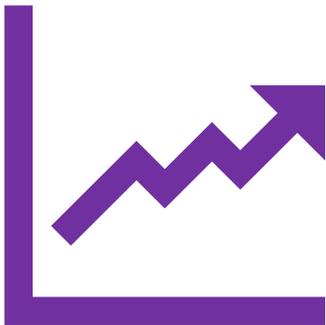
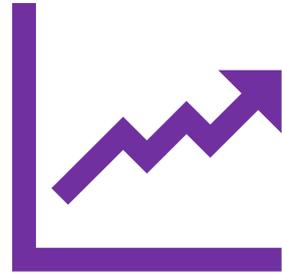
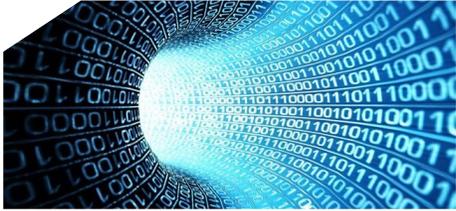


# FORMATION OF A HIGH-TECH AIRLINE IN THE AFRICAN MARKET

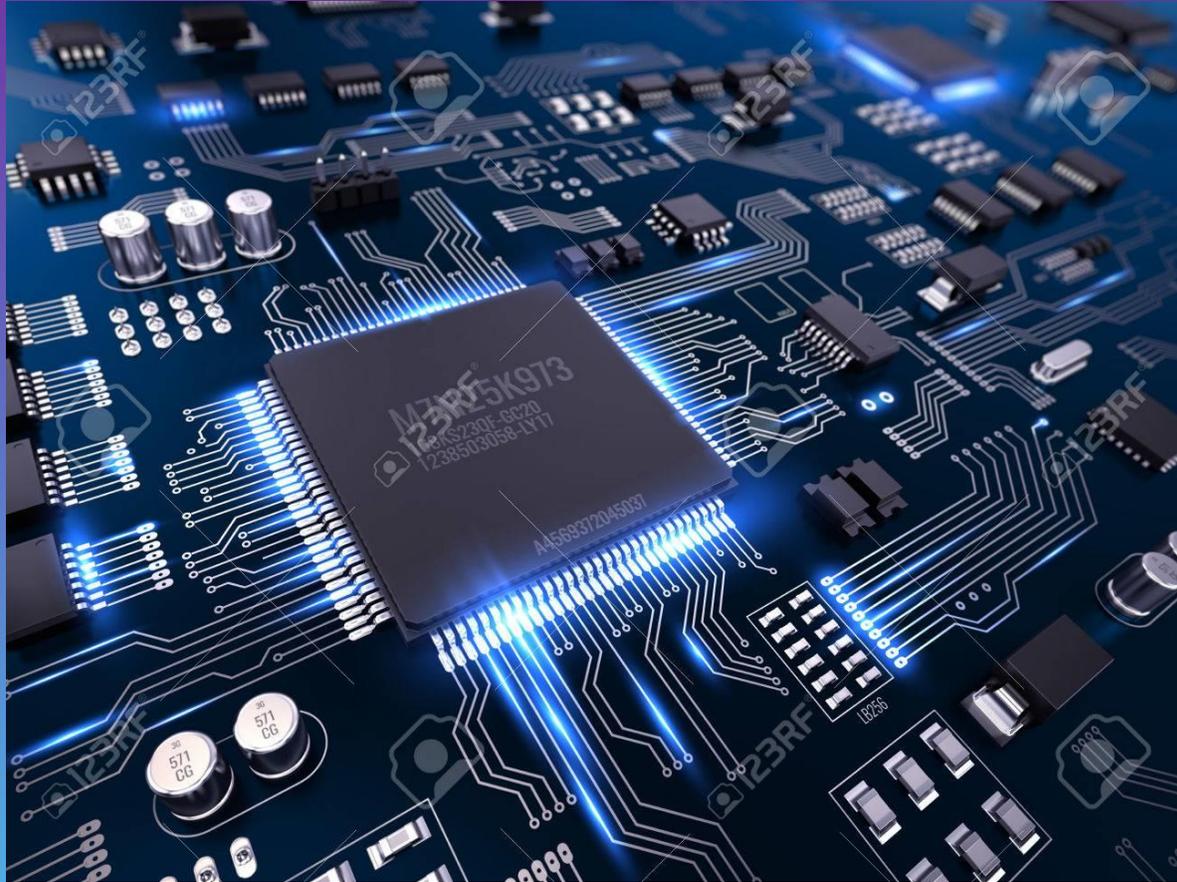
A CASE STUDY





## Ambitions for Growth

According to IATA predictions more than 7.2 billion passengers will be on skies. This is nearly the double of 3.8 billion travellers in 2016. As the passenger numbers are growing, so will the competition within the industry. Thus the airlines are facing a huge challenge in attracting new travellers and retaining the existing customers while increasing customer loyalty.



## Definition of a High-Tech Airline

Is an Airline who is leveraging technology in day to today business and achieve sustainability, stability and profitability.



## Some of the disruptors demanding digital transformation of airlines.....,

- ❖ Customer expectations for On demand, curated and real time responses.
- ❖ Over 70% of the global population now owns a mobile.
- ❖ Exponential growth in social messaging apps.
- ❖ 33% of the global population is on Social media.
- ❖ 89% of the millennials are using social media for travel inspirations.
- ❖ 76% of the time travellers pick a destination based on recommendations/reviews.
- ❖ SEO
- ❖ IOT
- ❖ Chatbots, AI and ML
- ❖ Blockchain technology



- ▶ Technology and Data sciences are improving at a rapid phase

In a digital economy, many industries and their companies are leveraging the power of raw computing to analyze large amounts of data enabling a whole new level of precision in selling which was previously impossible. And for the airlines it is as same important. As airlines, now we have the ability to identify different buying patterns and to recognize trends and preferences that deliver a greater precision and confidence in selling products and services to our customers. Digitalization makes life easy for airlines.



- ▶ Advancement in sales technology is changing buyer expectations

