



Driving incremental profit - A breakthrough in revenue optimization

Utilizing Re-Commerce & the Concept of “Elastic Supply” to Help Address Challenges from Market Volatility

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Addressing Industry Challenges Through Passenger Flexibility

Airlines consistently face challenges in adjusting to market volatility and optimally aligning their capacity with ever-shifting demand. Let's take the example of the Winter Olympics that will take place in Milano and Cortina in 2026, while airlines can plan for expected increases in travel needs, they can't always predict last-minute surges in demand, which can lead to missed opportunities to sell more seats. Imagine a scenario where a phenomenal athlete qualifies last minute for the Olympics, triggering a rush in flight bookings from their home country. How can airlines accommodate this last-minute surge if their highest demand flights are on track to be fully booked?

Due to both unexpected events and natural market volatility, airlines often encounter scenarios where either demand or supply changes during a flight booking period. This can result in situations where there is greater demand than available seats, leading to missed opportunities to capture additional high-yield revenue.

Airlines have been battling the effects of market volatility since their inception, with all carriers facing significant missed opportunity (over 2% of revenue), mainly stemming from passengers being rejected due to aircraft capacity constraints (spill), or when a seat that had demand on a peak flight, goes empty due to passenger no-shows (spoilage costs).

The challenges that volatility brings can be resolved by finding and leveraging flexibility in passengers' plans. While there's a perception that passengers are unwilling to change their schedules, much of this inflexibility is actually self-imposed by airline fare rules and charges that make it hard for passengers to modify their travel plans.

If airlines offer passengers the option to change flights after purchasing their tickets, accompanied by suitable compensation, this flexibility can be unlocked to solve issues like overbooking and last-minute demand shifts.





Market Volatility Causes Ongoing Airline Challenges

Current practices and tools in the airline industry don't allow carriers to fully mitigate the impacts of market volatility, leading to challenges and lost opportunities.

Market Volatility

- Demand spikes
- Demand uncertainty
- Capacity shifts
- Aircraft Shifts/cancellations
- Operational challenges

Ongoing Airline Challenges

- Uncaptured demand (spill)
- Empty seats on peak flights (spoilage)
- Involuntary denied boardings
- Poor customer experience
- Frustrated staff

Current tools offer airlines a few ways to deal with excess demand, such as increasing prices or adjusting aircraft schedules to deploy larger planes. While these tools can provide significant added value at times, they often don't solve the fundamental issue of aligning capacity with market demand volatility, leading to potential revenue loss and difficulties in accommodating passengers due to operational volatility.



Let's go back to our example with the Winter Olympics 2026 preparation. Throughout the months leading up to the event in February, flight schedules are planned and set, fleets are allocated accordingly, and Revenue Management analysts are watching bookings closely. However, any fluctuations in either industry demand, capacity levels, or operations require airlines to react and adjust. Airlines often cannot adapt schedules or aircraft gauge (size) changes to accommodate any extra demand. Most of the time they can only adjust the ticket price as demand or supply shifts occur, but this doesn't fully address the issue of missing out on accommodating the additional last-minute demand.

To really capture the full revenue opportunity, airlines need a way to dynamically adjust the number of seats according to demand and move away from the traditional "fixed capacity" optimization limitation. The fixed nature of the aircraft's physical configuration, specifically the number of seats on a flight, makes it difficult for airlines to fully optimize bookings when demand spikes unexpectedly. This inability to fully react to fluctuations in demand and/or supply often leads to not only missed revenue opportunities but also dissatisfied travelers and a range of operational challenges.

By leveraging passenger flexibility, airlines can address dynamic capacity optimization and also unlock opportunities for improved customer satisfaction.

This approach not only improves operational efficiency but also offers passengers a more adaptable and rewarding travel experience.

The Re-Commerce Platform: Tackling Market Volatility by Leveraging Customer Flexibility

Re-Commerce capabilities enable airlines to generate additional revenue by commercializing their inventory further even after the passengers have purchased their tickets, therefore allowing for the possibility of significant new revenue opportunities.





Volantio's Re-Commerce Platform

- **Recapture** high-profit inventory
- **Reward** flexible customers
- **Rebook** to balance out capacity
- **Resell** high profit seats
- **Resolve** overbooking challenges

This solution, fully operational in about 90 days, provides airlines with the tools to tackle multiple scenarios such as overbooking, flight cancellations, and gauge reduction, while quickly providing additional levers to react to changing market conditions and better satisfy demand and traveler needs.

