

ExPretio

**WORLD PASSENGER
FESTIVAL**

How to use Revenue Management and Pricing
to Increase Customer Satisfaction

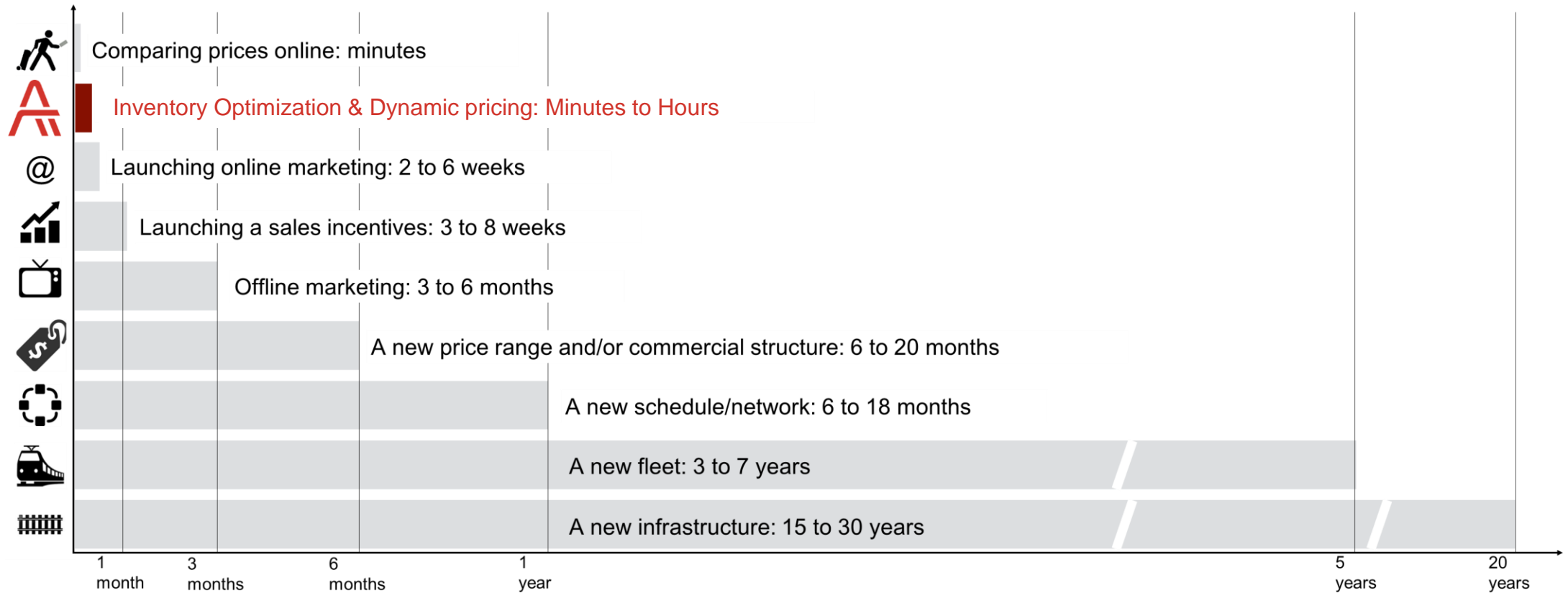
Some transport operators shy away from adopting full dynamic pricing and revenue management tools

