## REVENUE MANAGEMENT

### PASSENGER AND GROUP REVENUE MANAGEMENT FOR AIRLINES

If you regularly have empty seats on fully booked aircraft, SITA’s Revenue Management can help you optimize seat sales through careful overbooking. It is designed to help you obtain the highest revenue possible for every seat on every flight through the better allocation of capacity, coupled with improved productivity and a proactive market response.

### ISSUES

**Challenging integration**
- Purchasing and integrating third party revenue management systems into the SITA Reservations system can lead to missing functionality, lost data and poor performance.

**Excessive focus on load factor**
- An airline is trying to sell as many seats as possible regardless of price or dilution. The assumption is that the higher the load factor, the better the profitability for the airline, which is, in fact, incorrect.

**Unpredictable group traffic**
- An airline has significant group business but is not maximizing its revenue when confirming large amounts of speculative space.

**Perishable inventory**
- An airline with fully booked flights departing with empty seats results in a major loss of potential revenue.

### SOLUTION

- Revenue Management operates in complete harmony with the SITA Reservations system and takes advantage of all upgrades in the inventory system.
- Protects seats for high-yielding late demand while accepting the correct number of lower fares early in the booking cycle, thus helping to help maximize revenue on each departure.
- A group evaluation module delivers the optimal fare for each and every group request based on the individual flights in question.
- Compensates for cancellations and no-shows, thus enabling flights to be overbooked without fear of costly offloads or downgrades.

### BENEFITS

- Delivers higher yields (between 3-8 percent) as a result of fewer empty seats.
- Reduces denied boarding and downgrades, thus resulting in fewer compensation costs paid to affected passengers.
- Fewer customer complaints as a result of fewer issues at time of departure.
- Improves group-related business, with stronger overall yields and groups only allocated on flights that make commercial sense.
- Improves later-booking, high-yield customers’ satisfaction, as a result of having the capacity to selectively cater for price-sensitive customers by providing them with lower fares.

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8% revenue increases demonstrated by Revenue Management.
How does it work?

SITA Revenue Management is a component of the Horizon Passenger Service System (PSS) illustrated above.

SOLUTION COMPONENTS

SITA Revenue Management can be configured in a variety of modes to provide an appropriate and cost-effective solution for differing airline requirements:

LCC Revenue Management
For low-cost carriers (LCC) or for traditional airlines employing step pricing methodologies provides rule-based controls.

Standard Revenue Management
For traditional airlines employing pricing fences such as minimum stay restrictions or advance purchase – the Revenue Management system optimizes each flight at a segment level.

Hybrid Revenue Management
For airlines that require the flexibility to effectively compete and operate in both traditional and restriction-free market environments across their network.

Key features:
• Accurate forecasting: multiple forecasting models for reliability and accuracy; opportunity for users to influence forecasting supported by forecast monitoring.
• Auto-control: offered as standard functionality; identifies critical flights for review by analysts, thus ensuring a focus on the decisions that deliver the biggest payback.
• Groups Revenue Management: tour operator and group capabilities allow an airline to monitor the requests and fulfillments of its key tour operators.

Case study

Like many airlines, on weekdays, my airline has strong business traffic generating high yields. On weekends and public holidays, however, business demand declines and is replaced by leisure traffic generating lower yields.

With my airline, some routes are better suited to a more traditional airline service model, whereas others might require both an all-economy option and a more traditional option.

In planning how to improve our bottom line, we had to consider whether to offer different options on different days of the week or at different times of the year.

Our solution:
• Provides maximum flexibility when employing either traditional or low-cost carrier methodologies.
• Delivers improved productivity with existing staff resources.
• Offers airlines the flexibility to purchase functionality as and when required, with the option to enhance functionality at a future date.

For more information please contact us at info@sita.aero