Re-Commerce represents an additional optimization layer, with the aim of improving the airline's overall revenue and operational efficiency. It simultaneously provides valuable rewards to travelers and addresses employee friction points. The system is fully automated and driven by machine learning, allowing it to further optimize profit by offering the option to passengers to move from peak to off-peak flights when needed, and enabling re-sale of peak inventory.

The potential benefits of adopting Re-Commerce capabilities may be extensive, across multiple areas including revenue, operational, customer, and employee fronts:

Improved revenue of up to 1% of total airline revenue from seat re-sale on peak flights, enhancing yield and reducing overall spill & spoilage costs.

Higher system load factors by accommodating more passengers on high demand flights and moving flexible passengers to less popular flights.

Greater operational flexibility through the ability to “reclaim” inventory by re-accommodating passengers on constrained or full flights.

Improved customer satisfaction by offering valuable rewards and self-service flexibility options to travelers.

Reduced friction for front-line employees via an automated system to manage passenger solicitation and re-accommodation.

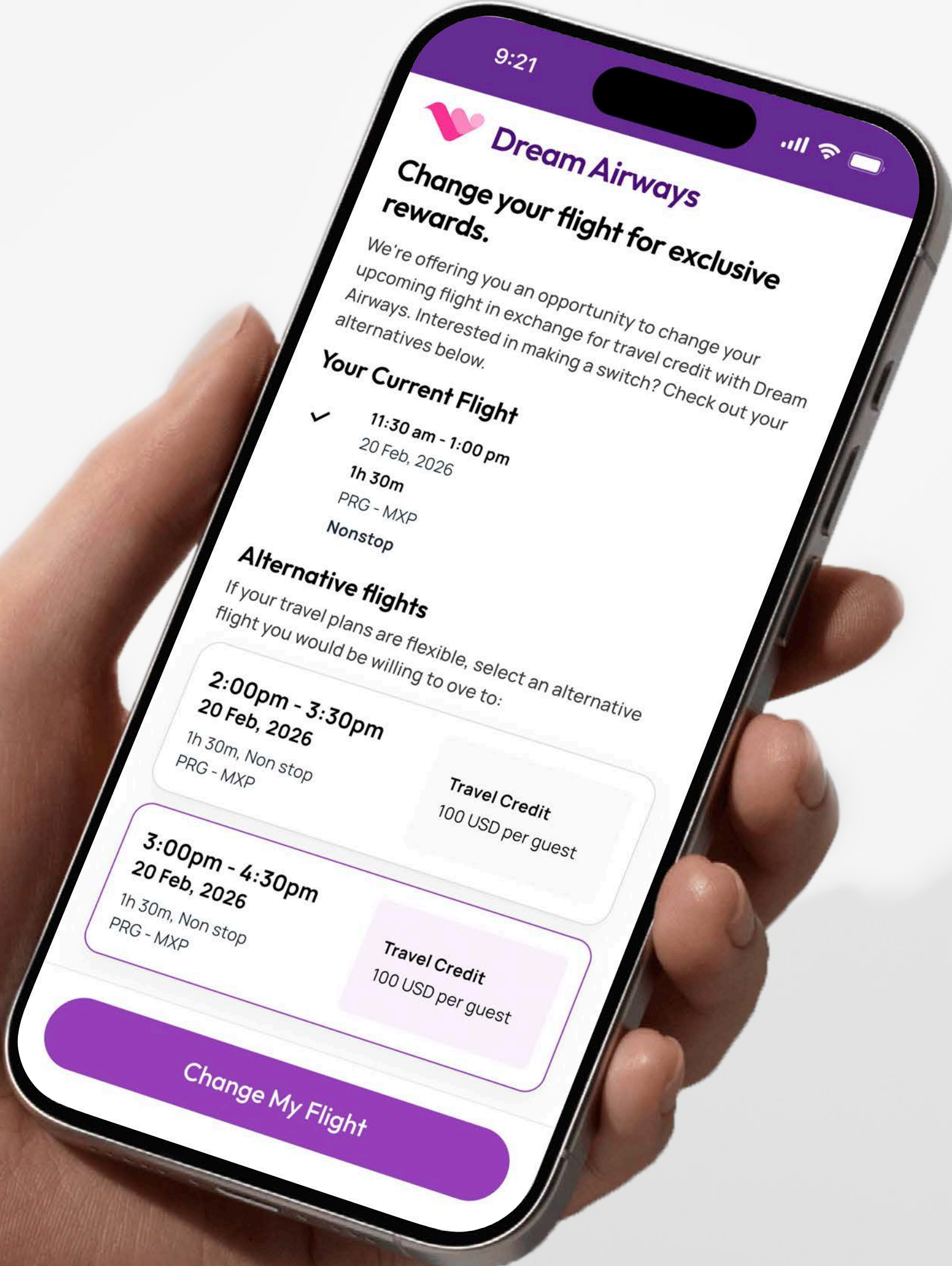
How Re-Commerce Works

Re-Commerce is not just a theoretical concept but is a fully functional system that is live at a variety of airlines around the world.



Re-Commerce is a fully automated and dynamic platform that continuously monitors for profitable opportunities to shift passengers from high-demand to lower-demand flights.

Once a passenger accepts an offer to move to an alternative flight, the freed seat can be resold at a higher price, capturing new revenue opportunities. Alternatively, the move can help resolve higher than desired overbooking levels on flights.



