Implementation of Amadeus Segment Revenue Management paves the way for new gains for Middle East Airlines

Since November 2016, MEA has been relying on Amadeus's advanced Revenue Management System as part of a large scale effort to boost revenues and outdistance competition. Amadeus Altéa Segment Revenue Management has now been up and running for a year, with excellent first results.

Lebanon flag carrier Middle East Airlines figures among the top airlines in the region, serving some 31 international destinations in Europe, the Middle East and West Africa from its hub at Beyrouth-Rafiq Hariri international airport. Reflecting the Lebanese culture and hospitality, the airline proposes a range of luxury services, making customer comfort and wellbeing its distinguishing trademark.

Travellers are reshaping how trips are bought and sold: These new consumers shop from anywhere, on any device. Their decisions are based on transparent comparison and they want their purchase to be as quick and simple as possible.

🌐 Context and challenges faced by the Airline

The key challenge faced by MEA, and for that matter, by all airlines seeking to grow their business, is how to be at a competitive edge and maintain the highest achievable yields in each operating market. This requires complex algorithms to forecast demand and optimize the sales of each seat.

MEA was facing a number of limitations with the prior revenue management solution resulting in an overall loss of potential revenue. Productivity was also impacted by the number of manual tasks – schedule and capacity changes, seasonality and competition monitoring… – and the appropriate reporting tools were lacking to finetune analysis. Finally, the number of system outages only exacerbated the performance issue.

Why Amadeus

A longstanding Altéa customer, Middle East Airlines was eager to implement Amadeus' state of the art revenue management system, as a natural extension to an already proven platform.

Amadeus Altéa Segment Revenue Management relies on a sophisticated algorithm which combines volume factors (effects of trends, seasons, events etc.) with customer choice factors to deliver a highly accurate forecast that MEA can exploit in its business decisions. It allows them to assess the risk of price spiral-down within the same air product (e.g. Fare Family) and to protect most profitable sales, based on the customers' price elasticity. With a number of day to day activities fully automated, revenue management analysts can spend more time on market strategy, with a rich suite of analytics and reporting tools at their fingertips

📍 Implementing the solution

The first step for Amadeus was to identify ways to improve the airline's existing business processes through a meticulous analysis of MEA's work practices. For the implementation itself, an on-site presence throughout the project ensured that all the key milestones were met, leading to a smooth on time delivery. Amadeus provided continuous business and technical support before, during and after the cutover. For MEA employees, the customized training sessions and friendly interface made it a quick learning curve.

📍 First results are in!

Amadeus Altéa Segment Revenue Management has fueled MEA's business growth, helping them exploit their network potential: they have managed to significantly improve the load factor and at the same time secure unit yield, all this while reinforcing their offer... a feat highlighted by outstanding financial KPIs.

"After having enjoyed a fruitful relationship with Amadeus for several years now, we are very happy to extend our collaboration. Throughout our time working with Amadeus, the company has demonstrated not only reliability and quality support, but its robust, stable and flexible solutions have been imperative in supporting our business strategies. The customer focus and team dedication give us great peace of mind; with Amadeus, we know our operations are in good hands."

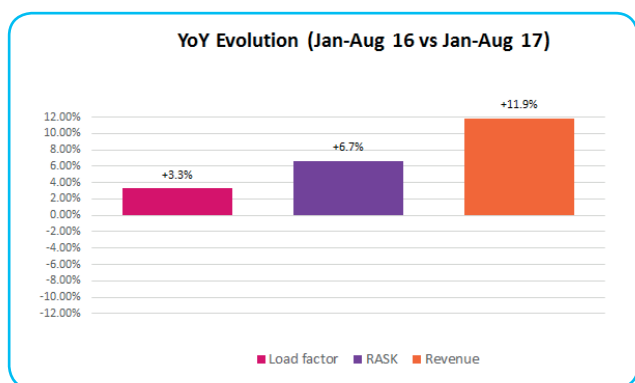Adib Charif, head of IT at Middle East Airlines

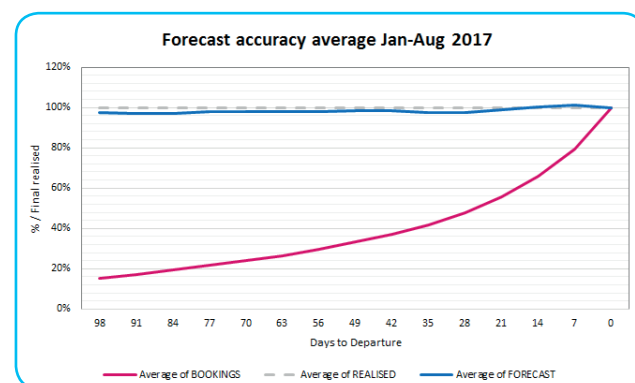**Fig: Key MEA KPIs measured eight months post implementation**

Fig: Final demand forecast vs. actual booking curve

This graph shows the evolution of the system's demand forecast from 100 days before departure to

the actual realized bookings at the day of departure. This highly accurate forecast applies to the entire network!

