Panel 1 Discussion

Optimizing retailing for airline profitability

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Why Optimizing Retailing is Important for African Airlines

- Historic unprofitability of African airlines
- **Chronic unprofitability** exacerbated by COVID-19 pandemic
- With many African airlines in dire financial straits, the airlines need to identify ways to:
  - achieve **greater efficiency** in their operations
  - tap into **new revenue streams**
  - If airlines optimize their retailing, this could potentially lead to **expanded revenues and greater profitability**
How COVID Has Changed the Retailing Environment

- **Huge pent-up customer demand**
- Post-COVID airline customers may have different needs and wants than pre-COVID
- During pandemic, consumers worldwide grew very accustomed to ordering online: ‘Amazon effect’
- As a result, airline customers now have different expectations with respect to their online shopping experiences
- Issue: Can African airlines provide retailing, including through e-retailing/e-commerce, that meets the new needs and wants of their customers?
- Crucial role that new technologies—e.g., AI, big data, machine learning, etc.—could play in airline efforts to optimize retailing
Role of Data in Optimizing the Retailing Experience

- Data is absolutely central to 21st century economy
- Airlines have the good fortune of sitting on a treasure trove of data about their customers
- With effective use of data, airlines could potentially play a larger role in a customer’s entire travel experience and possibly even in the customer’s broader lifestyle experience
  - see Accelya white paper
- Possibility of airlines providing enhanced apps for all travel-related information, but also broad e-commerce platforms for consumers
  - Notion of a ‘digital airline’
- Data already in the possession of airlines could potentially be their secret weapon in optimizing their retailing efforts, including in e-commerce
• Post-COVID, African airlines essentially need to **reinvent themselves to compete effectively** in a changed competitive landscape wrought by the COVID pandemic
• Optimizing retailing, including through **e-commerce**, could be a keystone of any such turnaround/reinvention effort to **restore profitability** for the airlines
• Airlines will need to consider **how they can better serve their customers**, including with a new, expanded set of online offerings
• **Airlines can tap into abundance of customer-related data** that the airlines already have at their disposal
• But airlines may need to acquire and invest in **new technologies and new staff** and form **new partnerships** with relevant third parties

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**Optimized Retailing as Crucial Part of Turnaround Strategy**