

ExPretio

WORLD PASSENGER
FESTIVAL

How to use Revenue Management and Pricing
to Increase Customer Satisfaction

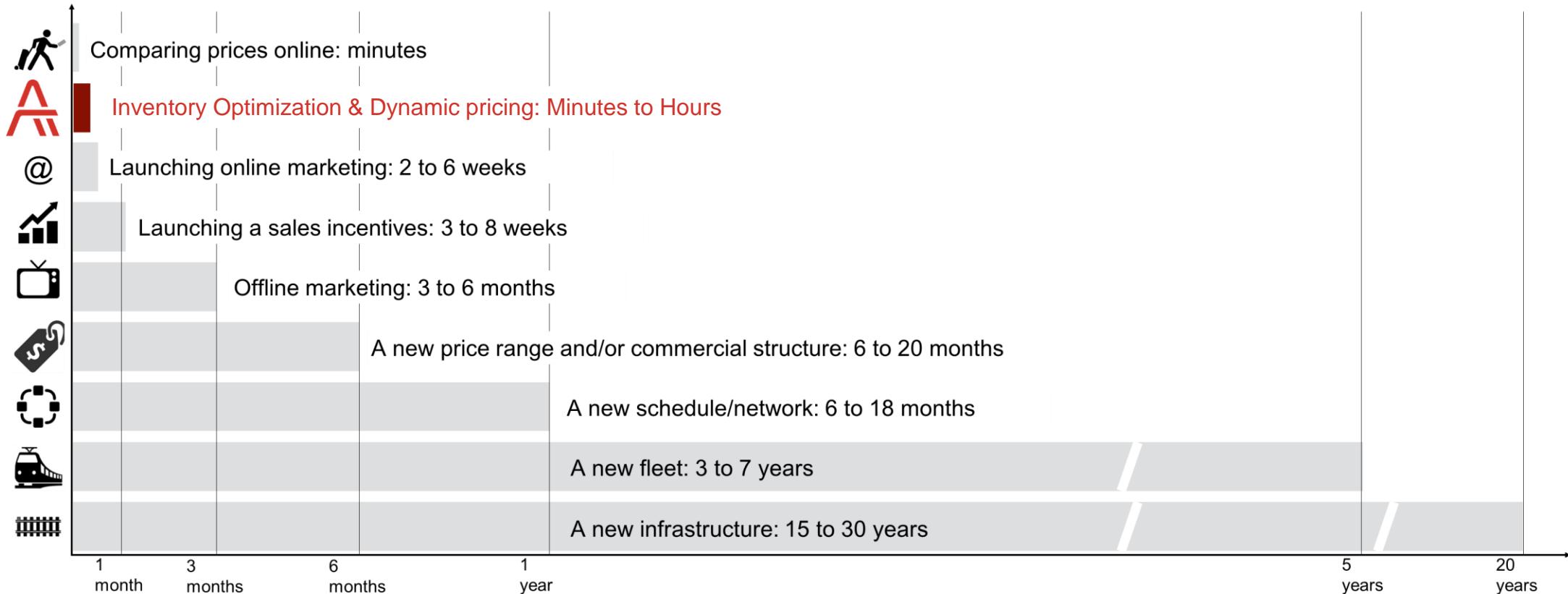
Some transport operators shy away from adopting full dynamic pricing and revenue management tools

Why?

- Doubt it will have an effect on passengers
- Fear it will negatively affect customer satisfaction
- Can't justify the staff or systems
- No mandatory reservations
- Not revenue driven

