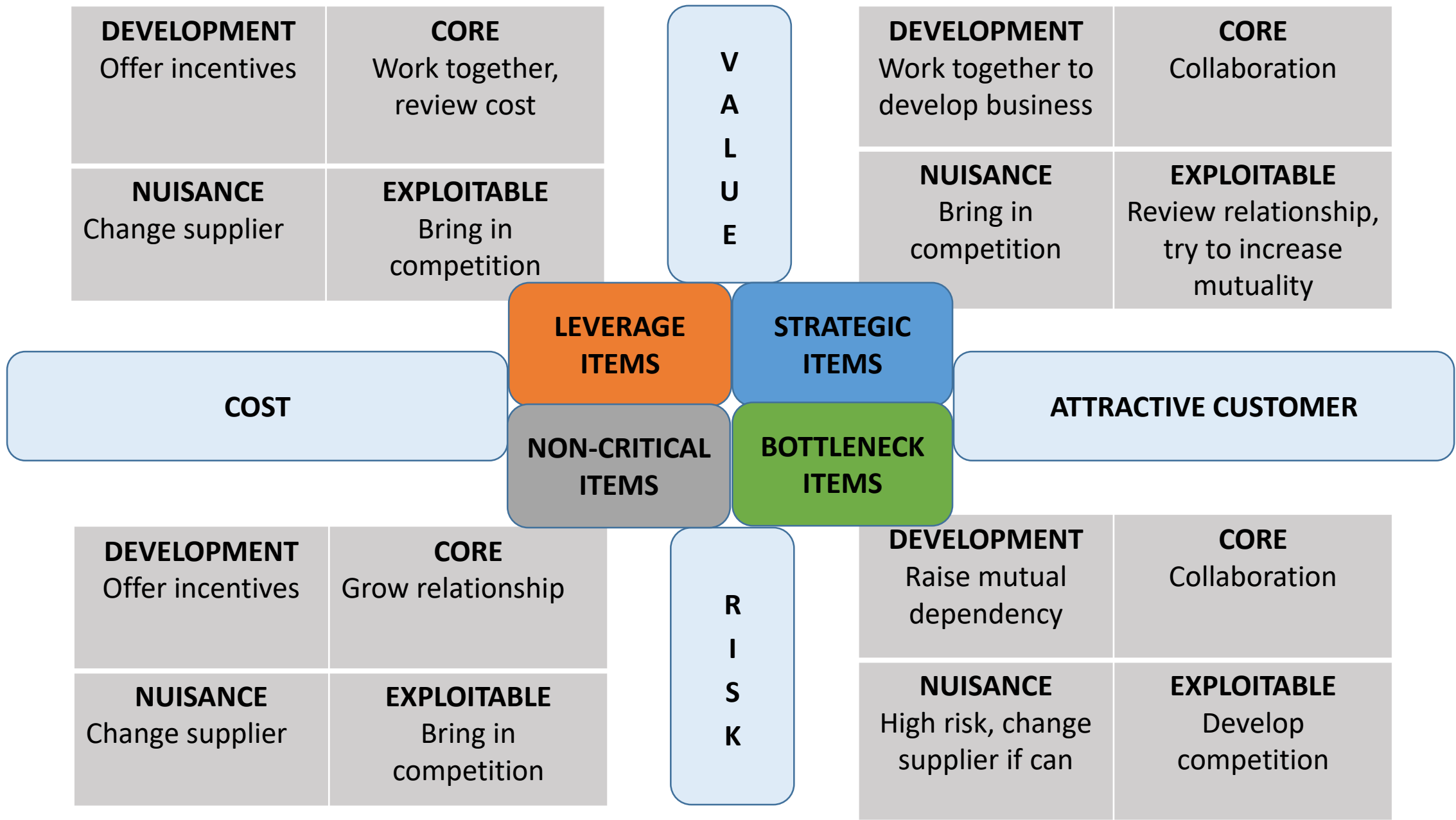
Talking Points:

Buyer's item is strategic, but the supplier views client as exploitable

How can segmentation help you?

