



Creating value in Airline Retailing

Xiamen Airlines



Strategic Ambition

Xiamen Airlines set out a vision for an enhanced passenger travel experience through the "Point, Chain and Network" retailing strategy.

To be more specific, the intent was to construct elaborate touch points through better integrating internal resources, launching high-quality functions and services; to strengthen the chain through enhancing the coordination of the air travel value chain; and to create a broad service network through strengthening cooperation with the non-tourism industry.



Value creation Area





Development of new offers

In the Chinese language, the phrase “非要 – Feiyao” literally means “have to do something”, which is used to express strong needs for certain things. And “非” coincidentally has the same pronunciation with the word “飞” which means “Fly”. So “非要 - Feiyao” implies “Have to have something when flying”.

We have branded a product family around the “非要 - Feiyao” theme and launched a series of products with this characteristic in the family, such as space-sensitive customers having to have more seating space, servicing-sensitive customers having to have more flexibility for order change, reward-sensitive customers having to have more mileage/points accrual, and epicurean customers having to have delicious food, so similar products for customers with accommodation and shopping preference, etc.

These offers are implemented to enhance passengers’ experiences through our digitally-empowered and process-reengineered new offer management system, the core component suggested by IATA’s NDC standard, where the intelligent algorithm is utilised to efficiently match passenger needs with service provisioning; and the rule engine is implemented to automatically identify touch points for services to be provided.

Enhanced Revenue Management

Based on the concept and standard of IATA Enhanced and Simplified Distribution Standards (EASD), our offer management core module is built to form the ability to efficiently produce all kinds of products and services to the front-end customers through our website and NDC direct-connect platforms, which is the foundation for rapid iteration of standardized products and synchronous upgrading among multiple systems.

Having a good offer management module effectively boosted the transformation of Xiamen Airlines from a traditional single ticket supplier to a new airline travel retailer that sells diversified products and earns from different revenue streams. Up to now, Xiamen Airlines has developed a rich set of product offerings called the “function library” containing more than 100 functional modules equipped with more than 300 passenger travel touch points.

Optimized distribution mix

NDC standard also enabled Xiamen Airlines to take full control of our channel strategy over the Feiyao product family. We decided to make available the full set of offers in our direct channel and 3 selected types in the indirect channel:

- “Feiyao shengxingai”: servicing-sensitive customers requiring more flexibility for order changes
- “Feiyao xiangjifen”: reward-sensitive customers requiring more mileage/points accrual



- “Feiyao haohaochi”: epicurean customers requiring delicious food

Ctrip and Fliggy are giant digital players and OTAs in the domestic air travel field, accounting for a very high percentage of airline indirect sales. Xiamen Airlines has realized NDC direct connect with these giants to sell tickets and ancillary services such as the 3 types mentioned above.

At present, Xiamen Airlines has established NDC direct connections with our partners in the fields of OTA, air travel service provider, e-commerce retail platform, finance service platform and so on. NDC transactions amount to more than 20% of total Xiamen Airlines’ sales.

Better targeting and engagement with customers

We believe that the core of new retail is to build a "customer-centric" marketing system. Therefore, Xiamen Airlines focuses on "meeting customer needs" to carry out product upgrading, promote the diversification and selectivity of Xiamen Airlines' products and services, and effectively improve the passenger travel experience.

Xiamen Airlines combined various travel scenarios and launched many product families with different themes.

As introduced above, “Feiyao” branded products are designed to perfectly adapt to Chinese culture; for example, eating comes first in China, so we developed “Feiyao haohaochi” to meet such expectations. Also Xiamen Airlines meals are provided by our own catering company, which is unique and capable of greatly improving the passenger's in-flight dining experiences. We offer this product in the indirect channel to gain competitive advantage.

We also rolled out another themed product family called "So Young, So Vibrant" through the categorization of six new lifestyles:

- travel for cure
- fancy hotel experience
- play points
- sky gastronome
- fashion-play-ism
- slash youth

We satisfy young customers’ need to create fun and practical lifestyle product matrix, in the new era to highlight the individual distinct attitude of life declaration, leading the new trend of fashion travel.

Next, we plan to provide more personalized products and services, for example, the “Feiyao haohaochi” product can be offered to individuals differently.

Optimized payment and fulfilment

Alipay and wechatpay are well integrated into 3rd party partners’ platform as well as our dot.com and mobile apps. Customers are largely satisfied when it comes to the preferred form of payments, therefore, our sales conversion rate can be secured.



Solution

Delivered





In reference to Alibaba's concept of small front-desk and big center, sinking core capabilities of each product system into the big center with modularity for efficient reuse and emphasis on strong user products and data capabilities, Xiamen Airlines independently developed and built an E-commerce Intermedium Platform hosting the offer management core component in the second half of 2018.

Staff in charge of business operations set rules and configure rich content for the product offerings directly at the front-end UI, through the E-commerce Intermedium Platform down to the back end. The rules and indexes are automatically taken in NDC message construct and sent through the NDC API to the 3rd party partner.

Markets Covered, Partners Reach

We are currently achieving good domestic outreach and starting to expand overseas:





Airline Retailing Value Created

Value creation for airline

- More control of channel mix
- Richer product offerings
- Modern retailing mindset with modern system design
- Diversified revenue streams

Value creation for partner

- Render richer products to customers

Value creation for customer

- Themed product families for different user group
 - Form of payment of customer's preference
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