

Prepaid baggage sales will go through the roof

Our way to the optimal price for extra baggage.



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The topic of dynamic pricing - i.e. adjusting product prices based on demand in real-time - has long been a trend topic in the area of revenue management and distribution. Until now, airlines and software providers have focused on determining the optimal price for aircraft seats. Recently, additional services - so-called ancillaries - such as baggage, meals, additional legroom, etc have also become a focus of attention. Their intent is to complement the product and thus generate more revenue.

We, i.e. a small project group in our Commercial Solutions division under Jörg Pancake-Steeg, Head of Commercial Products, BER A/TC-RP, in collaboration with Balazs Somoskoi, Software Architect in Budapest, raised the question:

How can we determine the best price for a customer's first bag at the moment of the booking request?



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The international PROCESS project team

Our participation in **the EU project PROCESS (PROviding Computing solutions for ExaScale challenges)** has enabled us to thoroughly investigate methods and develop solutions in order to answer this question.

The goal of the EU research project - which represents a Europe-wide cooperation between educational institutions and scientific institutes - is to provide a hardware and software environment for processing exascale data (i.e. 10^{18} bytes - whereas five Exabyte comprise every word ever spoken by humans) for scientific and industrial applications. The platform has already been developed and is available as an open source project.

” We succeeded in developing methods with the help of artificial intelligence, which promise significant revenue increases in the sales of baggage.

Jörg Pancake-Steeg, Head of Commercial Products, BER A/TC-RP

The results of our research will be presented to the EU towards the end of the year. More information on the chosen approach is already published in **our blog entry "The Value of baggage: dynamic pricing methods for ancillaries"**.

In the following short video, our colleague Katrin Lehmann, Business Analyst, BER A/TC-RI, uses our case study "Ancillary Pricing for Airline Revenue Management" to give a first insight into the EU project PROCESS. ■