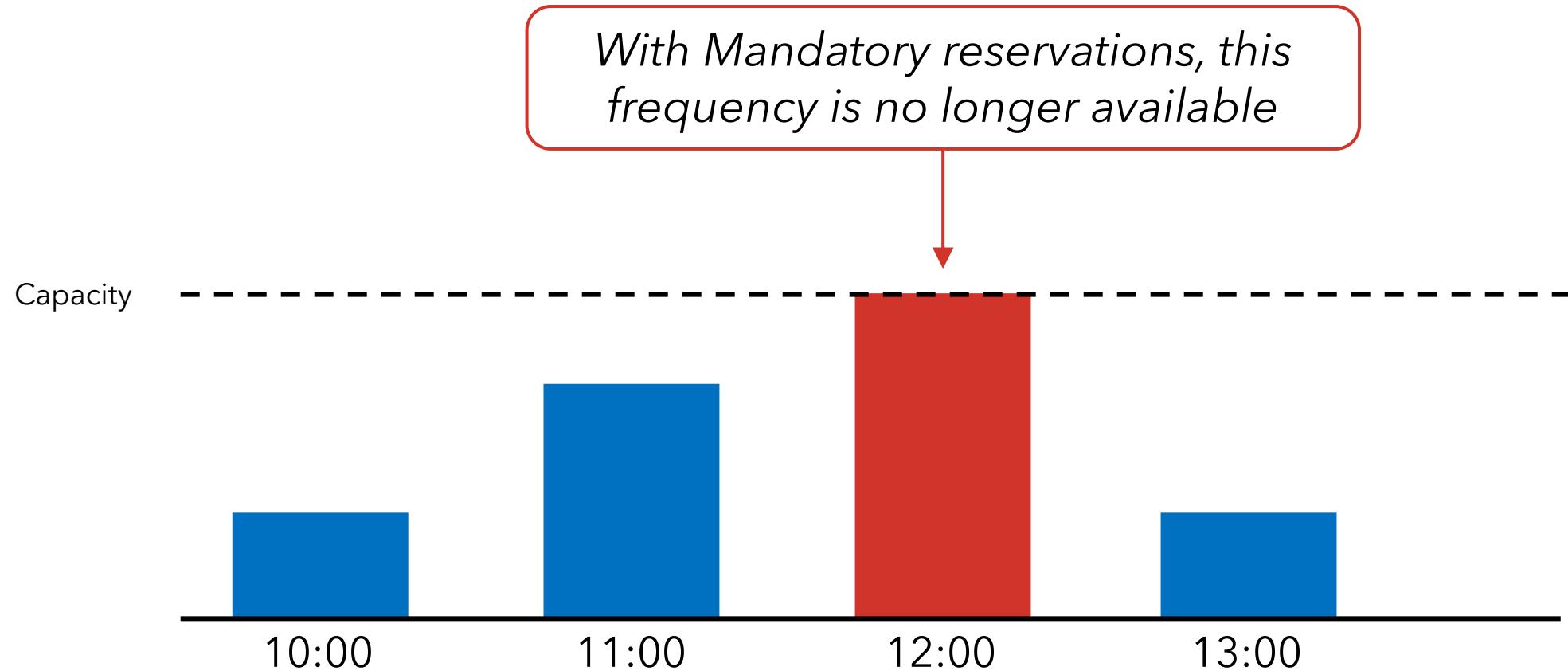
Beyond increasing revenues, Revenue Management is a tool that can be used to manage customer satisfaction

Revenue management is a swift and nimble tool



Revenue Management is faster and more cost-effective than adding frequencies or changing equipment

