



Commanding internal buy-in for ancillary revenue projects; is unbundling the future of the airline business?

Radosław Dutkowski
E-Commerce Manager

Ancillary Revenue Airline Conference 2007

POLSKIE LINIE LOTNICZE



- 1929 LOT is established
- Over 60 destinations in Poland, Europe, Middle East and North America.
- Over 230 daily operations
- Over 3,7 m passengers carried in 2006
- 3500 employees
- A member of Star Alliance from October 2003
- LOT will be the first European airline to fly Boeing 787 Dreamliner



LOT Online strategy

- 80% year-to-year Internet sales growth
- constantly invest in the online platform
- outsource development of the site software and hardware maintenance
- introduced and increasing ancillary revenue sales source non air ancillary revenue content (insurance, car, hotel, discount codes, up - selling) from third parties
- all suppliers presented on equal unbiased footing
- marketing arrangements with suppliers still preserved as additional revenue source
- Lot.com as one stop shop for travel purchases
- consumer friendly – choice and value perception



LOT The project

- initial development very easy due to XML feed
- Same look and feel for all suppliers, everything is normalized
- initially standalone selling and dynamic cross sell delivered within 3 weeks, no „white label site” before launch
- airline as payment collector
- full automation of all processes
- further touchpoints delivered shortly thereafter (email / on screen booking confirmation, check my booking module etc.) to increase conversion rate



LOT Full dynamic cross sell option only

The screenshot shows the LOT website homepage. At the top, there's a navigation bar with 'Strona główna', 'Planowanie podróży', 'Informacje', 'Mój profil', and 'Kontakt'. Below this, there are search filters for 'Samolot' and 'Auto', and a search area with 'Data wylotu' (London LHR) and 'Data powrotu' (Warsaw WAW). A large banner on the right says 'Jesteś pod dobrymi skrzydłami' (You are under good wings) with a 7% discount. Below the banner, there are sections for 'PROGRAMY DLA KLIENTÓW', 'PROMOCJE' (with 'Najniższe ceny od 40 GBP'), and 'NARZĘDZIA' (with 'Rozkład lotów on-line').



The screenshot shows the flight search results page for London (LHR) to Warsaw (WAW) on 08.01.2008 - 13.01.2008. It displays a table of flight options with columns for 'Lotnisko', 'Wzrost', 'Przebieg', 'Przebieg', 'Cena', 'Klasa', and 'Samolot'. Below the table, there are sections for 'Współpraca' (with 'Koszt całkowity przelotu wszystkich pasażerów: 138,90 GBP') and 'Samochody' (with a table of car rental options).

Lotnisko	Wzrost	Przebieg	Przebieg	Cena	Klasa	Samolot
London (LHR)	06:50	Warszawa (WAW)	10:15	02:25	LO0284	738
Warszawa (WAW)	07:45	London (LHR)	09:35	02:50	LO0281	735



+

- ✓ High conversion rate
- ✓ Content control
- ✓ Fully coherent with company image
- ✓ Enable enhanced monitoring of customer behaviour

-

- ✓ Longer implementation
- ✓ Higher costs of integration with partner IT systems



Decide whether you want to opt in or opt out an ancillary services as a default

Opted In

Cars: > 5%
Insurance: > 40%

Opted Out

Cars: > 3%
Insurance: >10%

Decide how do you want to treat your passengers. This is ethical choice



LOT Success factors

- airline site considered by customer to be trusted provider (and payment processor)
- product in relation to the customer profile
- attractive price, dynamically adjusted to a market conditions
- purchase convenience (dynamic cross sell)
- a number of touch points
- reliable and highly IT oriented partner
- excellent postsale customer service by a partner

A lot of service providers could say that the next step is Dynamic Packaging... and our e-commerce platform is ready and waiting...





Thank you

Radosław Dutkowski

+48 22 6068415
r.dutkowski@lot.pl

POLSKIE LINIE LOTNICZE