Maintain an attractive customer status

Relationship values and drivers



Relationship spectrum

COMPETITIVE

Adversial

Arm's length

Transactional

Closer tactical

Single-sourced

Outsourcing

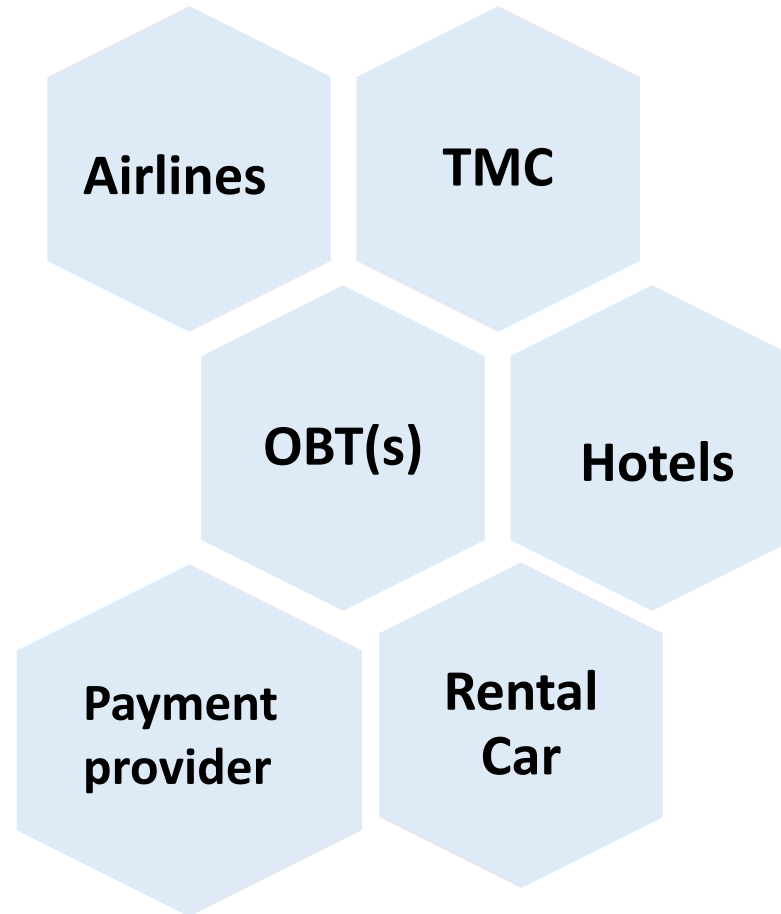
Strategic alliance

Partnership

Co-destiny

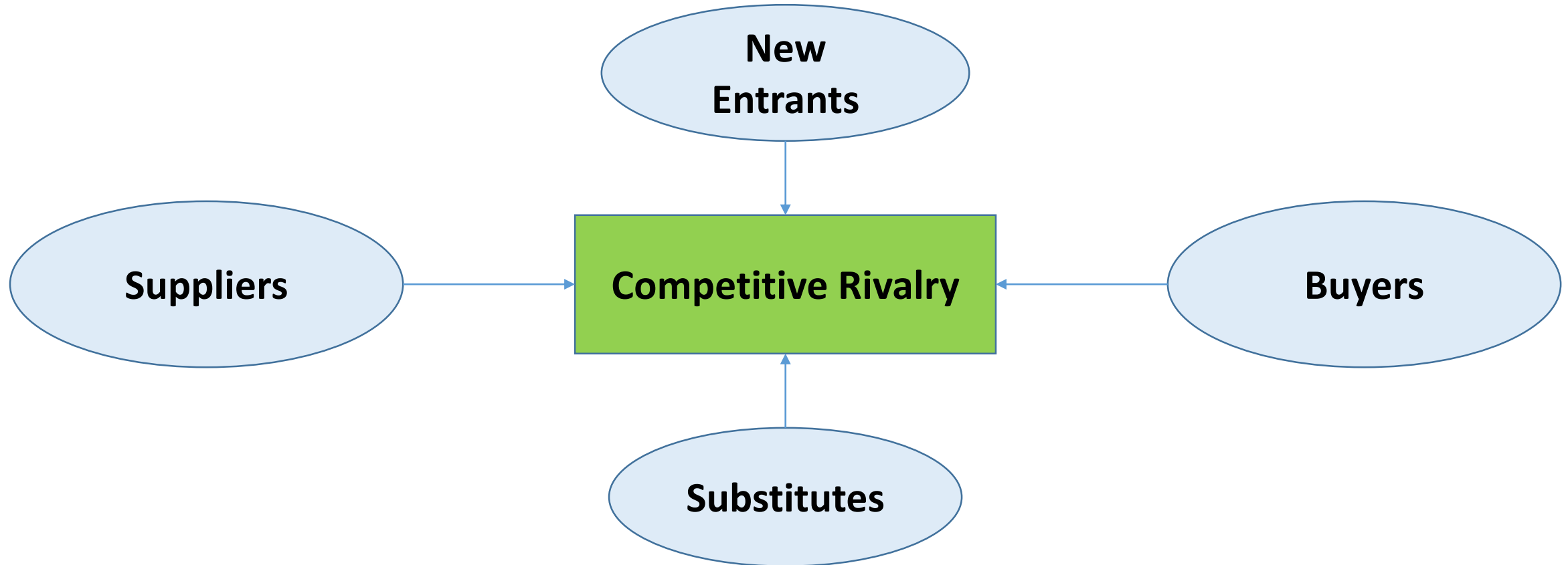
COLLABORATIVE

