



47th
AFRAA
ANNUAL GENERAL ASSEMBLY
Brazzaville 8 - 10 November 2015

 **ECAir**
Equatorial Congo Airlines



MAXIMISING GROWTH IN A LIBERALISED AFRICAN AVIATION MARKET

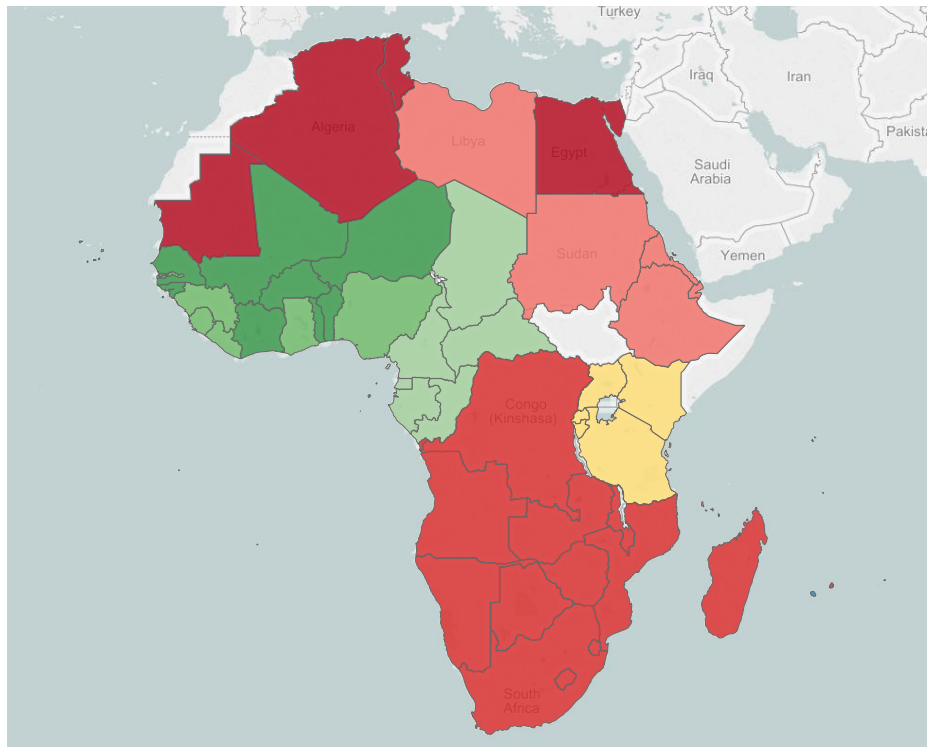
The importance of knowing your customer

Stephan Heinz

Seabury Group



Liberalisation progress



- All freedoms including cabotage
- Tariffs are liberalised
- First through fifth freedoms have been granted
- Capacity and frequency are open
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- Capacity and frequency are open
- Maximum of two carriers per state may participate
- Liberalisation in progress; amendments to bilaterals are pending
- Liberalisation pending
- No liberalisation been initiated; some 5th freedom routes exist
- No liberalisation been initiated

Notes: Based on latest available data from 2010; current status mostly unchanged
Source: African Development Bank; Schlumberger 2010

Latest developments



- At the 2015 African Union meeting in Addis Ababa, **11 states agreed:**

“their solemn commitment to the immediate implementation of the Yamoussoukro Decision towards the establishment of a single African Air Transport market by 2017”