Today, the consumers expect instant-fair pricing with value for the price inclusive of relevant upsell offers with extras with a quick buying experience no matter where or how they shop. Whether it is B2B or B2C, as an airline if we struggle to provide quick quote turnarounds, fail to offer consistent or fair pricing, try to upsell the wrong product or service or cannot provide a consistent service across all our channels, then we are to discover that our customers are leaving us for our competition who could do things differently. Today our customers are equipped with more information and have access to powerful communication tools such as social media. With the help of self-search, reviews and recommendations more and more travelers will evaluate airlines before they opt for their services. Airline customers are expecting more personalized, transparent and omni channel buying experience. Therefore as airlines we must have cutting edge technological solutions which could meet these changing expectations of our customers.

WHAT ARE THE  
KEY FACTORS  
WHICH CREATES  
THE NEED FOR  
AIRLINES TO GO  
HIGH-TECH IN  
TODAY'S  
WORLD?

# What are the African Airline executives are saying?

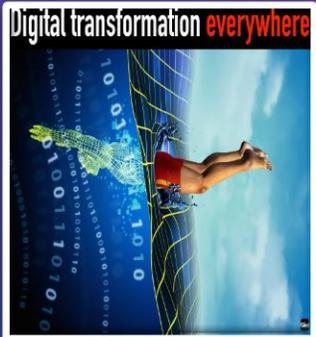
- 70% of the executives are telling that customer experience is the primary brand promise.
- 75% of them state that the operations have a significant impact on the customer experience.
- 55% of them state that building customer loyalty is a top priority.





## Dynamic Pricing Game

► **Personalization** – This African Airline have recognized that their customers want two-way loyalty with personal recommendations and offers that best fit their requirements while recognizing the ongoing relationship. So with modern systems they could make their customers feel “VALUED” and they could continue their personalized email marketing campaigns. As a result it generated thousands of impressions with positive compliments on airline’s social media sites. Furthermore, 7% of the customers who received these emails booked a flight within a month of personalized marketing campaign. The customers loved it!