## Key benefits

Altéa Segment Revenue Management helps airlines:

> Make the most of routes opportunities and align the airline's availability strategy with its fares commercialization

> Boost RM & Pricing performance with powerful means of implementing business decisions

> Ensure a higher return on investment, thanks to continuous technical and business support

"90% of flights are now steered automatically by Altéa Segment Revenue Management with excellent end results, reducing our overall workload on a daily basis and allowing us far more time to undertake more analysis on revenue and traffic trends, market trends and competition."

Walid Abillama, Head of Commercial Strategy and Alliances

"Altéa Segment Revenue Management enables a better forecasting and optimization of our inventory and overbooking throughout the flight's lifecycle, which has helped us reduce our offloads and downgrades whilst increasing our revenues. All in all, the solution has delivered all of our requirements at a reasonable cost to us, with a high return on our investment within a rapid timeframe."

Walid Abillama, Head of Commercial Strategy and Alliances
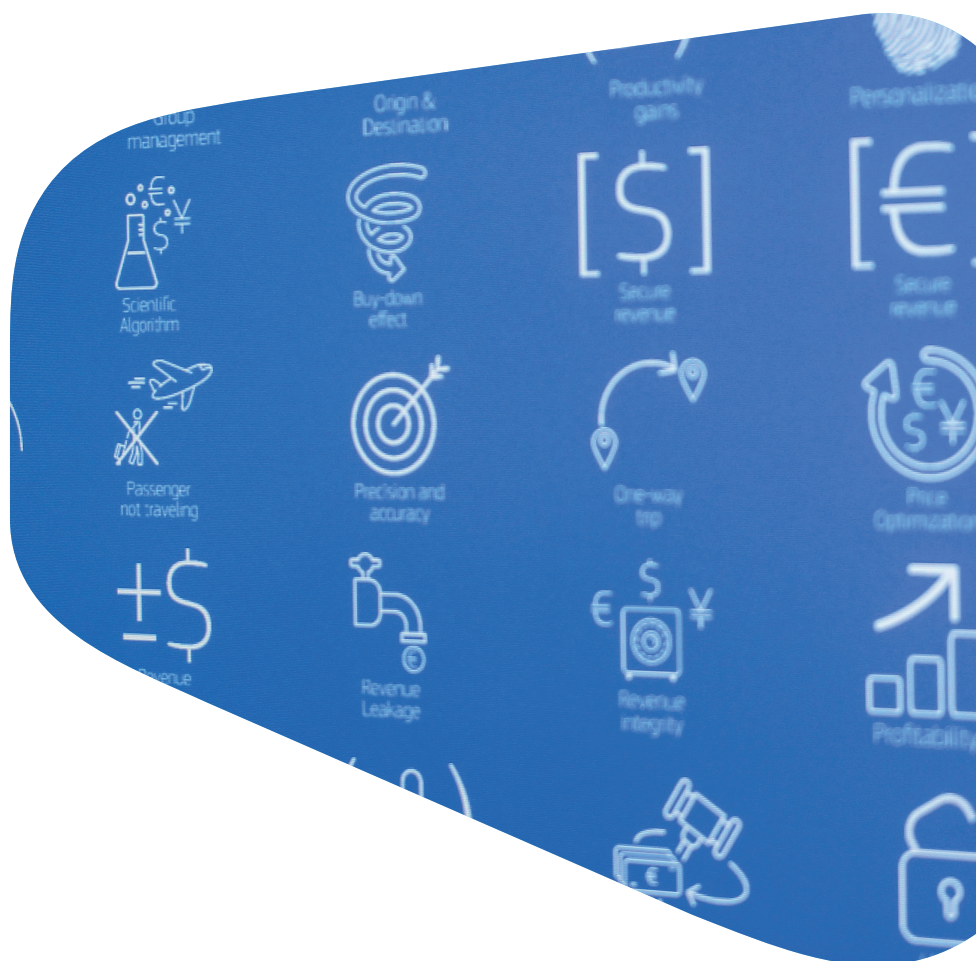
About Middle-East Airlines

Middle East Airlines (MEA) is a long established airline which celebrated its 70th Anniversary in 2015. It is a member of the SkyTeam airline alliance as well as the Arab Air Carriers Organization (AACO). Middle East Airlines flies to the Middle East, Europe, and Africa. Medina and Nice are destinations that are served seasonally. MEA also operates charter flights to leisure destinations in various countries, serving cities such as Sharm el-Sheikh, Antalya, Dalaman, Rhodes, and Mykonos.

> 31 destinations

> 21 countries

> 2.3 million passengers/year

> €514 million operating revenue

> 17 fleet

About Amadeus Altéa Segment Revenue Management

How it works: the solution models demand behavior and willingness to pay by route against fare structures and air products, such as Fare Families, taking into account the travel purpose of customers. Its full integration in the Altéa PSS ecosystem ensures complete data integrity and automated processes, to compute daily yields and forecasts or optimize availability. A range of analytics, simulations and alerts help assess performance, prioritize actions and effectively implement business-driven decisions