

A MAGAZINE FOR AIRLINE EXECUTIVES

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EXTREME AIRLINE MANAGEMENT

*A conversation with ...*

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Siegel,  
CEO,  
US Airways**

INSIDE

Traditional carriers launch  
low-fare subsidiaries

How airlines weathered  
"the perfect storm"

Cathay Pacific Airways'  
crisis management process



# The Winning Combination

*United Airlines successfully utilizes multiple Sabre Travel Network distribution products to maximize revenue-generating opportunities and manage distribution costs.*

■ By Erin Buth | *Ascend* Contributor

It's no secret that the airline industry is experiencing pressures due to the difficult economic environment and the resulting changes in consumer behavior

“Lowering distribution costs is a key component of our strategic plan to reduce expenses.”

and attitude toward travel. Although airlines around the world are acutely aware of the need to lower costs and increase revenue, United Airlines is particularly focused on improving its bottom line by using advanced technology to achieve its goals.

A component of its successful strategy has been to utilize a variety of Sabre Travel Network products to effectively manage ticket distribution and other operating costs as well as capitalize on revenue-generating opportunities.

Turnkey solutions contributing to this strategy

include the Sabre® *Direct Connect Availability*<sup>SM</sup> — *Three-Year Option*, marketing information data tapes from the Sabre® *Global Distribution System* and Sabre® *Aggregate Ticket Control Number*.



Photos courtesy of United Airlines

United aggressively distributes tickets and targets sales through channels that produce the highest revenue. Participating in the *Direct Connect Availability* option enables United to offer its customers access to all published fares, including Web fares, through the travel agency channel. The *Direct Connect Availability* option also helps United gain market share in routes where there is heavy competition and sensitivity to price. This approach increases its sales opportunities and reduces the time it takes for travel agents and consumers to shop for and purchase United's best deals. The three-year option also reduces

At the highest connectivity level, United is provided with a wide range of services to market and sell flight and fare information to approximately 56,000 Sabre *Connected*<sup>SM</sup> travel agents around the world.

United's use of MIDT is another effective tool that sharpens its competitive edge, maximizes market potential, develops meaningful sales incentive plans and improves overall operations. MIDT provides United with vital sales intelligence including sales sources and its position in the marketplace relative to the competition. This tool provides key transaction data enabling United to



Through the *Direct Connect Availability — Three-Year Option*, United Airlines offers its customers access to all published fares, including Web fares, through the travel agency channel.

United's cost of ticket distribution by providing it with a fixed, discounted fee for the next three years. Through the program, United receives discounted booking fees in exchange for participating at the highest level in the *Global Distribution System* and providing access to its full fares and content.

analyze booking levels and competitive market share.

Utilizing the latest innovation from Sabre Travel Network, *Aggregate TCN*, United now has insight to the full spectrum of fares and the prices consumers are willing to pay for any given itinerary. *Aggregate TCN* is the only source for






competitive fare data allowing United to monitor its own pricing initiatives against what its competitors are selling in the same markets. The system provides airlines with all ticketing activity in the *Global Distribution System* excluding passenger personal data, corporate, agency and commission-related elements. The system is an affordable element of marketing research that provides insight into

how United's advance sales compare to that of the competition. The data is invaluable for making decisions on pricing promotions and viewing how the market is selling.

"Lowering distribution costs is a key component of our strategic plan to reduce expenses," said Greg Taylor, senior vice president of planning for United. "We saw the opportunity to use a variety of Sabre Travel Network

products to accomplish this while continuing the highest level of service to our customers."

By utilizing multiple tools, United has been able to maximize revenue-generating opportunities and manage distribution costs, enabling it to sustain long-term cost benefits. 

*Erin Buth is a sales marketing manager for Sabre Travel Network.*

## THE HIGH • LEVEL view

### News Briefs from Around the Globe

#### Who

American Airlines, Continental Airlines, Delta Air Lines, Northwest Airlines, United Airlines

#### What

Elected to participate in the *Sabre® Direct Connect Availability<sup>SM</sup> — Three-Year Option*, which commits the carriers to a three-year term at the highest level of participation in the *Sabre® Global Distribution System* in exchange for a reduced booking fee rate that is fixed for three years. As part of the agreement, the airlines will provide all published fares, including fares they sell through their own or third-party Web sites, to all users of the *Global Distribution System*, including more than 56,000 *Sabre Connected<sup>SM</sup>* online and offline travel agencies. The program now includes bookings made in the United States, U.S. Virgin Islands, the Caribbean and Europe.

#### Why

American — "Lower distribution costs plus broader availability of our fares to the largest subscriber base means *Sabre DCA* is a real winner for American," said Craig Kreeger, American's vice president-sales. "Innovative solutions for today's marketplace make Sabre Travel Network our preferred GDS provider."

Continental — "Providing travelers the maximum level of customer service is the highest priority for us," said Jim Compton, senior vice president of marketing for Continental Airlines. "This program improves our ability to do that by offering customers access to all published fares, including Web fares. It also helps us meet a key business objective to further reduce distribution costs. We recognize the effectiveness of the *Global Distribution System*, which offers one of the highest yielding channels."

Delta — "Through this new partnership, we will give our customers added flexibility, choice and convenience through broader multi-channel access to our pub-

lished and Web-only fares," said Lee Macenczak, Delta's senior vice president, sales and distribution. "The program also allows us to further reduce distribution costs and reflects our confidence in the value of the *Global Distribution System* and its operating efficiencies as a high-yield channel."

Northwest — "Participating in the *Sabre DCA Three-Year Option* enables us to meet the important goal of lowering distribution costs while serving travelers through multiple channels," said Al Lenza, vice president of distribution and e-commerce with Northwest Airlines. "This new initiative demonstrates Northwest's efforts to make all our publicly available fares and content available where it is economically viable for us to do so."

United — "It will provide our customers with a full range of our fares in a cost-effective manner for all parties, while allowing us to significantly reduce our distribution costs at the same time," said Greg Taylor, United Airlines' senior vice president-planning. 