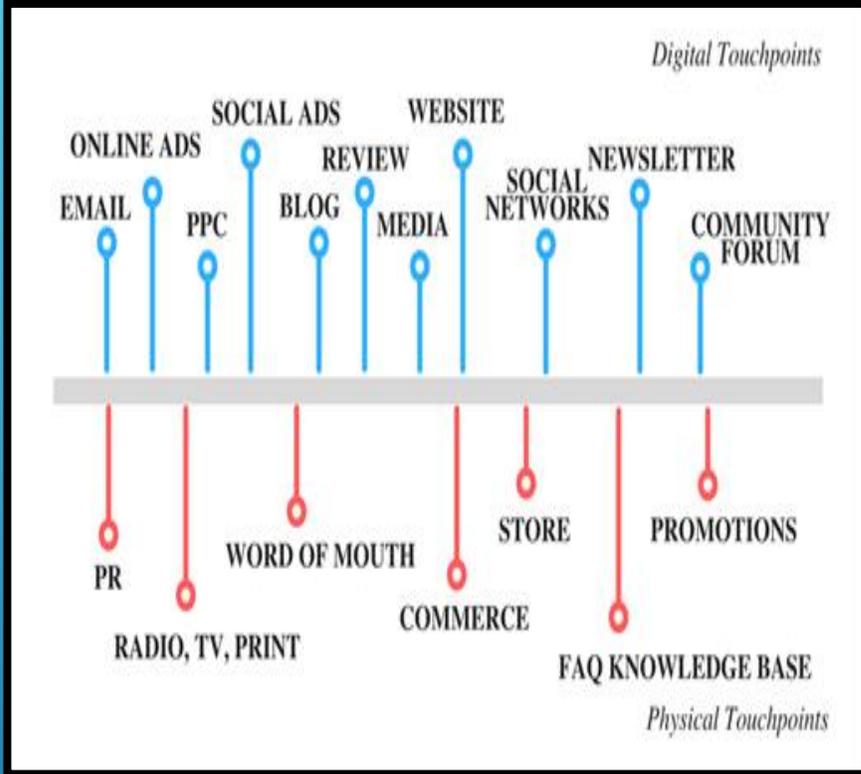


► **Omni Channel** – Previously it was a challenge for this African Airline to be consistent and efficient across their sales channels such as Web, Travel Agent, OTA, Mobile, etc., while delivering the sales experience. But after the modern system implementation they had a single platform where they could use to control all sales channels and distribute their products & services efficiently and productively.

► **Real Time** – The airline executives could now respond to customer requirements in real time while applying automation and intelligence in to pricing and revenue management.

► **Transparent** – Unlike before the airline could now become very transparent in what they offer to their customers. The result? It increased the customer confidence dramatically in making the purchasing decision and their loyalty towards the airline. It also eliminated leakages in revenues and profits.





► **Frictionless** – The airline finally had a IT solution where they could get rid of their outdated processes and practices. The airline executives loved it as they could avoid delays and frustrations in delivering that great customer experience. The executives now had access to intelligent reports and data where they could target customers with precision, prescribing the right price to the right customer at the right time! The whole operational processes and transactions became fast and less human involvement was needed as the system delivered many automation options.

► **Mobile** – It was a well-known fact that the number of mobile users in this airline’s operational region was increasing at a rapid phase. And now the airline has the ability to deliver their customers to have access to them via mobile devices whilst enabling the ability to do business virtually anywhere, anytime!

► **Dynamic** – Conditions to operate an airline in Africa can be seriously challenging and changing constantly. This includes costs, operational dynamics, supply chain dynamics, market movement, political changes , changes in weather or civil unrest. However the modern system solution enabled the airline executives adapt with speed and agility and change their go-to-market strategy accordingly to the changes.





## What were the Key Success Factors of this African airline after going High-Tech?

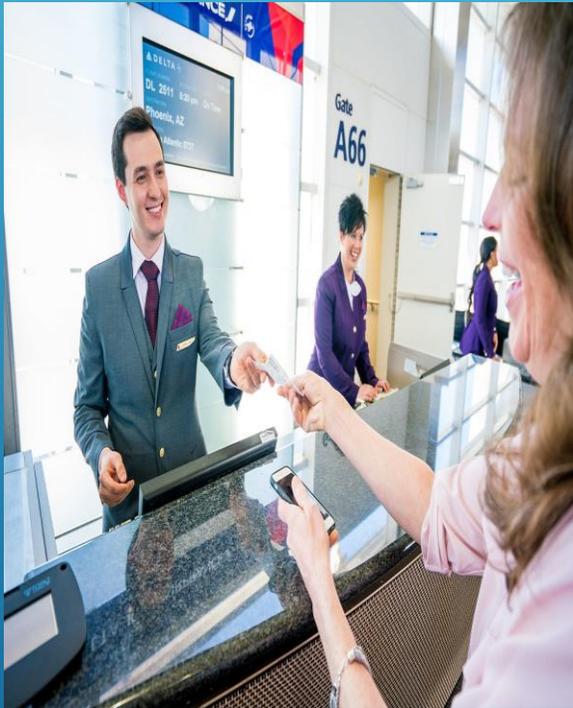
### 1. One of this were the ancillary revenues. HOW?