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

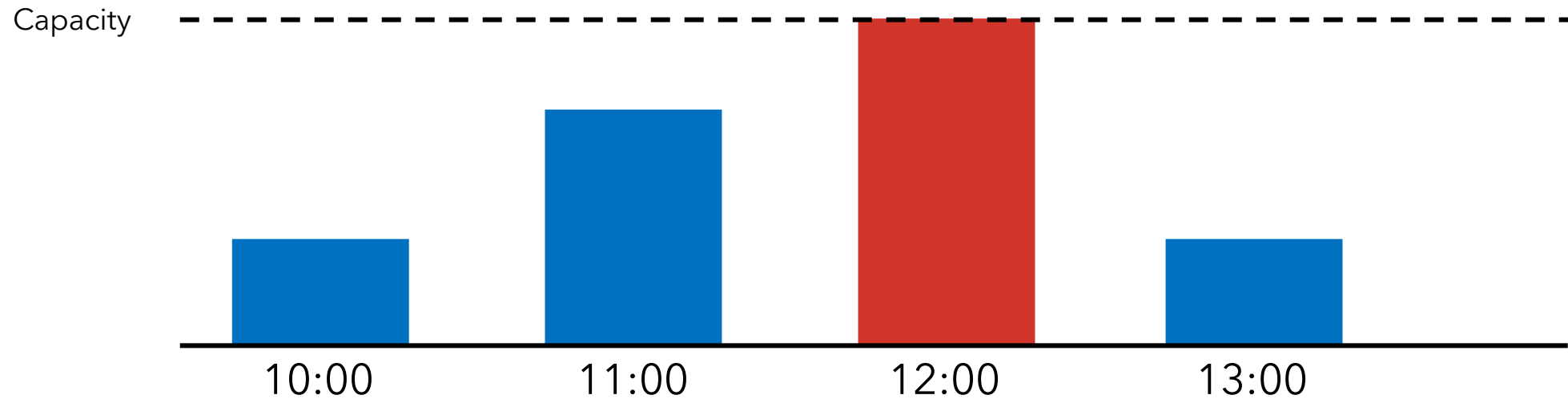
Revenue management is a swift and nimble tool



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

Use prices to move passengers to less crowded departures

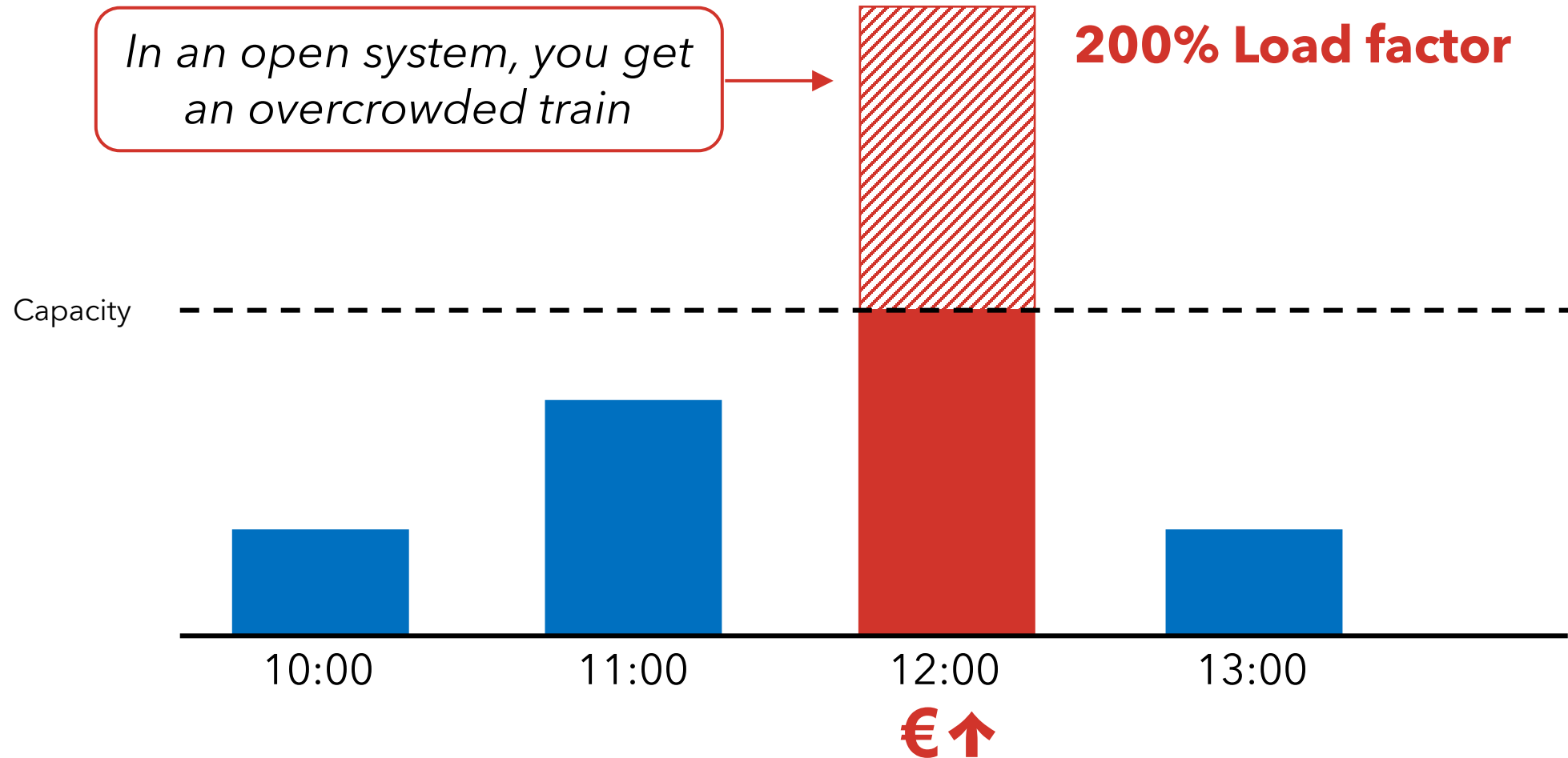
With Mandatory reservations, this frequency is no longer available