Use prices to move passengers to less crowded departures

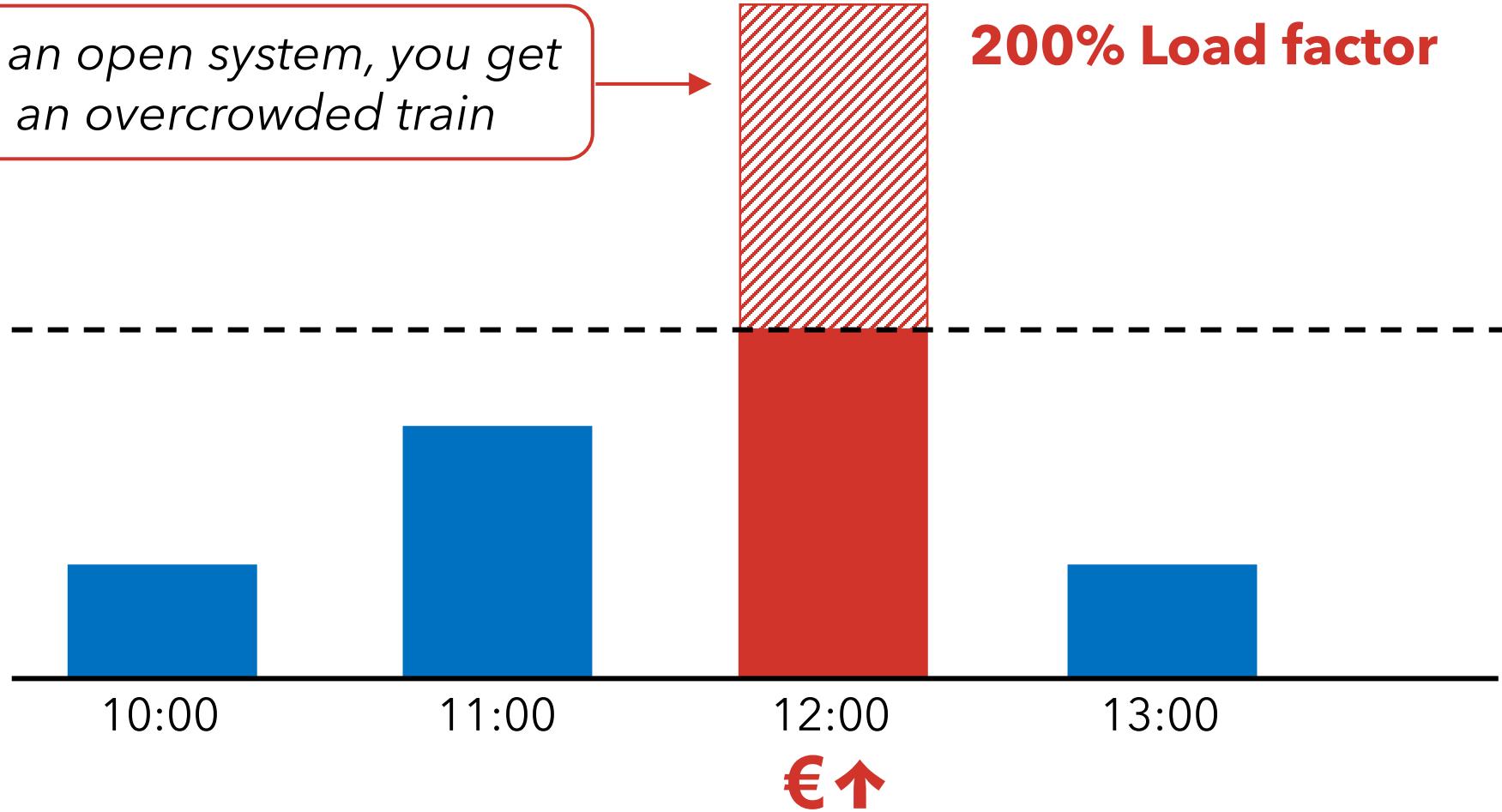


Use prices to move passengers to less crowded departures

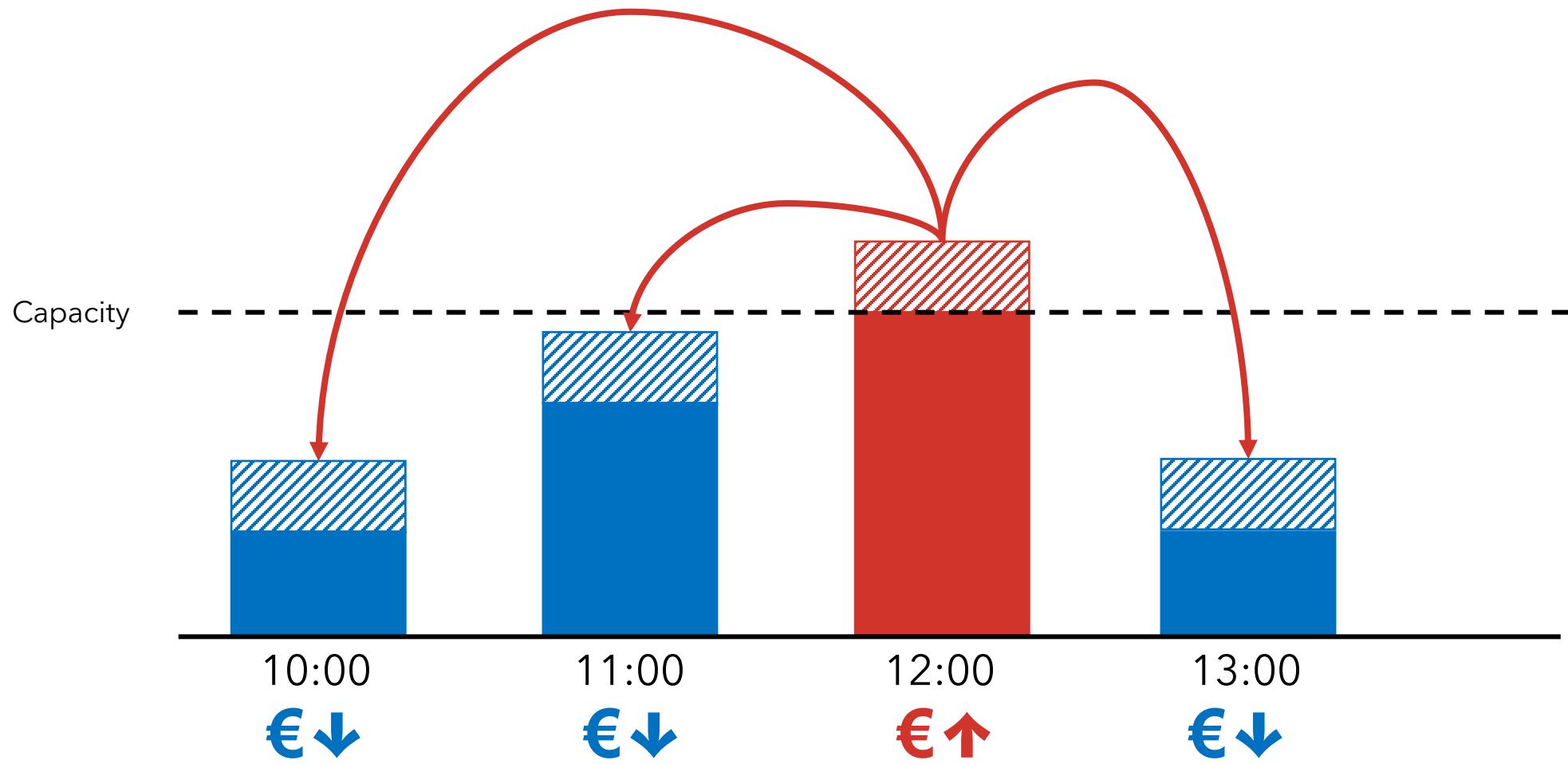
*In an open system, you get
an overcrowded train*

200% Load factor

Capacity



Use prices to move passengers to less crowded departures



Selling out too soon reduces frequencies

Clear case of spill



Solved by:

- Opening sales at new higher price points
- Better forecasting
- Extending the sales horizon

Targeted Sales and Promotions

- Use revenue management to target where you should offer promotional Fare
- This targeting allows you to be a lot more aggressive while protecting your core revenue.
- By leveraging RM tools an operator was able to effectively use flash sales:
 - Recover some ridership from pre-covid
 - Increased their total revenue by 5%
 - Increased the average journey length
 - Increased website visits by 50%
 - **Increased customer satisfaction by 7%**

How RM can Help Value for Money Perception

Perceived value

Customer expectations

Price paid

- RM Comes with a Culture of Studying and Focusing on the Customer
- Know your passenger segments and cater to them
 - In an open system, know why passengers make reservations
- Provide options to passengers
 - Targeted pricing and smart lower fares
 - Different departures, routes or products
 - Offer flexible premium offering
 - Ancillary Services and Products

Customer perception of fairness is essential!