- ▶ The worldwide ancillary revenue potential for 2020 is predicted to be over \$75 billion. And there are several airlines in year 2018 who made over a billion dollars in ancillary revenues.
- ▶ The modern systems enabled the airline to use cross selling and up selling as a part of their commercial strategy.
- ▶ The ability to choose ancillary services or products gave the customers a wide power of choice. It was a important part for the airline's whole digital transformation. The airline executives could get very creative and generate incomes beyond usual ticket sales.



## ▶ 2. Customer lifetime value and improved customer support

▶ One of the greatest capabilities were that this African airline could now use the insights from their system to segment customers in new ways and maintain excellent interactions and relationships. This indeed made the airline executives to understand the customer lifetime value more deeply and they could now make more strategic marketing plans which increased their customer centricity.

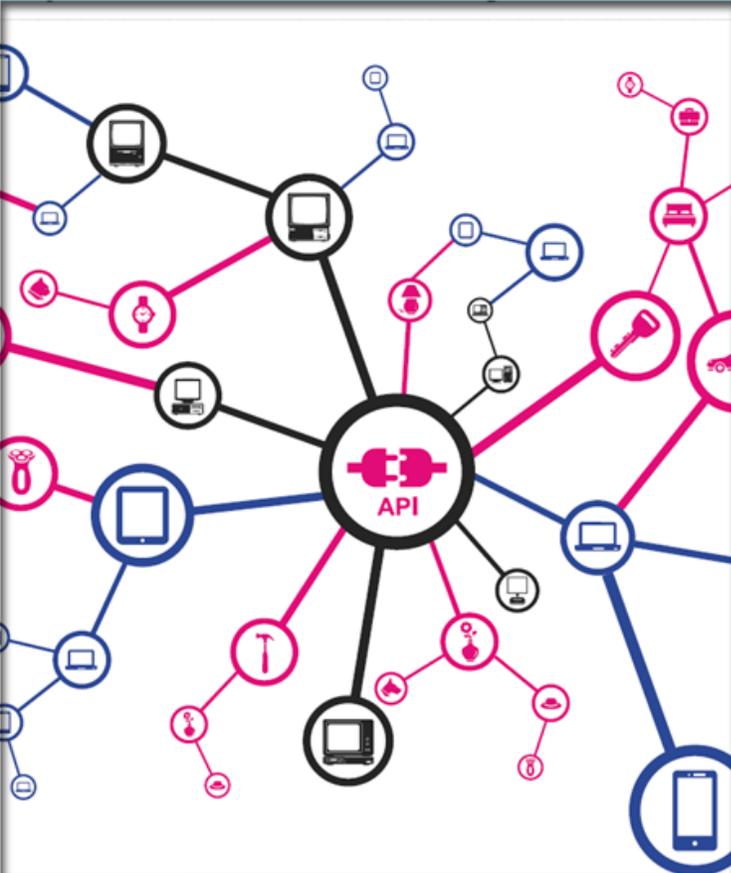


▶ Previously the airline segmented their customers as FF's, VIP's and everyone else. However after the modern system implementation the executives could process customer data in real time which enabled them to have smarter, more meaningful segmentations and communications.

▶ The automated features such as SMS updates about their flight was loved by their customers a lot! They could even send tips to mothers with infants to keep them happy while flying!!