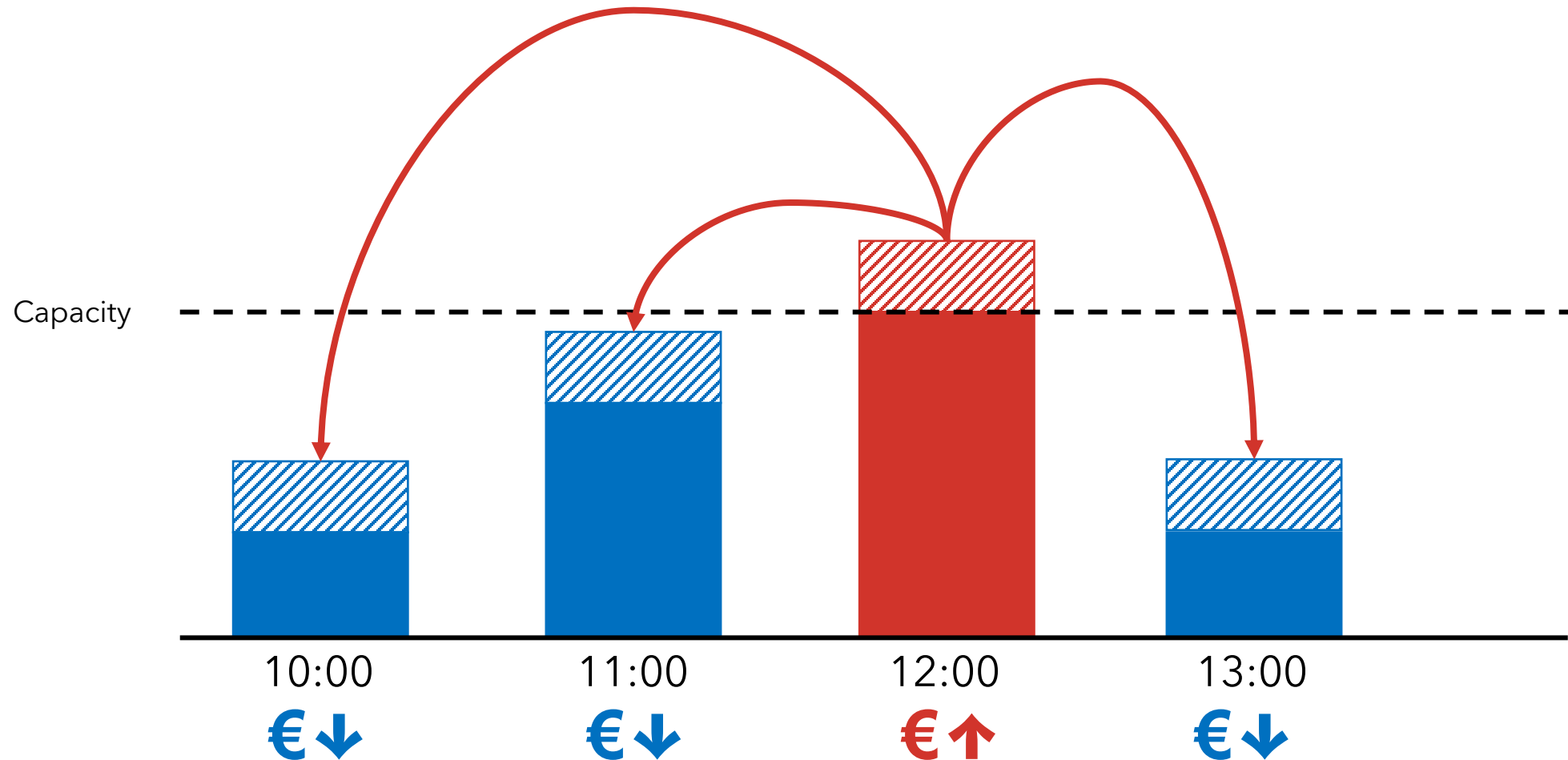
Use prices to move passengers to less crowded departures