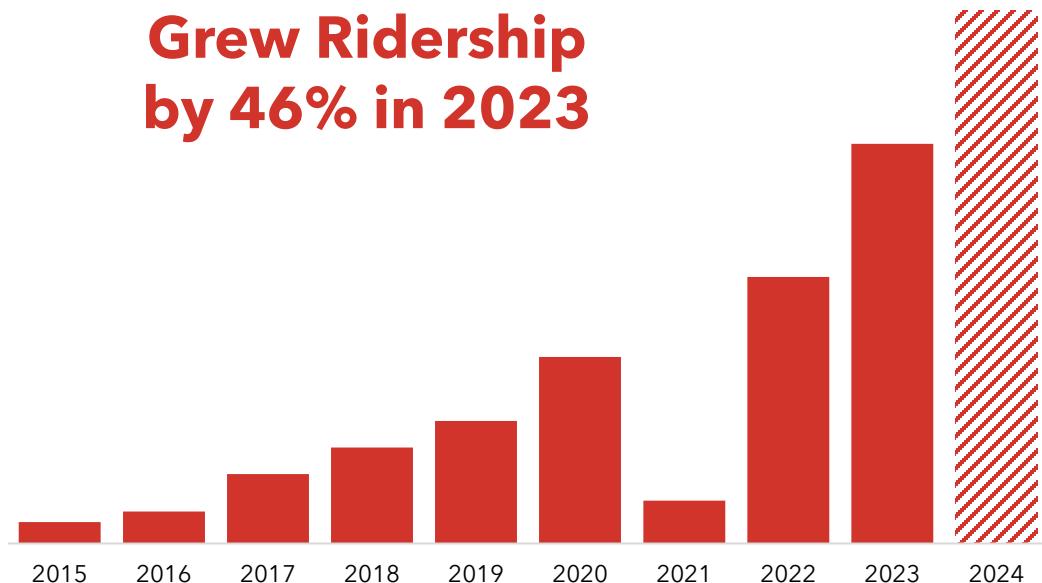
- Keep Price Transparent
 - Simpler products
 - Don't decompose your offer too much
 - Avoid surprise fees
- Keep price consistent
 - Over time
 - Between journeys
 - Between products
- Use a price where you can deliver quality

Success in using RM to grow customer satisfaction

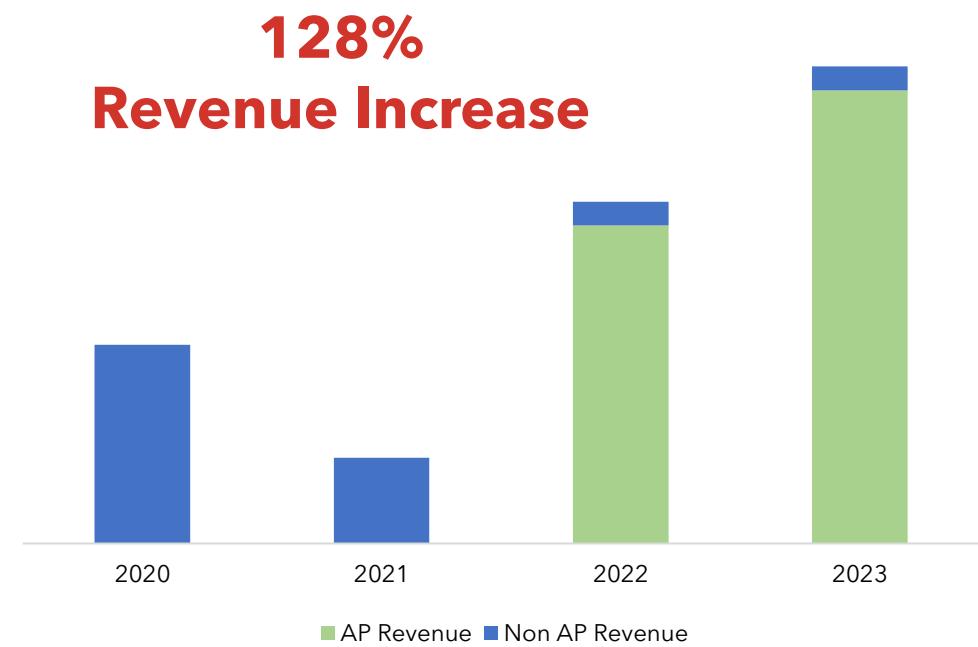
Implement this strategy post Covid

Advance purchase tickets + Spread demand & optimise capacity + Grow ridership in new markets = Increase customer satisfaction

Grew Ridership by 46% in 2023



128% Revenue Increase



- Quick and effective tools to manage customer satisfaction
- Manage peaks of demand, spread them out
- You want goldilocks pricing: not too high not too low
- Raising prices isn't a necessity
- Tailor your offer by Departure and origin-destinations
- Start small, build on your successes
- Look at the data for opportunities

Let's stay in touch



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