▶ *“A report by Accenture estimates that digital transformation of airlines will create an additional 305 billion USD over the next 10 years. Benefits to the customers are valued at 700 billion USD. Furthermore digitalization would be reducing adverse effects on the environment and improve safety and security while reducing costs.”*

▶ *“In IATA’s 2016 Global Passenger Survey, the three top areas that passengers would like to receive notifications on their flight status and changes (cited by 85 percent); baggage status and waiting times for delivery (60 percent) and waiting times at security/border control (58 percent). They clearly want to receive that information via their mobile devices – 53 percent by SMS text messages; 22 percent via a mobile app; and 21 percent by email..”*



### ▶ 3. Partner and Channel Integration

▶ Thanks to the modern system now this African Airline customer could now book flights, car hire, excursions, hotel accommodation from one single transaction. All this was available on the airline website or the mobile app.

▶ It did not stop from there. The Airline could do all these integrations with less complications and efforts through API connectivity enabled by their new systems. Their integration as an affiliate with an African accommodation provider created a wide choice of over thousands of properties to be chosen within the airline's branded website.

▶ *“With virtual interlining, the aim is to present travelers with simple and accessible flight options across different airlines when booking multiple flights to get to their destination – without the need for a formal partnership between those carriers. What we’re seeing here is increased ‘virtual’ collaboration, enabled by technology.”*

**XML**

#### 4. Smart and Insightful business analytics

Digitized African airline could now use sophisticated analytics in a number of ways to improve service and cut costs.

Deep analytics and Customer insights enabled the airline to predict sales opportunities at an individual level across their sales locations

Multi-channel analytics tracked customers through their entire experience through multiple touch points, including call centre, in-app, partners and website.

Advanced customer analytics identified patterns in individual or group behaviour to add rich insight and sophisticated segmentation to airline customer database.

Big data analytics enabled the airlines to instantly predict potential traffic and revenue from new routes.

*A recent report by Unisys that surveyed 29 senior airport executives at an Airports Council International Conference revealed that as much as 59% of those surveyed were looking to invest in advanced analytics solutions in the short-term, while 31% percent were already using them. Most wanted to make use of analytics in passenger flow (27 %); airport operations and asset tracking (22%); geolocation and wayfinding (22%); passenger shopping and retail habits (15%).*

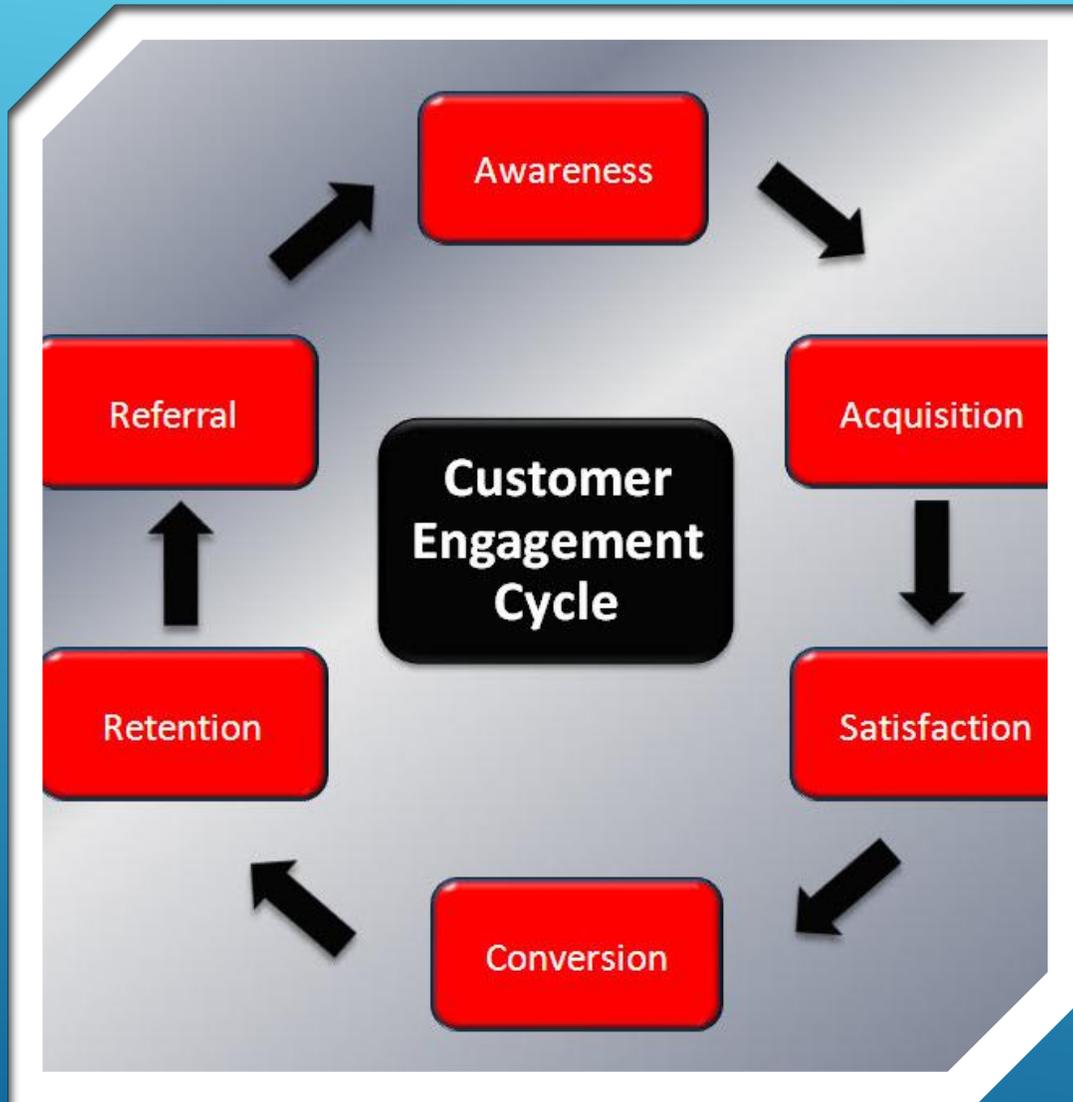
*Airlines want to embrace digital retailing and take back ownership of their customer relations from beginning to end, but to do this they need to transform how they sell to their customers, especially via the agency channel. This means overhauling their current merchandising and ticket-distribution strategies and systems to meet the needs of the various channels available for connecting with their customers.*