The process is integrated into an airline’s reservation system and uses advanced machine learning algorithms which evaluate relative values between flights, and the probability for popular flights to book up to capacity. The system scans all flights in the airline's network several times a day to identify profitable swap (move) options. It considers a range of compensation to be offered, both type and amount (calculated by the system), that would motivate passengers to switch between flights. Using machine learning, the system will design tailored offers at the passenger segment level, which will then be sent via various communication channels, such as email, text message, in-app notifications, or WhatsApp. Once passengers accept these offers, they are automatically reassigned to the new flight and compensated. A machine learning feedback loop is continuously analyzing the results to refine future proposals, improve acceptance rates, and adjust compensation levels.

Additionally, the Re-Commerce platform tracks the profitability of each move, making it one of the few platforms capable of measuring incremental revenue down to the individual booking level.

This unique reporting capability allows airlines to gain precise insights into the financial impact of each passenger moved. By providing clear, actionable data, the Re-Commerce platform empowers airlines to further optimize their revenue strategies and confidently demonstrate the effectiveness of their Re-Commerce initiatives.

The automated solution involves 5 primary steps:

Predict



Identify the best target and alternative flights, using AI to maximize profitability.

Convince



Present customers with engaging offers to drive acceptances.

Move



Automatically process acceptances at scale, rebooking customers onto alternative flights.

Quantify

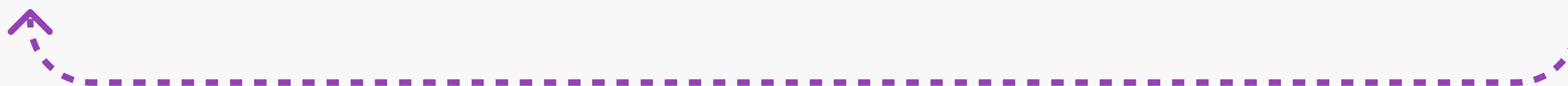


Track, on a seat by seat basis, the incremental profit generated once the flight departs.

Learn



Continuously process results to improve models, driving constant optimization.





How the Re-Commerce Process Complements Revenue Management Practices

Revenue Management systems have been, and remain, critical and central components for airlines to maximize revenues. They have transformed revenue performance for airlines since the early days of deregulated air travel, which has allowed carriers to continue to improve revenue and profits for decades.

