

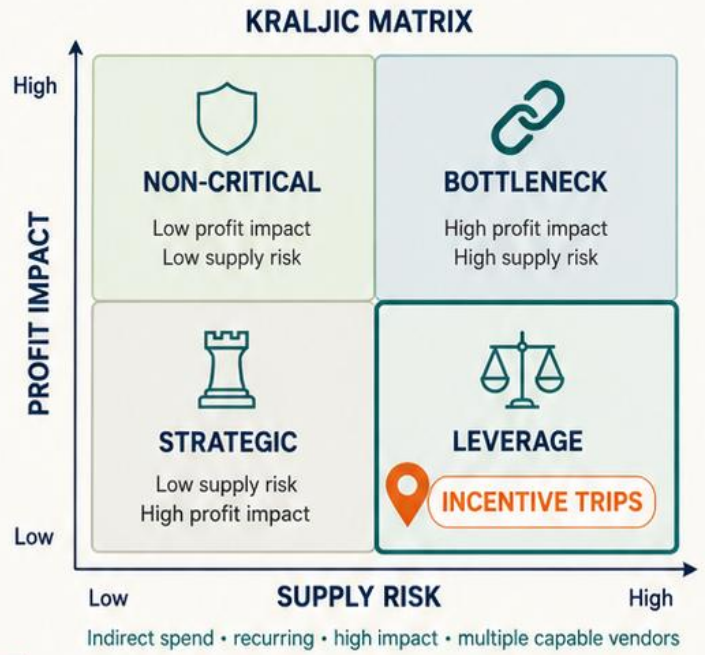
# Why Reverse Auctions Are the Best Bet for Incentive Trip Procurement



How an Indian manufacturing company protected experience quality while unlocking incremental savings after RFQ negotiations

### Business Context

- Anonymous Indian manufacturing company
- Recurring incentive trips for traders, dealers and channel partners
- Domestic and international destinations
- High business impact because trip quality influences motivation, loyalty and brand perception



## Why this category is complex



### ⚠️ Why simple L1 buying is risky

- 1 The spend is indirect, but the outcome is strategic: partner motivation.
- 2 Experience quality matters as much as commercial efficiency.
- 3 International trips have higher variance across airfare, forex, visas and local execution.
- 4 Bundled quotes hide margin buffers and make comparison difficult.
- 5 A poor experience can dilute the motivational impact of the reward program.



### KEY TAKEAWAY:

Incentive trips are classic leverage spend: multiple qualified suppliers and real savings headroom — but only if experience quality is protected before price competition begins.

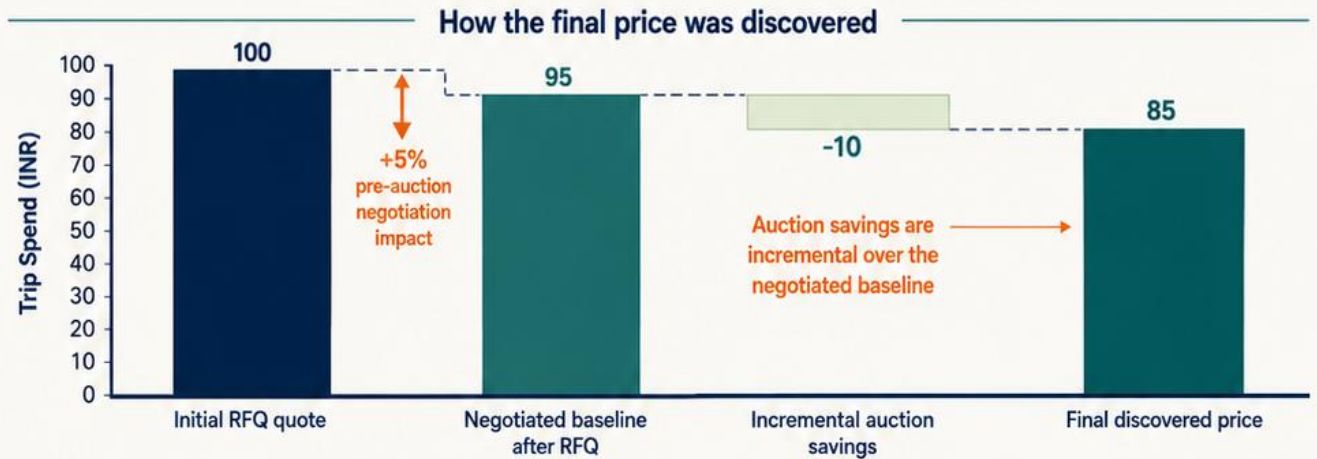
# The Right Sequence: Qualify Experience First, Auction Price Later



