

# Airline Revenue Management

## Objective

Develop a logic module for revenue management in order to maximize the airlines revenue. Integrate the module into the client's in-house revenue management framework to improve their current forecasting, allocation and pricing processes.

## Solution

The RM system combines statistical techniques with airline domain knowledge to plan inventory optimally, optimize ad revenue, streamline operations and reduce time, effort and people risk.

It consists of the following three modules:

- Forecast yield and booking considering the effect of market trends, events, seasonality, day-of-week, departure time of day, fares and booking behaviour.
- Forecasts occur at fixed points in the life of a flight or when triggered by unusual booking activity.
- Fare levels are decided based on yield forecast and dispersion in yield.
- Determine the price point and allocation in each business type (One way, return & connection).
- Flights would classify based on demand (Distress, Normal or Peak Flight).
  - a. Distress would open promotional class to boost demand on the flight.
  - b. Peak flight would sell more seats at higher price.
- Recommend which booking classes should be open/close.
- Recommend a minimum (cut-off) price below which a group should not be accepted.

Improved Ticket Pricing

## Inputs/Constraints

Yield forecast accuracy of over 90%.