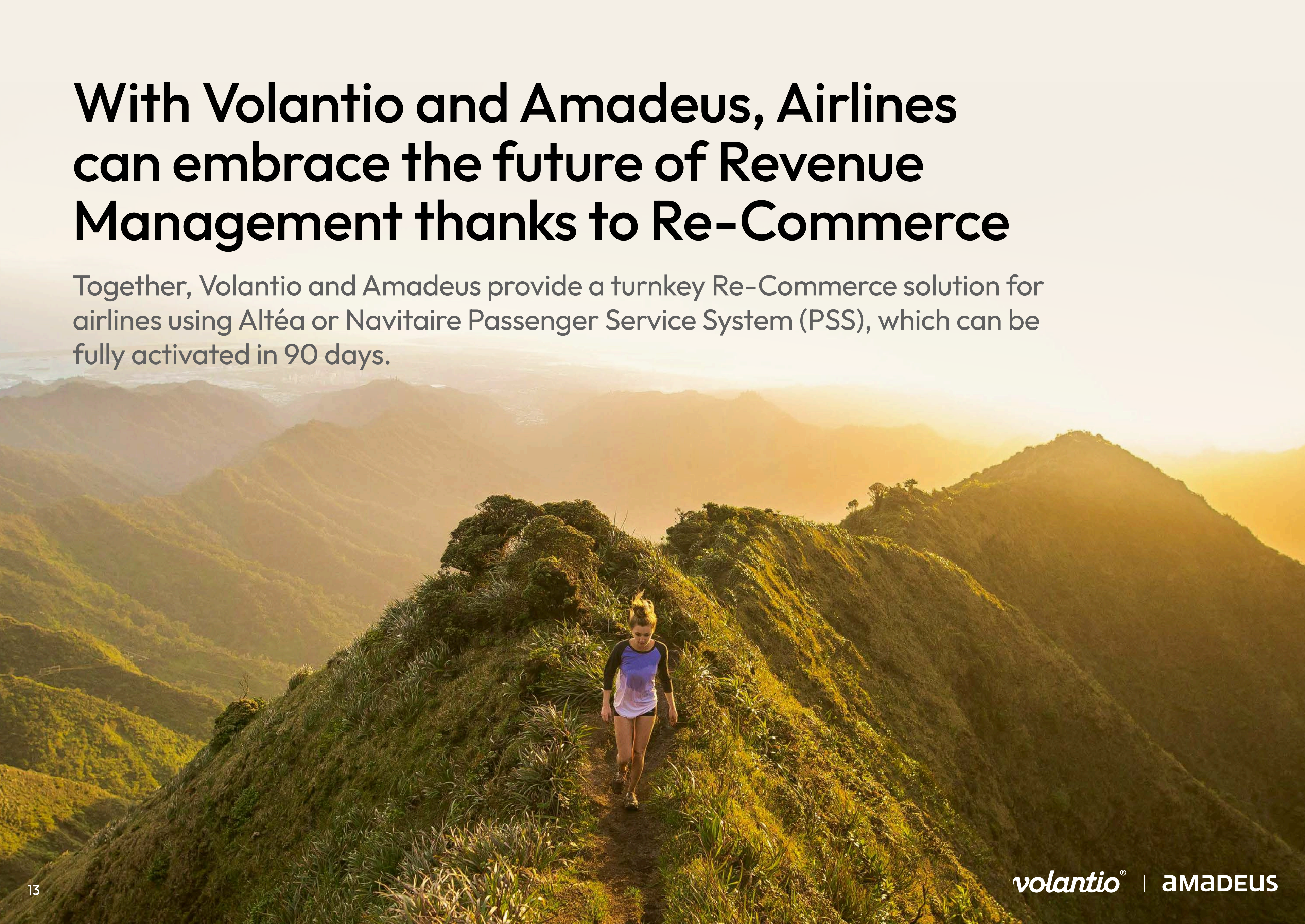
Re-Commerce is a complementary asset for airlines looking to enhance their revenue potential and revenue management capabilities. It provides an extra layer of optimization which helps to capture excess high yield demand that revenue management systems might miss due to their natural (fixed capacity optimization) limitations.

When demand is higher than expected on flights that are already projected to be full, Revenue Management systems typically respond by raising prices. However, in this spill situation they are not designed to capture "unconstrained or excess" high yield demand, or to accommodate more seats beyond the physical limits of the aircraft.

This is where Re-Commerce steps in as a perfect adjunct to revenue management strategies, giving airlines the flexibility to increase capacity and capture additional unconstrained, high-value demand. By adding the ability to increase supply and capture this excess demand in real time is the optimal solution that can substantially boost airline profits.

With Volantio and Amadeus, Airlines can embrace the future of Revenue Management thanks to Re-Commerce

Together, Volantio and Amadeus provide a turnkey Re-Commerce solution for airlines using Altéa or Navitaire Passenger Service System (PSS), which can be fully activated in 90 days.