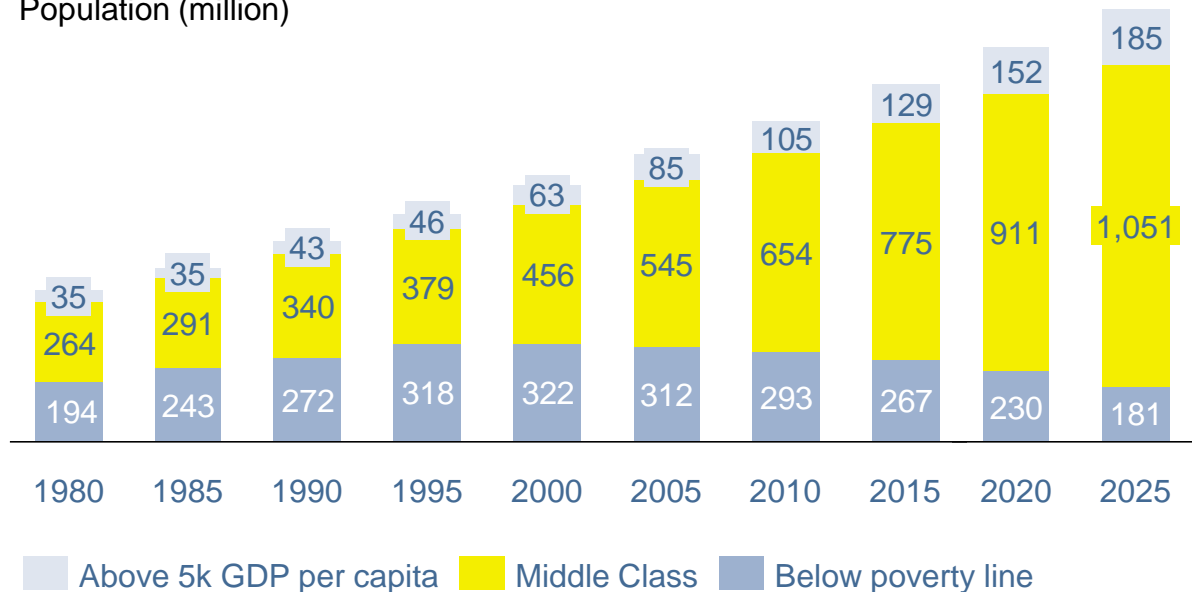
- Effective implementation of the Yamoussoukro Decision is likely to first occur at the **REC level** before continent-wide implementation
- Do the committed countries have enough **influence to drive implementation across their respective REC’s?**

The changing traveller



Africa's emerging middle class

Population (million)



Historic flyers: VFR, business travellers, traders, government

New Flyers:



What is customer segmentation?



The segmentation of customers into meaningful segments based on common travel behaviours and characteristics

