



REPORTING 101: ADVANCE BOOKING REPORT

An Embark advisory product

Overview

The value of quality reporting cannot be overstated; it is essential to every decision made by a data-driven commercial team. In this four-part series, we plan to introduce some powerful, basic reporting that (when used effectively) can materially impact an airline's performance.

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There are three primary reports that are critical to the success of an airline’s commercial and revenue management teams: The Advance Booking Report (ABR), Booking Curves, and Sales Report. Together, these three reports provide the airline with the information needed to handle most routine business actions such as inventory and fare adjustment, fare sales, and recommendations for capacity adjustment. A fourth report, the Competitive Capacity Watch, provides key insights into industry capacity changes made by competing airlines. When combined with the other reports, it helps provide insight into market level revenue performance trends. This second article in the reporting series covers the Advance Booking Report.

What is the Advance Booking Report?

The Advance Booking Report is both the most extensive and, arguably, most important of the three reports. The ABR provides a detailed outlook of passenger booking performance on flights yet to depart. Depending on an airline’s booking curve, the report will cover flights departing from 1 to 6 months in the future. The ABR package contains a summary of system, regional, ‘same store’ and new market level performance. Metrics are aggregated to the monthly level with Year over Year and Week of Week views to provide directional performance insights.. Figure 1 below is a sample market overview using fictional data:

		Capacity			Load Factor			Fare			RASM			LY Flown		
		R/T	R/T YoY	ASMs YoY	L/F	YoY	-1w YoY	Fare	YoY	-1w YoY	RASM	YoY	-1w YoY	L/F	Fare	RASM
EWRJFK	Jun-19	1.7	(33%)	(33%)	57%	3pts	3pts	\$67	9%	9%	15.5	16%	16%	54%	\$61	13.4
	Jul-19	1.7	(35%)	(35%)	59%	11pts	9pts	\$63	7%	7%	15.1	31%	28%	49%	\$58	11.6
	Aug-19	1.7	(33%)	(33%)	28%	6pts	5pts	\$49	6%	11%	5.7	33%	50%	52%	\$56	11.8
LGAHVN	Jun-19	0.8	0%	WoW	39%	0pts	WoW	\$73	0%	WoW	13.7	0%	WoW	-	-	-
	Jul-19	0.9	0%	WoW	35%	2pts	WoW	\$65	3%	WoW	11.0	8%	WoW	-	-	-
	Aug-19	0.8	0%	WoW	9%	3pts	WoW	\$55	10%	WoW	2.4	63%	WoW	-	-	-
BOSJFK	Jun-19	2.5	0%	0%	61%	(3pts)	(3pts)	\$73	10%	10%	17.6	5%	5%	64%	\$66	16.8
	Jul-19	2.6	(1%)	(1%)	60%	(15pts)	(15pts)	\$68	8%	7%	16.1	(14%)	(15%)	75%	\$63	18.7
	Aug-19	2.6	0%	0%	29%	(7pts)	(6pts)	\$46	(6%)	(4%)	5.4	(23%)	(26%)	67%	\$58	15.6

Figure 1: Key ABR KPIs

The ABR follows Embark’s three key design elements of an effective report: Purpose, Context and Succinctness.

The **Purpose** of the ABR is to provide an overview of an airline’s performance to inform commercial decision making. Figure 1 illustrates several key KPIs that can be used to monitor and track market level performance. These include capacity (reflected in both frequency as well as ASMs) load factor, fare (or yield), and RASM or overall revenue mix (load vs yield). The report is most useful to the Pricing/Revenue Management team but can also be leveraged by the Network Planning team.

To provide **Context**, the ABR consists mainly of comparisons to the previous year and week. Because travel demand is very seasonal, comparisons to more recent time periods can be misleading. For example, a route might perform much better in December than November because of the Christmas holiday, therefore a month to month comparison may not provide valuable insights. Making year-over-year comparisons eliminates this source of error and provides the revenue team a benchmark with which to judge the success of current performance.

Finally, **Succinctness**: there are many other metrics that could be included in an ABR, including but not limited to total revenue and revenue per departure. It is possible to include these and other metrics, but there is a tradeoff between the number of datapoints and readability of the report. This report is most effective when it is possible to understand system, region, and market performance at a glance! The KPIs included provide a complete picture for the ease of day-to-day commercial decision-making without undermining the ease of use. We also summarize markets by full months because it is the shortest time-period in which a change is likely to be a new trend rather than random noise.

How do I use the ABR?

The most common day-to-day use of the ABR is to inform pricing and inventory decisions. An analyst can quickly see how a market-month is booking against the same period the previous year. For example, if load factor is strong and increasing year-over-year, but yields are weaker, a tighter inventory strategy might be required. Conversely, a market that has seen large increases in capacity might be building poorly in load factor compared to the previous year and require more availability in the lower inventory buckets, especially if yields are stronger.

Similar logic applies when making decisions about fare structure or fare sales. A market that is performing poorly overall compared to the previous year might require additional stimulation in the form of a temporary lower price – a fare sale – or a permanent downward adjustment in the fare levels beyond what can be achieved through inventory alone. The ABR makes it easy to identify these markets and the time periods that need to be targeted.

Finally, the Network Planning team can use the ABR to identify market trends that warrant capacity or frequency increases or decreases. In competitive markets, the ABR is a good way to identify what impact competitive capacity is having on a given market. The RM or Network Planning teams can then develop a market strategy to respond.

In Conclusion

Quality reporting is critical to nearly every decision made by the commercial team at any airline. Understanding the market dynamics and sales trends allows for quick and effective action and response to any situation. As experienced reporting experts, the Embark team has worked with data directly from reservation systems, from system utilities such as Radar by Radixx, and third-party data tools like Planitas. We have extensive experience with data validation and with compensating for the limitations of various data systems. We are confident that our reporting presents our clients with the best and most accurate information available. Better communication of data leads to better decisions; better decisions lead to better business.

CONTACT US

Embark is more than a consulting firm; we help craft airline business strategy - then work with our partners to make it a reality. Embark provides airlines with (short-term or long term) outsourced support across any commercial function. Whether support is required with scheduling, or developing strategic airline partnerships, or pricing and revenue management, Embark has over 100 years of experience to take airlines to new heights.

Contact our team via phone or email and we would be happy to discuss how we can work together to support your needs.

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