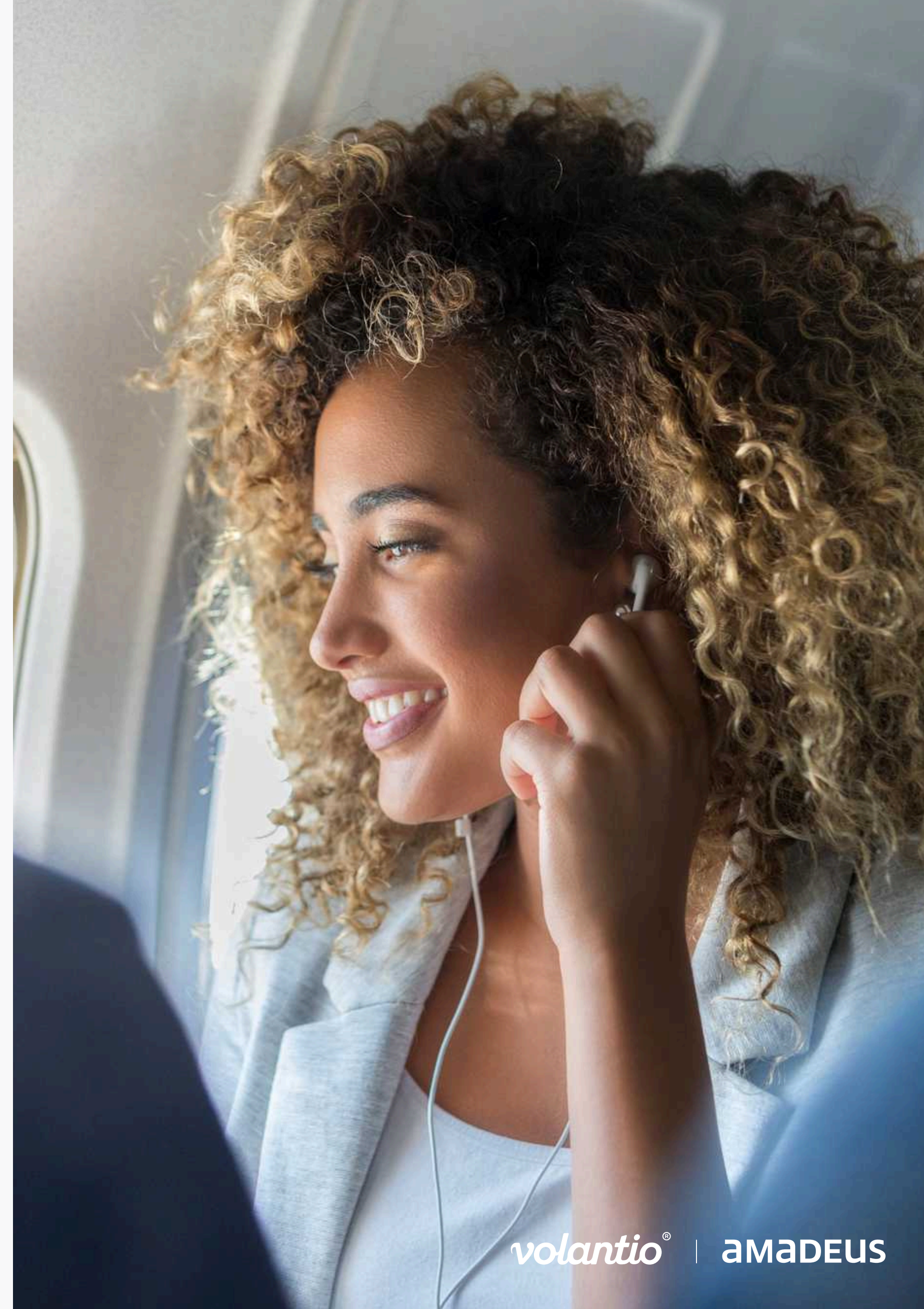


Re-Commerce allows airlines to further optimize multiple scenarios such as overbooking and flight cancellations, as well as assist in reassigning passengers in gauge reduction scenarios. The solution allows airlines to seamlessly offer a next generation “elastic supply” solution to efficiently re-accommodate passengers for both revenue and operational purposes.

The airline industry is transitioning into a new era where fixed capacity constraints need no longer be an obstacle, paving the way for an elastic supply world that can better adapt to dynamically match supply to demand.