Data sources

Booking data

Operational data

Sales data

Segmentation metrics

Booking lead time

Trip duration

Booking class

Gender

Travel party size

Nationality

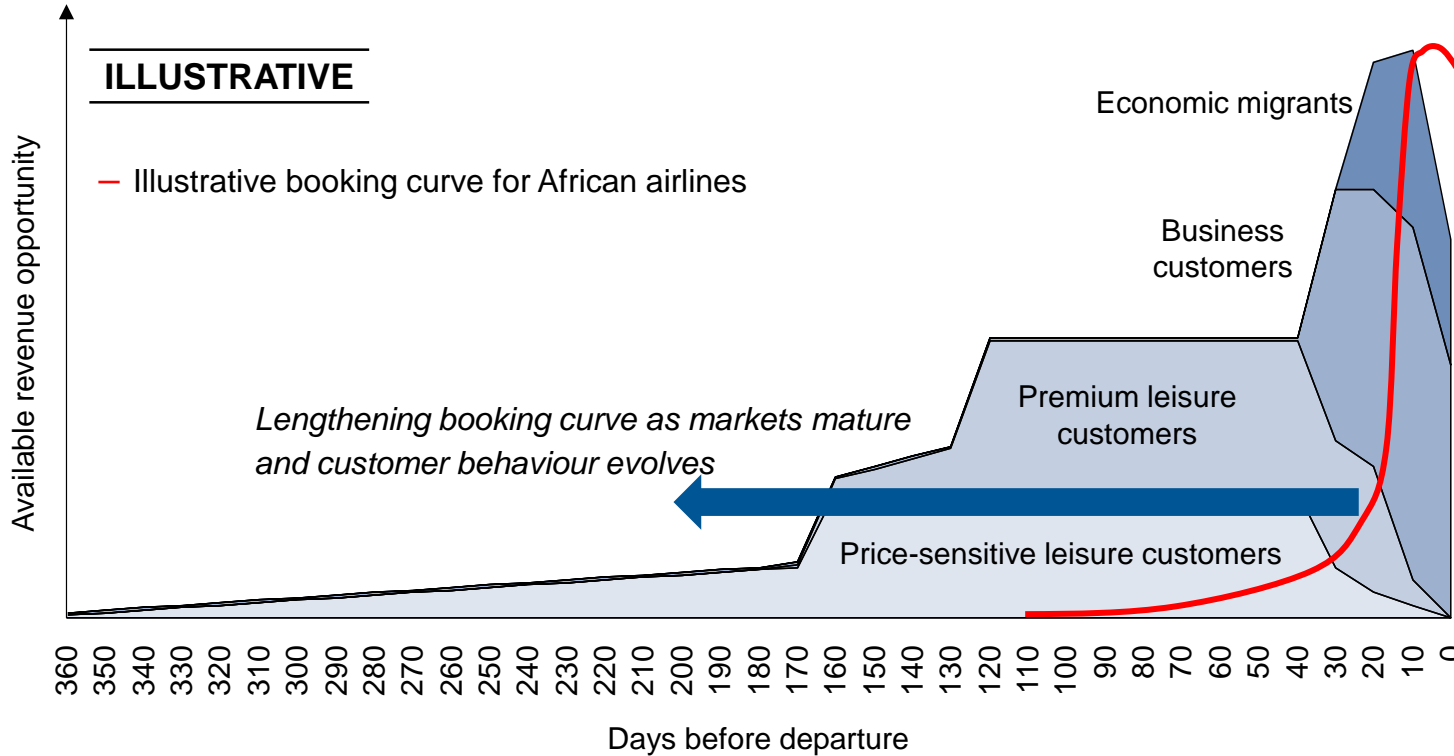
FFP partnership

Age

Trip frequency

Day / time of departure

Metric example: Booking curve

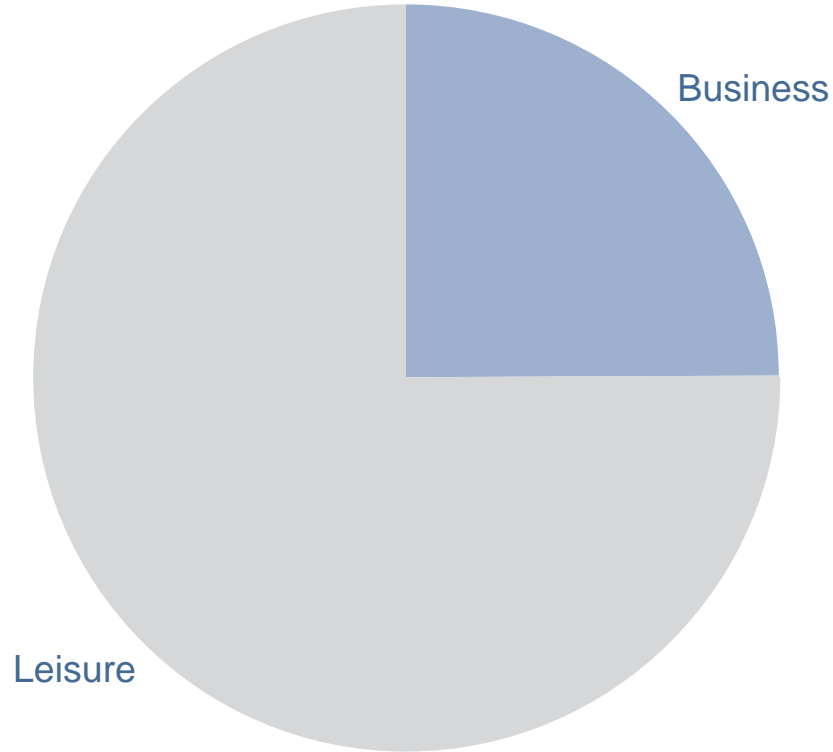


Taking the step from CRM...