In an open system, you get an overcrowded train

200% Load factor



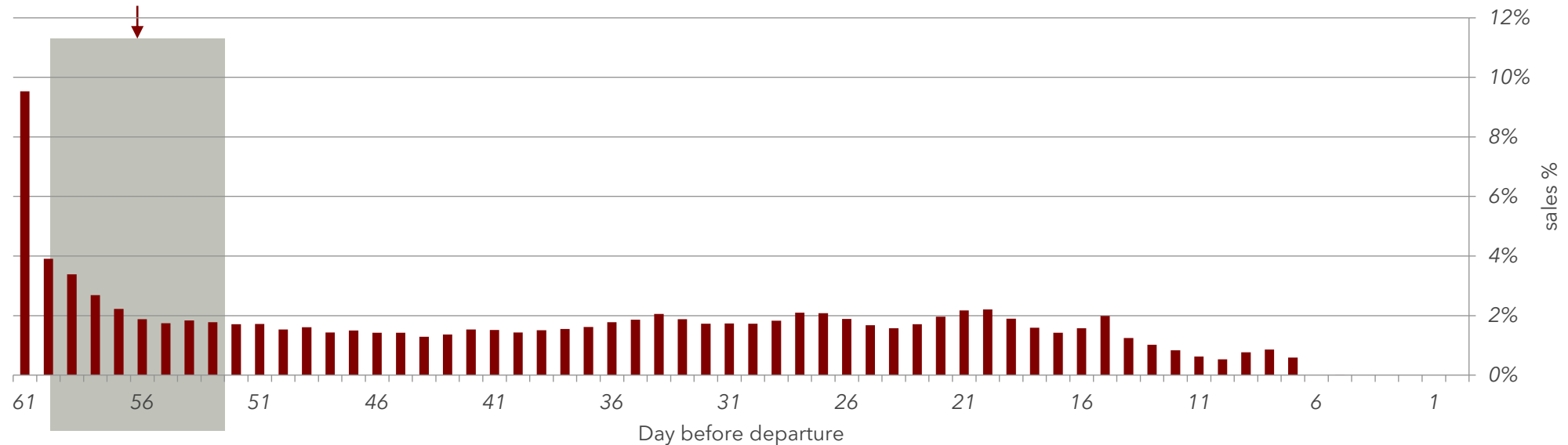
Use prices to move passengers to less crowded departures



Selling out too soon reduces frequencies

Clear case of spill

Sales distribution of discounted fares



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

Maintaining Value for Money Perception

Customer perception of fairness is essential!

