

More Than Just a Web Site

Booking Engine: Only One Aspect of a Successful Internet-Based Distribution Strategy

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In the last three years, the number of Internet-based airline booking engines has grown significantly. The motivation is clear — to reduce distribution costs for the airline and improve the travel experience for the passenger.

Despite its rapid growth, this sales channel is relatively immature and often misunderstood. Getting it right takes more than simply connecting a Web site to your reservations system.

can be fulfilled in various ways. The most cost-effective and passenger-friendly option is to issue an electronic ticket, although this option must be supported by your reservations and departure control systems.

The next best option is to automate the issuance of a paper ticket from printing to postage without human intervention. And finally, an option of last resort is to issue your tickets in the traditional manner through an airport or city ticket office.

This is an option of last resort because CTO-issued tickets may incur a commission that the airline is trying to avoid in the first place to reduce its distribution costs.

The method of ticketing is also dependent upon the usage pattern of credit cards in a particular country. Even today, there are a number of Internet users who do not feel comfortable submitting their credit card information over the Web. In such cases, ATO- and CTO-issued tickets are the only options. Other travelers can take solace in the fact that several fraud and credit card security

options exist today that make e-commerce transactions safe and convenient. The safest option is for the airline to store and access a passenger's credit card information in an offline passenger

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profile. Profiles are created and managed by the passenger through direct contact with an airline's customer service representative. Credit card information from these profiles can then be applied toward an Internet transaction without this information ever having to be displayed across the Internet. In addition, credit card companies, in conjunction with reservations systems providers, also offer fraud protection services for credit card usage.

Internet-savvy travelers not only want to purchase tickets over the Web, but also want to use this technology to be notified of schedule changes, departure gate information, the weather forecast at their destination and other travel-related information. To provide this service to passengers in a cost-effective manner, airlines can employ electronic travel notification services via the Web, cell phones and other mobile devices. While such services go a long way in fulfilling the needs of these travelers, an interesting byproduct is that these services can also free agents from the voluminous duty of reconfirming



Effectively using a Web-site booking engine requires a comprehensive strategy that automates key business and fulfillment options.

The key driver for a successful Internet-based distribution strategy lies in the ability to automate, and in some cases optimize, key business and fulfillment options. Ticketing, for example,



reservations, a process that is still employed by several airlines in South America, Africa and Asia.

Developing an effective Internet strategy, however, is not only about executing the various fulfillment options. Being closer to the customer provides an airline with a marketing forum that can and should be harvested for increased profits and better customer service. Airlines can easily offer hotel and rental car packages dynamically through the Internet, an option traditionally left for tour operators and full-service travel agents. Passengers view this as an extra service, and airlines benefit from the incremental commissions earned from selling the additional content. Such dynamic content packaging relies on an airline's ability to effectively target audiences on the Internet based on their historic preferences by extending its customer relationship management



Web-enabled travel services can notify passengers of schedule and departure information through electronic devices.

capabilities to this channel of distribution.

What makes matters a bit more complicated is that the same passenger may book some of his or her travel on the Internet, some of it through a travel agent and some of it directly with the airline. And in doing so, the passenger puts the burden on an airline to ensure that key CRM initiatives, like customer profiles, are accessible simultaneously across each of these distribution channels. Specifically, all customer touch

points need the same information about the traveler to ensure customer recognition and consistency of service. In addition to CRM-based initiatives, airlines can also apply point-of-sale and alliance-based shopping controls to increase revenue and provide more focused content. It is imperative, however, for an airline to have effective pricing and revenue management systems to be able to protect its

profitability. Since their inception, Internet-based airline booking engines have all too often been incorrectly characterized as a channel for distributing distressed inventory at cut-rate prices. While low-fare sales do have a significant place on the Internet, by intelligently controlling its inventory, an airline should be able to sell more than 50 percent of its Internet seats above the lowest private fare.

For airlines getting started, several fulfillment options, such as the *Sabre® Web Sales Engine*, powered by GetThere (see related article on page 10), make Internet-based booking engines a reality for even the smallest of airlines. For experienced airlines, optimizing this channel of distribution takes a well-thought-out strategy that combines fulfillment options with a blend of electronic travel notification, CRM, alliance and point-of-sale controls, and effective revenue management. ■

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News Briefs from Around the Globe

THE HIGH LEVEL VIEW

News from Sabre Airline Solutions

In November, the Kiehl Hendrickson Group, a privately held firm specializing in airline planning and scheduling products and airport consulting, was acquired. The acquisition furthers Sabre Airline Solutions' ability to serve the small- and medium-size airline segment of the airline software market and expands its customer base and position in the aviation consulting market.

KHG and its product and services portfolio will be integrated into Sabre Airline Solutions. "By combining the best of both product lines, we will broaden our planning and scheduling tools for the small- and medium-size airline segment," said Tom Klein, group president of Sabre Airline Solutions. "KHG's leading position in airport con-

sulting also will broaden our consulting expertise."

"We both have long histories in providing planning and scheduling products to airlines," said Steve Hendrickson, KHG president. "The combination of Sabre Airline Solutions' established products and KHG's strong position in the small- and medium-size airline sector creates a broad-based, end-to-end offering for our customers."

KHG was founded in 1992 by a team of former airline executives. The firm has 22 employees located at its headquarters in Minneapolis, Minnesota, and its office in Washington, D.C. KHG had revenues of US\$3.6 million in 2001. KHG clients include airlines, airports, government agencies and other travel and transport businesses. ■