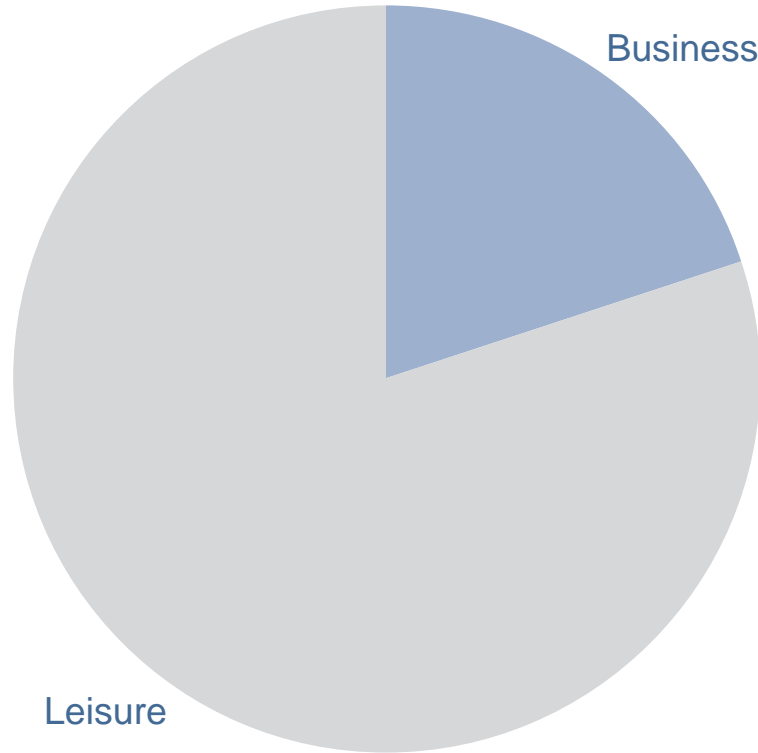
	Traditional CRM	Customer segmentation
	Motivation-based: <i>What customers say and think they do</i>	Behaviour based: <i>What customers actually did</i>
Data sources	Summary level from sub-databases (FFP, surveys, social media etc.), not directly linked to specifics of the business (routes, channels, agents, POS)	Detailed coverage from all coupons with links between sales, flown data and ops data
Methodology	Qualitative based on survey/sample approach	Quantitative based on integrated data sources
Outputs	<ul style="list-style-type: none"> ▪ Detailed and nuanced insight on preferred travel habits on a wide range of subjects ▪ Answers what, why 	<ul style="list-style-type: none"> ▪ Robust and standardised views across a number of core aspects of travel behaviour and inferred sensitivities ▪ Answers who, where, when, how

What does today's segmentation look like?