Rather than absorbing the cost associated with market volatility, airlines can use Re-Commerce to effectively create a marketplace that values passenger flexibility, unlocking new revenue opportunities, improve operational costs, and lift the customer experience.

By adopting Re-Commerce, a dynamic solution that complements airline revenue management solutions, airlines can enhance their revenue potential, improve operational efficiency and customer satisfaction, and leverage the power and flexibility of machine learning. Moreover, the system can track the incremental revenue generated by moving each passenger, avoiding unnecessary discussions of theoretical incremental profit and providing clear, actionable insights into the value of each move.



Introducing the Rapid Start Program: Accelerating Revenue Potential with Volantio's Re-commerce Platform

To help quantify the incremental revenue that the Re-commerce platform can bring to an airline, Volantio has developed the Rapid Start Program ("Rapid Start"). This program offers a streamlined process to evaluate passenger contractability and identify profitable flight opportunities. It forecasts potential revenue from seat resale without sending offers to passengers or altering their itineraries. The program's fast track implementation reality -with proven results in less than two months- is made possible through the strong partnership between Volantio and Amadeus.

For more information about the Rapid Start Program, please visit [Volantio.com](https://www.volantio.com)



5 Key Takeaways



Boost Revenue

- Capture high-yield demand
- Up to 1% increase in revenue



Optimize Capacity

- Improve load factors
- Balance demand across flights



Strengthen Brand

- Prioritize capacity for high-yield travelers
- Prevent valuable customers from going to competitors



Improve Experience

- Reward flexible travelers
- Empower staff with better tools



Cut Emissions

- Efficiency without more flights
- ~1% CO₂ reduction per passenger



Conclusion

As airlines gear up for the expected surge in travel demand that an event like the 2026 Winter Olympics will cause, they need to be ready to adapt to last-minute changes. Re-Commerce helps airlines address challenges like this as well as the everyday challenge of higher than expected demand levels, offering multiple advantages. Here are the top 5 net benefits from Re-Commerce:

- **Increase Revenue** - Capture spill & spoilage opportunity: Re-Commerce allows airlines to maximize their total revenue potential by eliminating the fundamental optimization barrier of fixed capacity. It allows for capture of additional high-yield demand by making additional peak capacity available for resale during times of excess demand, thereby preventing flights from departing with unsatisfied demand. An airline can typically achieve up to 1% of incremental revenue, depending on market dynamics.
- **Improve Capacity Usage** - Load factor increased: Re-Commerce enables airlines to redistribute or reassign passengers across flights to achieve a more optimal passenger load on less popular flights. The process allows airlines to accommodate more passengers that prioritize access to busy flights (i.e. schedule sensitive), by reassigning those who are more price-sensitive to less demanded flights. This helps to improve the load factors across multiple flights and optimizes overall use of capacity.
- **Strengthen Airline Brand** - Gaining competitive advantages: By enabling dynamic supply for their most in-demand flights, airlines can better showcase their key offerings, which helps them to better accommodate last-minute bookings for high-yield travelers. This greatly reduces the risk of running short of supply and losing travelers to competitors, a common challenge for airlines, especially during high demand periods. Additionally, being able to dynamically expand capacity as needed allows airlines to better manage demand effectively in markets with lower fares, where demand volatility is often a major challenge.
- **Boost Customer & Employee Satisfaction** - Increasing choices, rewards, & flexibility options: Creating a "marketplace" where travelers can choose to change their plans in exchange for rewards (such as vouchers) has received a largely positive response. Multiple studies across different countries show that over 75% of airline passengers view airlines more favorably when they offer incentives for flexibility. Moreover, when Re-Commerce is implemented, front-line airline employees report feeling more empowered, thanks to better tools that help manage challenging rebooking situations.
- **Improve Sustainability** - Lower carbon emissions footprint: Re-Commerce offers airlines an opportunity to significantly decrease their carbon emissions per passenger by carrying more passengers without increasing the number of flights. While not the largest overall impact, Re-Commerce likely represents one of the most immediate and achievable sustainability initiatives available to airlines, and it should measure favorably against other small to medium initiatives airlines are pursuing. It's expected that Re-Commerce can deliver a 1% reduction in carbon emissions per passenger within the first couple of years of operation.

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