



REPORTING 101: SALES 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 fourth article in the reporting series covers the Sales Report.

What is the Sales Report?

The Sales Report is exactly what it sounds like: a breakout of sales divided up in various ways to enable at-a-glance understanding of sales trends. Figure 1 below is a sample report section using fictional data:

Airline Airways Daily Sales Report (7-Day Average)										8/4/2019	
Year over Year Comparison											
	Current			Last Year			Change				
	07/29/19-08/04/19			07/30/18-08/05/18			07/29/19-08/04/19 vs. 07/30/18-08/05/18				
	Revenue	PAX	Fare	Revenue	PAX	Fare	Revenue	PAX	Fare	Fare Abs	ASMs
Total	\$259,345	2,173	\$119	\$271,443	2,106	\$129	(4%)	3%	(7%)	(\$10)	17%
Breakout by Marketing Carrier											
Local	\$178,364	1,505	\$118	\$182,910	1,369	\$134	(2%)	10%	(11%)	(\$15)	
AA	\$53,493	388	\$138	\$68,771	575	\$120	(22%)	(32%)	15%	\$18	
DL	\$19,383	192	\$101	\$19,753	162	\$122	(2%)	19%	(18%)	(\$21)	
Breakout by Trip Month											
Aug-19	\$128,663	936	\$137	\$154,191	1,038	\$149	(17%)	(10%)	(7%)	(\$11)	10%
Sep-19	\$36,527	402	\$91	\$34,802	357	\$97	5%	12%	(7%)	(\$7)	18%
Oct-19	\$21,177	234	\$90	\$18,519	182	\$102	14%	29%	(11%)	(\$11)	11%
Nov-19	\$21,208	202	\$105	\$18,560	160	\$116	14%	27%	(10%)	(\$11)	32%
Beyond	\$51,770	398	\$130	\$45,371	369	\$123	14%	8%	6%	\$7	

Figure 1: Sample sales report

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

The **Purpose** of the Sales Report is to provide an overview of an airline’s performance to inform very short-term commercial decision making. Sales are a leading indicator of route performance, so by paying attention to sales trends, it is possible to identify trends and adjust market components before they show up on the other reports. Figure 1 illustrates the KPIs that can be used to monitor and track sales performance. Revenue, passenger count, and fare provide a complete picture of the sales situation for the period covered in the report.

To provide **Context**, the Sales Report makes comparisons to the previous year and week. Year-over-year comparisons corrected for seasonal changes, while week-over-week comparisons indicate the directionality of current trends. Within the year-over-year comparison, change in Available Seat Miles (ASMs) is also provided to illustrate capacity and its potential influence on market performance.

Finally, **Succinctness**: Sales should always be summarized as a seven-day average or weekly total. Showing a shorter period would capture normal variation between days of week, which tend to be the inverse of the typical peak day of week traffic patterns. Conversely, a longer time period would obscure important short-term trends, as one full week is the shortest time period over which routine variation can be identified and corrected for. Readers of the previous installments of this series will also note that in contrast to the other reports, there are only three metrics shown: Revenue, PAX (total revenue passengers), and Fare. Because any given range of

sales contains a very wide range of departure dates (but likely does not make up a large portion of sales for those departures) flight-based measures such as Load Factor or RASM are not as relevant.

How do I use the Sales Report?

The most common day-to-day use of the Sales Report is to react to new trends before they have been going on long enough to show an impact in the other reports, which cover longer time periods. For example, a sudden drop in sales which sustains itself for more than a couple days might indicate the need for a fare sale or overall looser inventory. If the change in strategy to address the drop was successful, the impact would then be expected to show up through a decrease in average fare and increase in overall sales the next time the report is run.

Similarly, the report can be used to track the impact of strategies designed to fit routine situations. By looking at December sales on reports in October, for example, it is possible to estimate whether inventory is tight enough for holiday travel and provides a good starting point for further analysis focused on that period.

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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