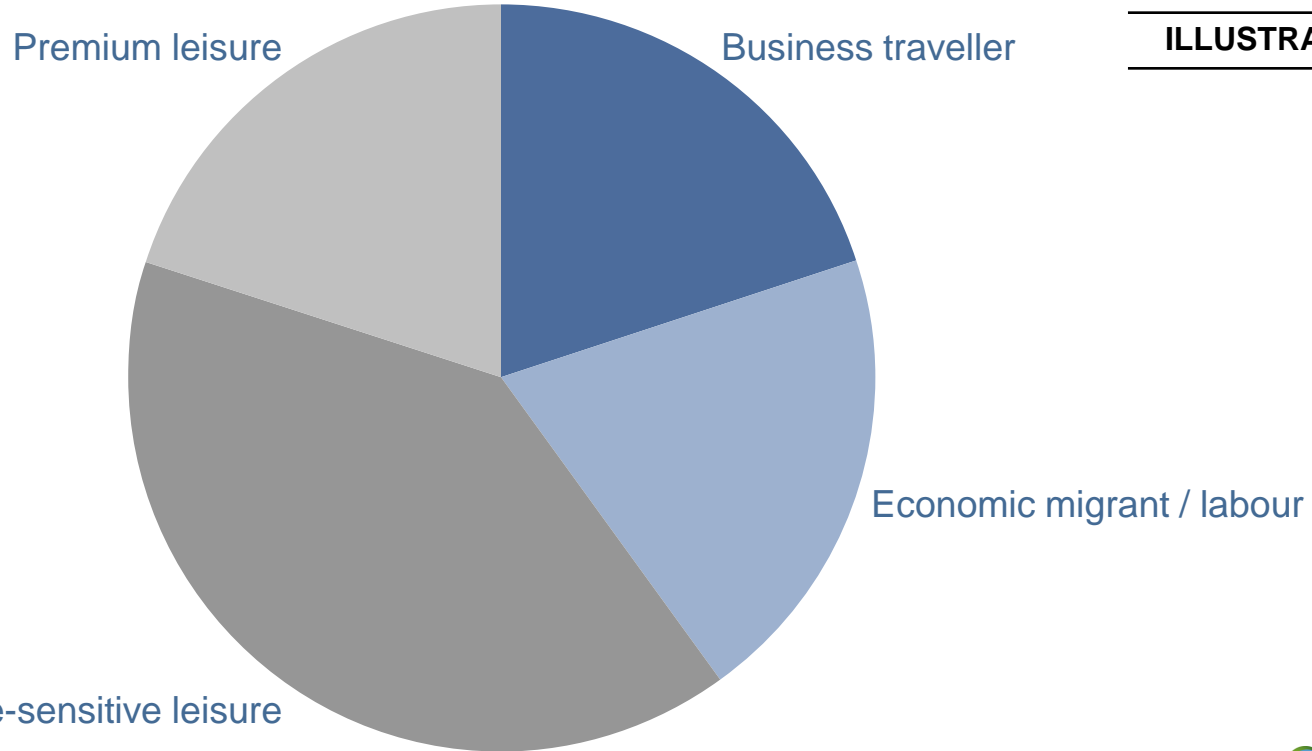
ILLUSTRATIVE

What does today's segmentation look like?



