

Background

TACA is a successful Latin American carrier operating an integrated network of routes covering the entire American continent. It is a consolidation of four carriers, flag carriers of Guatemala, Costa Rica and Nicaragua, and TACA Peru. TACA serves 10 major cities in the United States, Toronto in Canada, Mexico City, all of the countries of Central America, and the most important business and tourist destinations in South America and the Caribbean, from its three hubs, San Salvador, San Jose and Lima.

In 2005 alone, TACA has transported more than 3 million passengers with 47% of its passengers connecting to other flights across TACA's network. TACA's travel agency distribution represented approximately 62% of its overall 2005 channel distribution.

TACA's inventory is currently hosted by Lufthansa Systems and it is fully integrated to ProfitLine/Yield O&D-based Revenue Management system.

In brief

Airline business drivers

- > Distribute seamlessly across TACA's entire network whilst maximising revenues derived from agency bookings

Airline challenges

- > Reflect own O&D-based revenue management accurately within the channel
- > Manage inventory polling
- > Manage unproductive bookings
- > Protect O&D revenue gains

Our solutions

- > Amadeus Availability Management
- > Amadeus Dynamic Availability
- > Amadeus Married Segment Control



From our past experience, the revenue dilution of not having married segment controls in place could be as much as 4% depending on the route

Fernando Lara
Director Distribution, TACA

How to reflect own O&D-based revenue management accurately within the channel?

In view of the large network TACA operates, managing its distribution in the most effective and profitable manner is a challenging task. TACA uses a highly advanced Revenue Management system with full O&D control and POS to manage distribution of its flights across the entire network. TACA's prime objective for distribution is to ensure that its revenue management decisions are accurately reflected in all its sales and distribution channels. TACA uses seamless connectivity with its GDS for this purpose, in our case, Amadeus Dynamic Availability.

TACA obtains all the necessary information for its O&D decision making from its ProfitLine Yield optimisation results. Then, using Amadeus Dynamic Availability, it is able to return a customised response through our displays. TACA uses Amadeus Dynamic Availability in a selective manner, having its inventory polled for availability only under predetermined circumstances, typically for critical flights reaching a certain load factor threshold (60-70% on average).

TACA sets these polling parameters based on market restriction indicators (MR), whereby our system takes the information from TACA's inventory and automatically triggers polling from it following receipt of a Numeric AVS with the MR indicator for any of its flights.

To manage its polling requirements, TACA controls a set of table-driven parameters directly in our system via Amadeus Availability Management.

"We always try to increase our chances of selling our seats at the best price and our current Revenue Management system together with our inventory makes it possible through several O&D optimisation processes," explains Fernando Lara, Director Distribution, TACA. "Using the combination of Amadeus Dynamic Availability and Amadeus Availability Management that work in conjunction with our inventory, we support inventory polling for our last seat availability.

Polling allows us to receive real-time availability queries from Amadeus and lets our system return O&D and POS information for each availability request given the decision making processes that come from our inventory and ProfitLine Yield respectively.

If we have, for instance, reached a critical load factor on our San Jose-San Salvador flight and subsequently we receive three different availability requests (eg, Caracas-San Jose-San Salvador, Lima-San Jose-San Salvador and Panama-San Jose-San Salvador) from three different agents, we will customise our displays for all three requests in a way to provide a preferential availability to the one our systems consider represents the highest revenue for us."

How to manage inventory polling?

TACA further optimises its polling traffic via Amadeus Availability Management, beyond the poll controls for critical flights.

"Amadeus Availability Management helps us manage our polling traffic more effectively and with the least impact on our internal systems. We receive polling reports from Amadeus that we analyse on a regular basis, cross-referencing the polling data with our ticket and revenue reports. We then adjust our polling traffic, using different rules and controls directly in Amadeus. We would, for instance, set up rules, inhibiting polling of our inventory by those Amadeus points-of-sale that are not commercially viable (eg, with too high look and book ratio)."

How to manage unproductive bookings?

Based on feedback from its agency account managers, TACA regularly analyses abuse and sources of unproductive bookings and applies protective measures in our system accordingly. Using Amadeus Availability Management, TACA would, for instance, set up rules to suppress availability to abusive points-of-sale, agency non-payers, or agencies that are no longer certified.

How to protect O&D revenue gains?

Applying origin and destination based decisions in its distribution, it is critical for TACA to ensure its O&D revenue gains are not left exposed to O&D abuse.

To address the issue, TACA has implemented Amadeus Married Segment Control to work in conjunction with its inventory. This means that all TACA's online flight connections booked in our system are by default married and any subsequent changes or cancellations are handled by TACA interactively in line with its policies. Typically, following a partial cancellation by an agent, if the remaining flight segment is still opened for sale, the cancellation is allowed; if this flight segment is no longer available, the cancellation is inhibited and the agency has to cancel the whole itinerary for the cancellation to proceed.

To find out what Amadeus can do for your business, call us or go to

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