## 5. INNOVATION-NON STOP

One of the most promising things which happened for this African Airline was that they saw their digitalization converting more of their customers to become brand ambassadors. They were sharing the great experiences with this airline with 100's of friends via FB, Twitter, Instagram and so on. This created a great impact to attract new customers and keep the existing one's returning to fly with them.





## 6. BUILDING ENGAGING EXPERIENCES

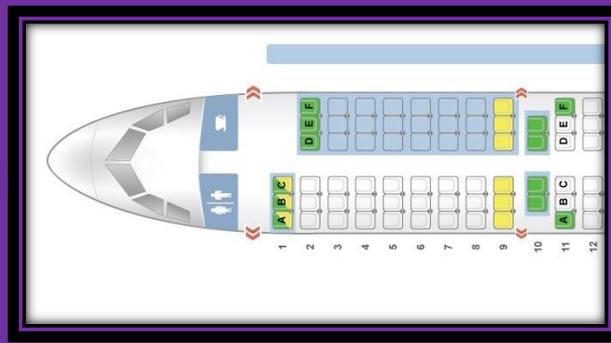
The systems enabled this African airline to understand how to market in the digital world, how to engage their customers in the exploding environment of social networks and more importantly how their customers wanted to connect with the airline rather than how the airline wanted their customers to connect with them. With the agility of the systems the airline executives could experiment with their ideas and go ahead with what suits the airline the best.

## 7. DATA DRIVEN DECISIONS

Their decisions were no longer made with guess work, ideas or opinions. They were made on facts with the help of data collected. They could overcome their challenge of driving value in their support and servicing of customers. They could find ways to consistently delight and surprise their customers and build a unique pre & post booking experience for them.