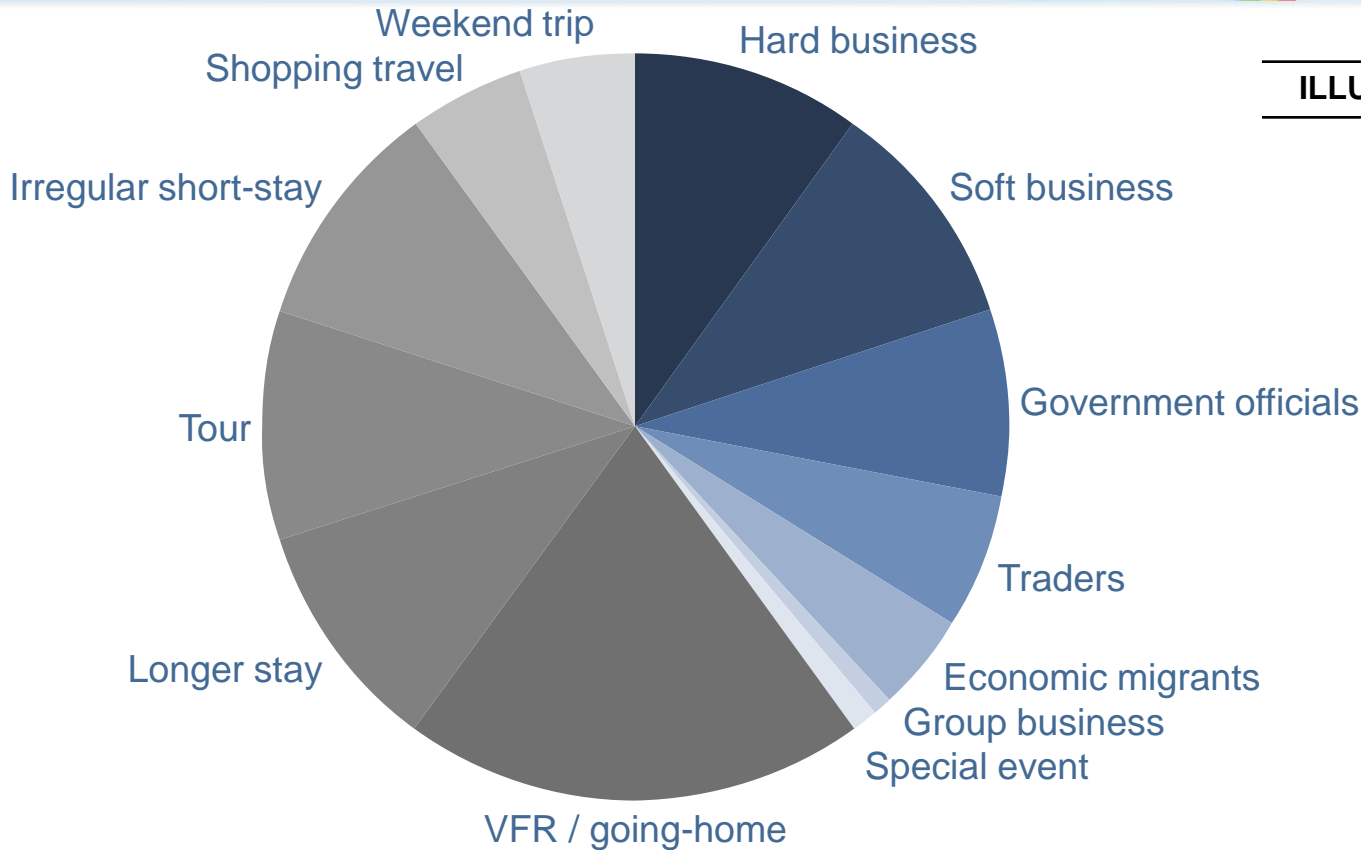
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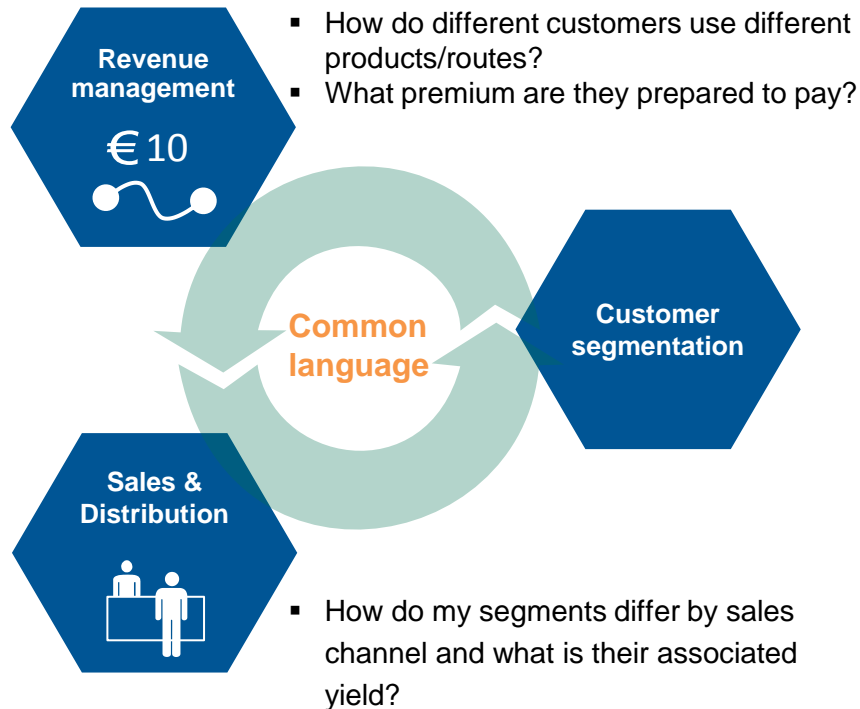


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What does today's segmentation look like?



What's the value?



