

Alaska AIRLINES | amadeus

CASE STUDY

Alaska Airlines implements advanced revenue management science enabling intelligent offer recommendations

First non-Altéa airline to adopt **Amadeus Revenue Management** to drive transformation in challenging times

Alaska Airlines, the fifth-largest carrier in the United States, is the first airline to implement Amadeus' revenue management solution (RMS) as a non-Altéa passenger service system airline. It was key to Alaska Airlines' overall strategy to modernize its revenue management (RM) capabilities to drive revenue growth and better serve its customers.

As travel policies and traveler expectations shifted, Alaska Airlines realized that implementing a new RMS in 2020 was perfect timing. It opened the door to improving and adapting its business processes to air travel demand. The airline was looking for a revenue management solution to bring maximum flexibility and agility to monitor changing market developments and understand customer demand and willingness to pay. In doing so, it was important to align with a partner that understood its needs as an airline, the rapidly changing landscape, and had a long-term commitment to innovation. It was crucial that the vendor provided both an advanced solution and consulted and supported business readiness.

> *This has been a highly strategic deployment, demonstrating that any airline with any passenger service system can benefit from the scientific advantages of Amadeus' advanced revenue management solution. It was especially challenging considering the unexpected pandemic conditions which led to drastic global market conditions. We look forward to continued collaboration with Alaska Airlines on its transformation journey.*



Benjamin Cany, Director, Airline Offer Optimization, Amadeus

On-time implementation despite a challenging market environment

In 2020, when Alaska Airlines began implementing Amadeus Segment Revenue Management, little did anyone know that there would be a more significant challenge to overcome, namely COVID-19. Despite volatile travel restrictions imposed by governments, the new solution was implemented on time, ready to meet the new challenges of passenger travel, accelerating the path to recovery.

Implementation goes virtual

From the beginning of the pandemic, Alaska Airlines and Amadeus established a rapport that made this alternative way of working seamless. Both teams adopted an agile approach to implementing the Amadeus RMS. They successfully delivered according to the scheduled project timeline over the entire network. Overall, the implementation was a great example of collaboration and teamwork. The fact that timelines were maintained over the Summer of 2020 during a worldwide lockdown was an achievement in itself.

> *Working with Amadeus has been a game-changer during this challenging period as we dealt with market volatility while aiming to maintain stability. We knew that Amadeus had the best science platform and a clear roadmap going into the future. Amadeus' consulting approach highlighted its in-depth knowledge of the airline industry, providing the know-how to design solutions to drive revenue and gain better insights into our customers' needs. Fast-forward to today, Amadeus has been able to further develop a forecast model during these uncertain times, and we are glad to be among the first in the world to deploy it.*



Kirsten Amrine
Managing Director, Revenue Management, Alaska Airlines

Why Alaska chose Amadeus Revenue Management

- **Proven advanced science** in the airline industry with sophisticated algorithms, live data, and customer choice modeling
- Optimized RM processes through a **smarter and automated system**
- PSS agnostic solutions **addressing the needs of non-Altéa customers**
- **People and expertise in the industry** – it was crucial to work with an expert who could provide both a technically advanced solution and consulting services
- **30+ years of experience** in the industry
- **Proficient guidance** on mapping airlines' needs with solutions



Alaska Airlines can now focus on more strategic and less manual tasks

Despite the unexpected disruption and its impact on travel, results were praised by Alaska Airlines:

Improvement in operational efficiency: with Amadeus RMS, more than **95%** of interventions can now be handled automatically so that RM analysts can focus on more strategic and less manual tasks. This is in comparison to the airline's previous RM solution where analysts had to frequently intervene manually in the system.

Advanced understanding of passenger purchase behavior thanks to enhanced customer segmentation science: the customer choice modeling techniques that Amadeus uses allow Alaska Airlines to better understand customer behavior and why travelers choose a specific itinerary. For Alaska's business, the split between leisure and business passengers can vary up to more than **30%**, depending on the day of the week. Leisure passengers favor weekends and early purchases, while business bookings are seen more during weekdays and only a few days before departure.

Attained customer satisfaction: Alaska Airlines chose to work with Amadeus because of the level of professionalism and support the team provided throughout the whole process, all the way through to post-implementation. The team's openness to listen and adapt to Alaska's unique challenges while implementing the solution was a big draw.

> *The Amadeus revenue management solution and its new forecast model has enabled us to be more flexible and agile in monitoring changing market developments and the variance between planned scenarios versus real passenger behavior. It is highly valuable to be able to estimate and forecast at travel purpose level, whether it be business or leisure, an aspect that we didn't have in our previous RMS system. This is critical for us to quickly adapt and evolve our commercial strategies in such volatile times.*



Kirsten Amrine
Managing Director,
Revenue Management,
Alaska Airlines

Vision for the future

Amadeus has been a true partner to Alaska Airlines along its revenue management journey. The airline has found the solution to be quick to market, allowing the carrier to make adjustments rapidly. The advanced science behind the solution, garnering positive initial results, has led the airline to place more science behind its end forecast, a must, especially in these challenging times.

As Alaska Airlines moves ahead, the carrier is looking to continuing to grow its business by up to 40% over the next 5 years. As the airline eases out of the pandemic, it is clear to Alaska Airlines that the Amadeus RMS can help the carrier with further growth and transformation.



ALASKA AIRLINES

Alaska Airlines is a major American airline headquartered in SeaTac, Washington, within the Seattle metropolitan area. It is the fifth largest airline for the United States when measured by fleet size, scheduled passengers carried, and the number of destinations served. Alaska, together with its regional partners Horizon Air and SkyWest Airlines, operate a large domestic route network, primarily focused on connecting from the Pacific Northwest, West Coast, and Alaska to over one hundred destinations.

AMADEUS

Amadeus serves most of the world's leading airlines operating with different business models. Amadeus' solutions allow airlines to grow revenue, optimize efficiency, and build brand loyalty. Amadeus supports airlines so they can provide travelers with a consistent, personalized customer experience throughout every stage of the journey – from inspiration to booking, check-in, and boarding. Navitaire delivers proven digital e-commerce-first solutions enabling advanced retailing using a single record approach. Together, we combine a deep understanding of airline's business with the ability to design and deliver the most complex, trusted, and critical capabilities our customers need to power their retailing transformation and create new cooperation models for airlines.

Get in touch with us:

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