Relationship Spectrum and Travel Providers



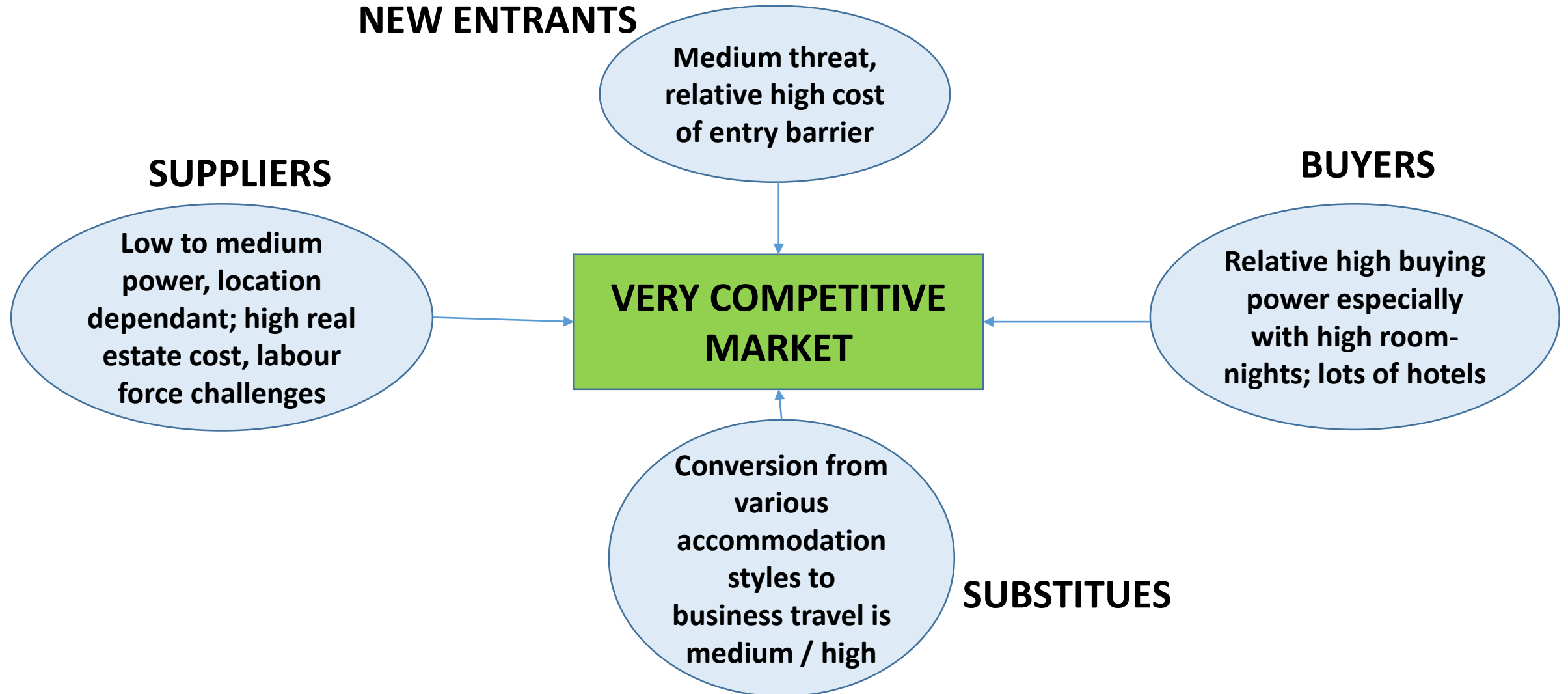
Market Structure for Mapping Negotiation

Porter's Five Forces Framework



Hotel Market Structure

Porter's Five Forces Framework



Useful Resources

- www.cips.org – Chartered Institute of Procurement and Supply
- www.instituteforsupplymanagement.org
- www.businesstravel-iq.com