Influence and decision support

- Marketing**
 - How can campaigns be tailored to address particular segments and how do they respond?
- Product**
 - What products make sense in certain markets given the relevant segments?
- Partnerships**
 - How do customers overlap with those of any partners and how can approaches be harmonised?
- Network**
 - What markets are attractive, through the lense of customer segmentation?
- Strategy**
 - Who are the most valuable customers?
 - For whom should the airline design and plan?

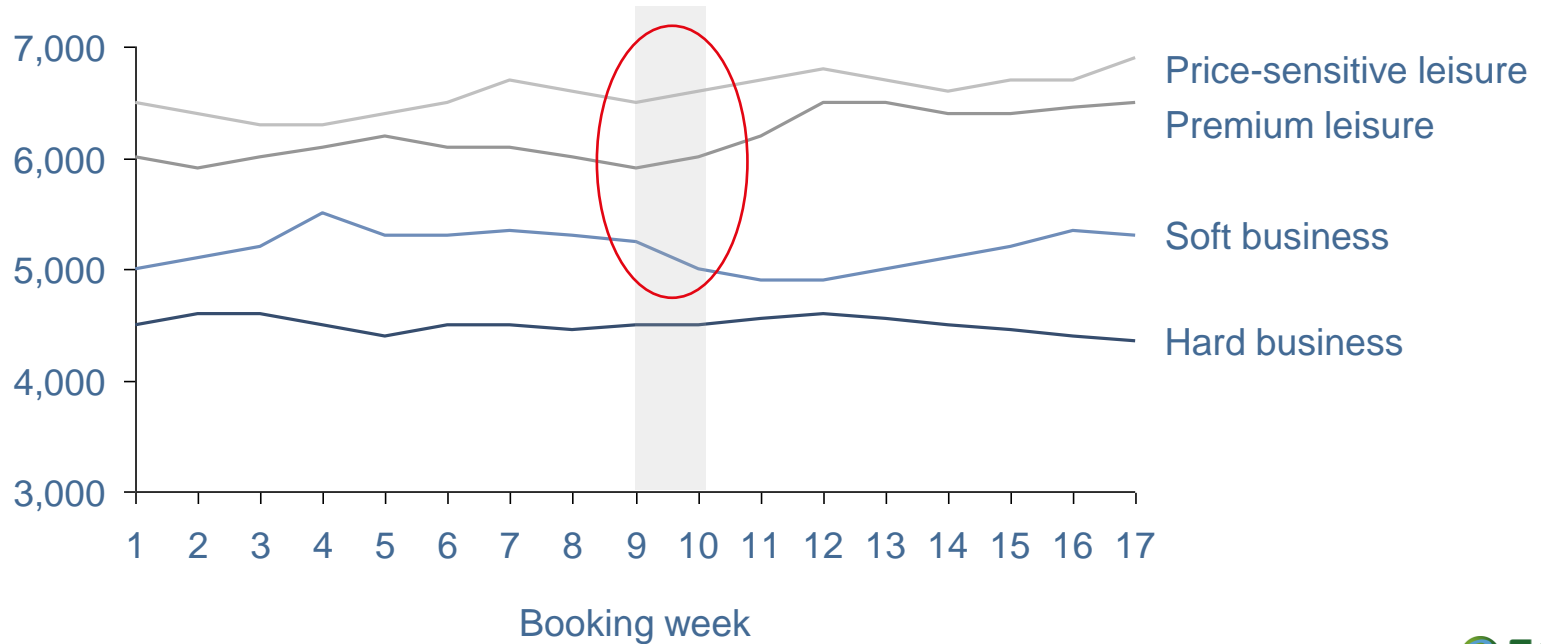
Example: Promotions



Promotion impact on segments

Number of bookings (O&D legs)