Reverse auction created market-cleared pricing only after quality, itinerary and service standards were normalized

### Why RFQ + manual negotiation was not enough

- Quotes were bundled and difficult to compare line by line.
- Suppliers built buffers for airfare, availability, forex and execution risk.
- Manual negotiation removed some inflation but not the full willingness-to-compete.
- Stakeholders needed both experience quality and measurable savings.
- Audit teams needed a transparent record of commercial discovery.



### Why reverse auction was structurally superior

- Transparent price discovery:** Prices move in real time for every participant.
- Competitive tension among qualified vendors:** Quality is fixed. Only price competes.
- Faster closure on a time-bound event spend:** Tighter timelines without sacrificing due diligence.
- Strong auditability and stakeholder confidence:** Clear process. Defensible outcome.

### Domestic vs International complexity

Domestic	International
<ul style="list-style-type: none"> <li>Hotel</li> <li>Transport</li> <li>Meals</li> <li>Event execution</li> <li>Local coordination</li> </ul>	<ul style="list-style-type: none"> <li>All domestic elements</li> <li>Airfare volatility</li> <li>Forex</li> <li>Visas</li> <li>Travel insurance</li> <li>DMC execution</li> </ul>

The more complex the trip, the greater the need for scope normalization before commercial competition.



## KEY TAKEAWAY:

Reverse auction worked because it was used after vendor qualification and negotiation — converting a quality-sensitive service spend into an auditable, highly competitive price-discovery event.

# Why Reverse Auction Proved to Be the Best Bet



The category logic, the sourcing sequence and the savings framework all pointed to the same conclusion

<p><b>Experience quality protected</b></p> <p>Quality baselined before auction ensures experience is intact.</p>	<p><b>Incremental savings unlocked</b></p> <p>Competitive tension delivers measurable additional savings.</p>	<p><b>Transparency and audit trail established</b></p> <p>Every step is documented, traceable and defensible.</p>	<p><b>Stakeholder confidence improved</b></p> <p>Clear process and results build trust across functions.</p>
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**Results logic used in this case**

Total sourcing impact

=

5%  
 RFQ negotiation impact

+

incremental auction savings

Savings were evaluated auction-by-auction after quotes had already been negotiated.

**Why reverse auction outperformed other buying approaches**

Method	Quality Protection	Price Discovery	Auditability	Overall Fit
L1 RFQ	Medium	Low	Low	Low
Manual negotiation	Medium	Medium	Medium	Medium
Rate contract	Medium-High	Low	Medium-High	Medium
Reverse auction after qualification	High	High	High	High

Low
 Medium
 Medium-High
 High

**What made this category especially suitable**

- Recurring spend with meaningful annual value
- Multiple capable travel / MICE suppliers
- Clearly definable scope after normalization
- Strong pressure for commercial efficiency
- High visibility to finance and business stakeholders
- Need to protect participant experience and brand perception

**Executive conclusion**

- 1** Incentive trips are leverage spend, not routine spend.
- 2** L1 buying is risky because the experience outcome matters.
- 3** RFQ and negotiation set the quality baseline.
- 4** Reverse auction then extracts incremental savings without diluting quality.
- 5** Therefore reverse auction is the most suitable mechanism for this category.

BEST-FIT SOURCING APPROACH

FOR INCENTIVE TRAVEL

★ ★ ★



**KEY TAKEAWAY:**

For incentive trip procurement, reverse auction is not about chasing the cheapest quote — it is about protecting the experience first, then using controlled competition to unlock incremental savings.