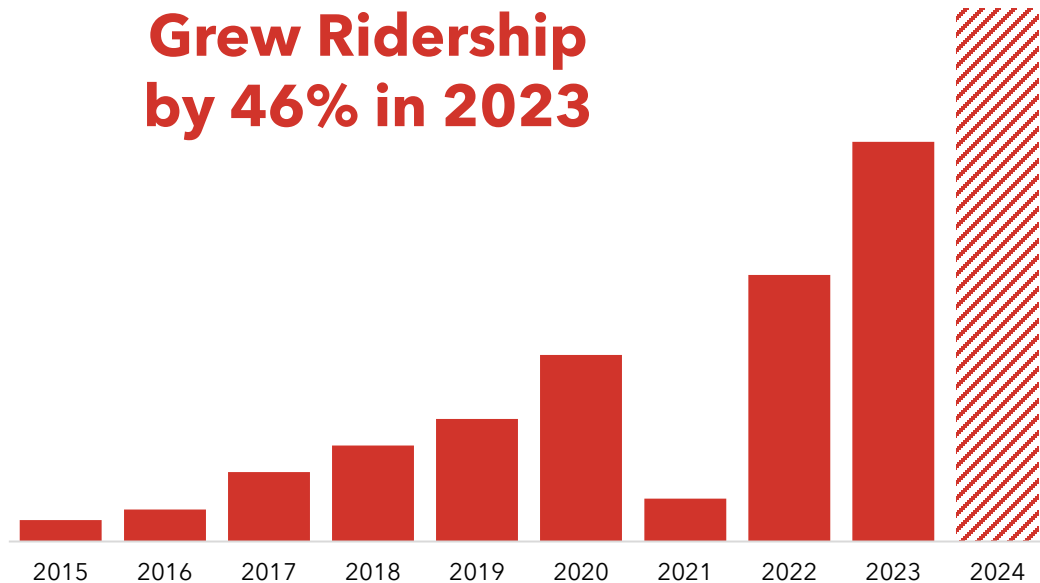
- Keep Price Transparent
 - Simpler products
 - Don't decompose your offer too much
 - Avoid surprise fees
- Keep price consistent
 - Over time
 - Between journeys
 - Between products
- Use a price where you can delivery quality

Success in using RM to grow customer satisfaction

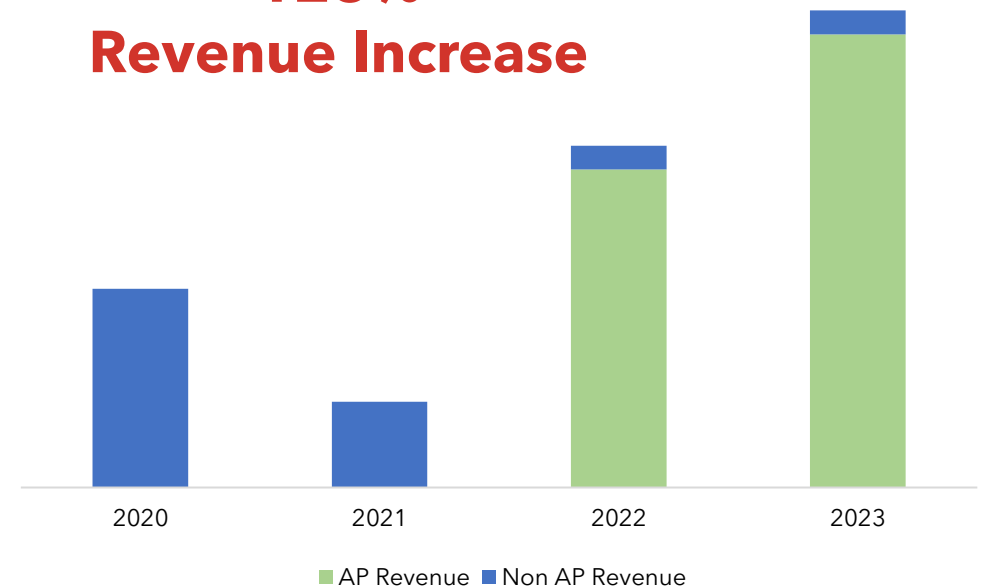
Implement this strategy post Covid

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



Yan Laporte

Director of Customer Success



yan.laporte@expretio.com

www.expretio.com