Bags revenue



Seat revenue

Baggage services

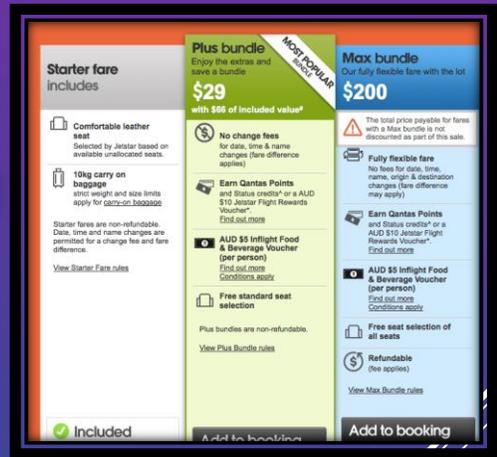
Mobile app/  
e-commerce web

Inflight services



Loyalty programs  
(Sales if miles)

Total Revenue Optimization



Bundled Fares

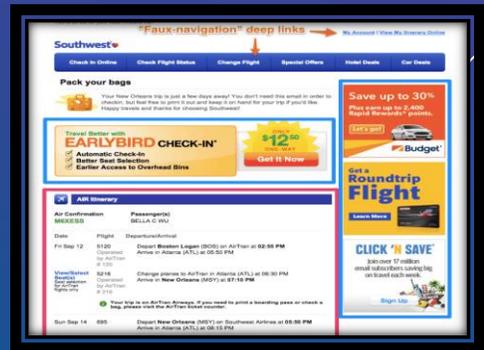
Airline partnerships

Promotions (\$!)

Fare revenues



Onboard services  
(meals, duty free, etc)

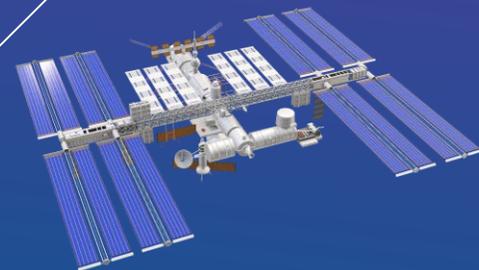


Cars, Hotels, Excursions, etc

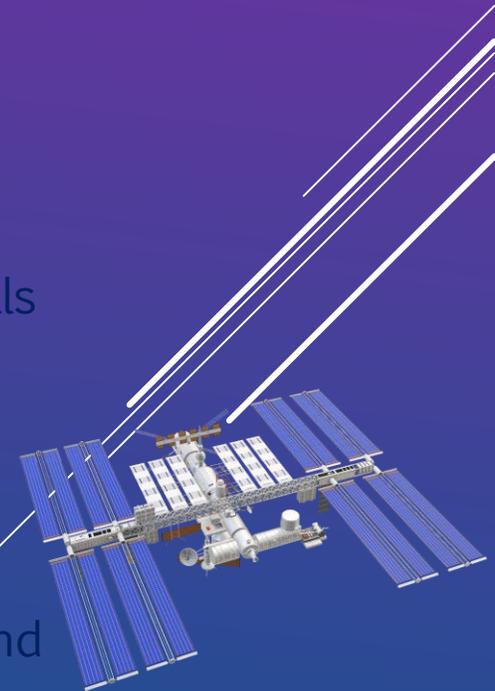
# Brining it all together



- Fundamental Digital Transformation needs of African Airlines are no different to what the airlines in Europe, Asia or Americas need.
- The African airlines need systems which are agile, flexible and they must be easily adoptable to local conditions.
- Customer centricity, Cost effectiveness, Operational efficiency and Optimised revenues are the main objectives of going High-Tech.



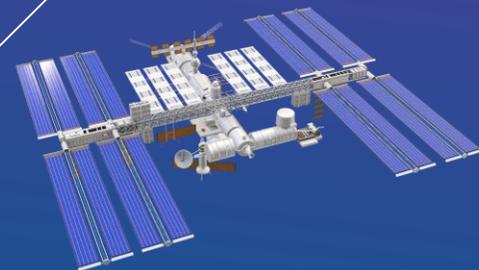
- African airlines have an urgent need to create new departments such as e-commerce department or Ancillary Revenue department and then assign roles such as Merchandising and Retailing manager.
- What is going High-Tech means for an African Airline,
- Improve customer centricity and user experience, Increase airlines operational efficiency, Have E-commerce and digital marketing platforms, Able to do merchandising and retailing, Supports the airline's data driven analytics, Can continuously innovate their products, Increase organizational collaboration and integration.
- Airlines and Airline IT solution providers should invest in training and mentoring programs for local staff in order for them to be skilled at using technologies. New skills need to be introduced.
- Today's airlines are far from just selling a ticket. We must realise that no longer the conventional methods we used for many years in the industry do not work for us anymore. We now need to continuously innovate our products, invest in people and knowledge and use data and deep analytics to understand our customers and respond to their needs dynamically in real time.



