

Case Study: Higher Yield Strategy

Summary:

We helped boost yields by over 20% over previous year for a large Asian carrier on five of its highly competitive sectors.

The Problem:

Lee the Head of Distribution and Sales of a large Asia based carrier was pondering the challenge of hitting the sales targets for the next year which were twenty percent higher than current year for their Australian POS locations. One of the problems was that there wasn't going to be any increase in capacity the following year and these were intensely competitive routes. With five sectors and fifty five flights a week on these sectors they formed an important part of their revenue structure. Whilst about forty five percent of the traffic was point to point or with connections to their domestic network, the remainder was for international connections. All these were fiercely competitive sectors with multiple airlines vying for each point of market share.

The Solution:

Lee started looking at the sales numbers for the current year firstly from a channel perspective using Airline Metrics. Since their airline was not the home market incumbent direct website sales accounted for only about eight percent of total revenue from the Australian market. The rest was largely sourced through their travel agent partners with more than 300 agents ticketing on their IATA numbers. Lee decided to break down the numbers further and noticed that of these only around 85 agents accounted for about 75% of their revenue. Further analysis showed that some of

the key they had with did not revenue supposed to previous current one. revealed marketing of their new class product

Agents	Class	Fare Basis	Jan 2019	Feb 2019	Mar 2019	Apr 2019	May 2019	Jun 2019	Jul 2019	Aug 2019	Sep 2019	Oct 2019	Nov 2019	Dec 2019	Grand Total
Brisbane Travel	I	PRCAJ3	0.00	0.00	1,629.36	0.00	3,120.70	1,401.05	3,232.16	4,857.82	5,084.87	3,302.55	0.00	1,585.50	24,013.81
Isoskch Travel	I	I2W9A	0.00	3,416.67	3,439.00	6,057.70	0.00	0.00	0.00	0.00	7,163.00	0.00	0.00	3,750.85	23,827.22
Isoskch Travel	I	8HGA	2,707.12	0.00	0.00	0.00	5,020.74	2,456.09	5,061.50	5,017.90	0.00	0.00	0.00	0.00	20,263.35
Brisbane Travel	I	11PFAU40	0.00	0.00	3,142.80	0.00	12,957.67	2,916.68	0.00	0.00	0.00	0.00	0.00	0.00	19,017.15
Isoskch Travel	A	ALESA	8,333.94	4,781.87	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	13,115.81
Chatterham Travel	A	AZESA	0.00	0.00	0.00	0.00	0.00	0.00	8,550.00	0.00	8,643.00	0.00	0.00	0.00	17,193.00
Isoskch Travel	O	OBGSA	0.00	0.00	2,457.73	835.72	4,037.58	1,018.86	613.22	685.40	5,727.02	1,568.91	397.14	0.00	16,351.58
Isoskch Travel	O	OXSA	715.76	384.42	0.00	0.00	2,636.73	0.00	2,109.10	2,308.30	4,919.82	1,180.73	0.00	0.00	16,254.86
Brisbane Travel	I	11PFAU44	1,672.60	0.00	1,551.43	3,407.93	1,557.37	4,924.04	0.00	1,644.44	1,401.28	0.00	0.00	0.00	18,159.09
Isoskch Travel	I	8W9A	0.00	0.00	0.00	0.00	0.00	0.00	7,918.80	5,451.50	2,676.62	0.00	0.00	0.00	16,046.92

TMCs that agreements generate the they were either in the year or the Research that the promotions business were not

effective enough and several key corporate accounts did not know about the upgrades to the product which made the airline much more competitive and attractive compared to the competition in terms of value and product offering. Armed with this insight, Lee and his team immediately started implementing a new strategy which focused on higher incentive to the eighty five agents on the higher yielding RBDs and also launched a new marketing promotion to the TMCs and corporate partners about their premium product. They also tweaked their online web promotion strategy for different POS locations to match fare types to demand.

The Result:

This strategic plan started showing immediate results with a raise in yields and revenue flowing through after just six weeks. With ongoing monitoring and a continuous focus on the results being generated which were available to the entire team using Airline Metrics, they were able to increase yield by 20% over previous year which was a phenomenal result in a highly competitive market environment. This caught the attention of GMs in other markets and Lee started running workshops internally showcasing how they approached each channel with a different tactic to maximise their strengths which resulted in the huge boost towards the end of the year. It was not a switch that brought overnight results but a gradual and continuous improvement program based on ongoing monitoring of results that resulted in this success.