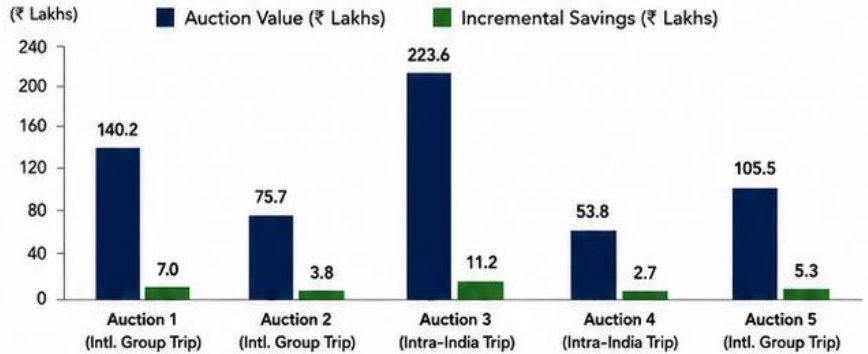
# How Reverse Auctions Drive Optimal Savings & Quality in Incentive Travel Spend – Validated by Data

## EXECUTIVE SUMMARY

- Total Auction Value**  
₹4.44 Cr+ Across all incentive travel auctions
- Total Incremental Savings**  
₹22.3+ Lakhs Post-auction savings achieved
- Average Incremental Savings**  
+5% Over best negotiated quotations
- Savings Nature**  
**Incremental** Auctions conducted after negotiations

## AUCTION PERFORMANCE ANALYSIS

### Auction Value vs Incremental Savings



## KEY OBSERVATIONS

- ✓ All auctions were conducted post negotiations, making the savings incremental and highly impactful.
- ✓ Consistent +5% incremental savings across diverse trip types (International & Intra-India) validates the power of reverse auctions.
- ✓ Auctions ensure competitive intensity, bringing out the best possible pricing while maintaining quality & service expectations.
- ✓ Reverse auctions create a transparent, time-bound environment that drives sharper pricing than traditional negotiation.
- ✓ Data-backed proof that reverse auctions deliver "more savings without compromising on experience".

## AUCTION-LEVEL PERFORMANCE SNAPSHOT

Auction #	Trip Type	Auction Value (₹ Lakhs)	Best Negotiated Quote (₹ Lakhs)	Winning Auction Price (₹ Lakhs)	Incremental Savings (₹ Lakhs)	Incremental Savings (%)
1	International Group Trip	140.2	140.2	133.2	7.0	+5%
2	International Group Trip	75.7	75.7	72.0	3.8	+5%
3	Intra-India Trip	223.6	223.6	212.4	11.2	+5%
4	Intra-India Trip	53.8	53.8	51.1	2.7	+5%
5	International Group Trip	105.5	105.5	100.2	5.3	+5%
<b>TOTAL</b>	–	<b>598.8+</b>	<b>598.8+</b>	<b>576.7+</b>	<b>22.3+</b>	<b>+5%</b>

Note: All savings are incremental savings post initial negotiations and represent additional value realized through reverse auctions.

## WHAT DRIVES PERFORMANCE IN REVERSE AUCTIONS?

- Competitive Tension**  
Multiple qualified suppliers compete in real-time, driving prices down beyond initial negotiation levels.
- Transparency & Fairness**  
Suppliers see rank and react truthfully (as per rule), building trust and encouraging sharper bids.
- Time-Bound Format**  
Creates urgency and accountability, ensuring decisive and competitive participation.
- Objective Price Discovery**  
Market-best price surfaces transparently without bias or favoritism.
- Quality Assurance**  
Pre-defined technical & service parameters ensure quality is never compromised while saving costs.

“



Senior Category Manager – Indirect Spend  
Anonymous Manufacturing Company

Reverse auctions gave us the confidence that we are getting the best possible price without compromising on the quality of travel experience our partners expect. Consistent incremental savings across both international and domestic trips proves the strength of this approach.

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## WHY REVERSE AUCTIONS ARE THE BEST BET – VALIDATED BY DATA & EXPERIENCE

- Proven Savings Engine**  
Delivers consistent +5% incremental savings beyond negotiated quotes.
- Balanced Approach**  
Strikes the right balance between cost optimization and experience quality.
- Market Validation**  
Multiple suppliers validate market rates in a fair, transparent environment.
- Scalable & Repeatable**  
Works across trip types, destinations, and budget segments seamlessly.
- Faster Decisions**  
Reduces negotiation cycles and speeds up finalization without compromising.
- Stronger Relationships**  
Suppliers value the fairness and transparency, leading to long-term partnerships.

Reverse Auctions transform incentive travel sourcing into a data-driven, competitive, and transparent process—delivering more savings, superior experiences, and stronger partner satisfaction. *The numbers prove it.*