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- African Airlines needs strong partnerships among each other and technology which can enable these with ease and less complexity There is a lot of potential for technological solutions where the airlines can do things like virtual interlining and partner channel integrations to hotels and car hire companies.



- African Airlines need technology which can address the customer expectations on their product, service and convenience. Most African carriers for example have static pricing structures on both air tickets and ancillaries. Current systems infrastructure limits African Airlines executives to be dynamic, flexible and innovative. In comparison other industries in Africa leverages the use of digital technologies more than the airline industry making the airlines to be a few steps backwards.
- African Airlines need their fare portion of digital transformation and begin their journey of becoming the ideal smart carrier.
- The Airlines in Africa has understood that their airline's distribution has to no longer be isolated. They need proper guidance and training to acquire digital skills to embrace and benefit from the evolution of digital technologies within their airlines.



# GREAT OFFER

· Creating Offer

Optimise the product marketing mix, ancillaries, fare bundles, etc.

· Selling Offer

Optimise Sales Channels to deliver maximum ROI.

· Digitalizing Offer

Deep Analytics, Digital, Agile, API, AI & ML

Improving Traveller retention and loyalty

· Servicing Offer

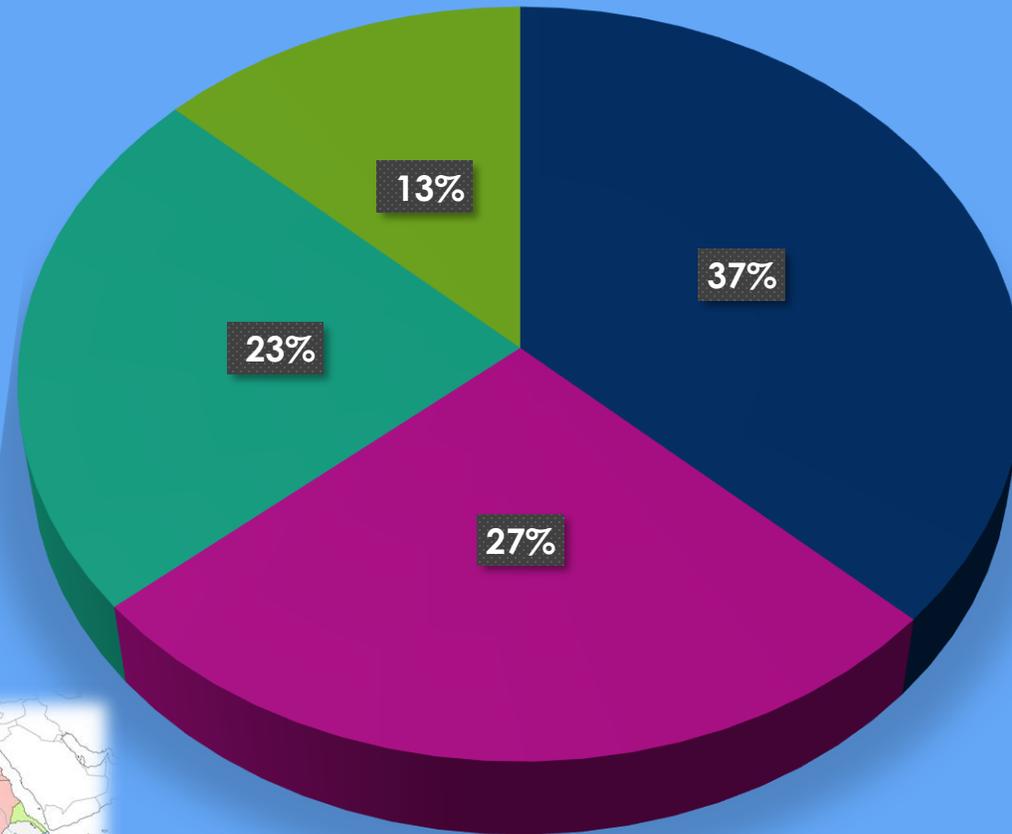




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## What is hindering high-tech transformation of African Airlines?



- Lack of resources, Staff and knowledge
- Other priorities and lack of time
- Limitations in the current IT systems
- Stake Holder support