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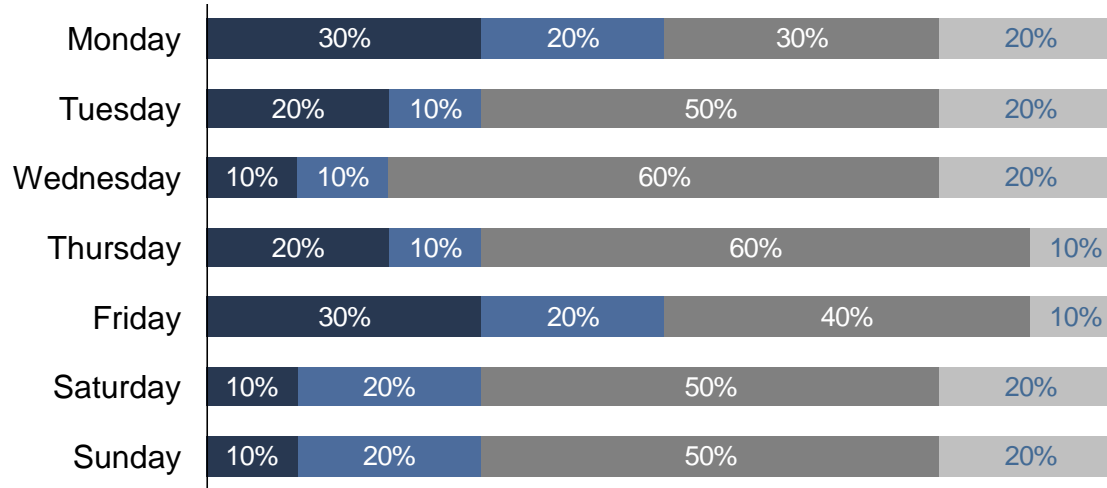
Example: Revenue management



Illustrative directional O&D level segmentation

Number of passengers

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- Hard business
- Soft business
- Price-sensitive leisure
- Premium leisure

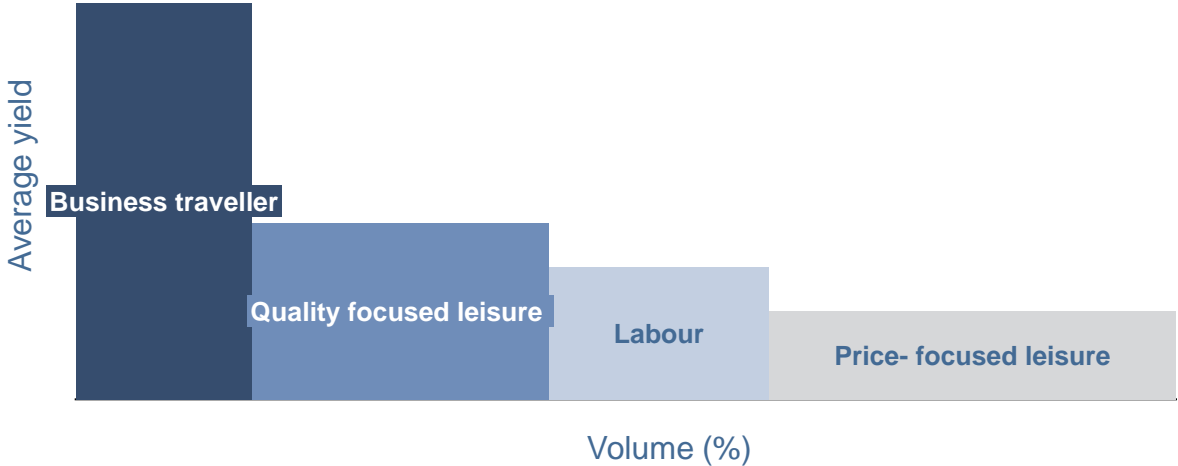
Example: Segment value



Segment value

Yield, number of passengers

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Going beyond “your airline” ...



The market

- MIDT data
- DDS data

Your airline

- Coupon data
- DCS data
- Sales data

- What do our segments look like?
- What is the purchasing behaviour of our segments?
- What is the value of our segments?

- What do our competitors' segments look like?
- How do our competitors' segments shares compare to ours?
- How does our competitors' segments purchasing behaviour compare?
- What is the value of our competitors segments?
- Are we capturing our fair share of particular segments?



THANK YOU

Any questions?

