Airlines urged to embrace e-commerce

African airlines have been urged to embrace e-commerce and digital technologies to become more profitable. According to Eckart Reiche, the vice-president for sales at Airlines Wirecard, airlines on the continent should embrace technology to serve customer needs and experience in the increasingly competitive market. Reiche sa "Airlines have no choice but to innovate and embrace technologies that will help reduce the cost of operation ar also improve customer experience."

By Peterson Tumwebaze 17 Nov 2017

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The expert noted that, despite positive profit projections, African airlines must shift focus to the revenue and profit potentia emerging from mobile commerce and other innovative technologies.

Eckart was speaking at the 49th African Airlines Association (AFRAA) general assembly in Kigali. Under the theme, *Rethinking strategies for airline profitability in Africa*, the summit attracted 400 high profile delegates from the aviation industry in Africa, Europe, the Middle East, Asia and North America to deliberate on the challenges facing aviation busine on the continent. The event was hosted by RwandAir.

Aligning with passengers' mobile-centric behaviours

Noel Connolly, the global head of sales Airlines and Hospitality Cell point mobile, said airlines that embrace mobile comme strategies and payment solutions benefit by establishing permanent internal links to currently untapped direct-channels an ancillary sales. He added that this also helps to create a "companywide mentality that aligns more closely with their passengers' mobile-centric behaviours."

"This approach gives them a competitive advantage in terms of managing customer expectations," he noted.

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Airlines move fast and digitise

Gad Wavombo, the principal consultant at Sabre Airlines, said without a proper e-commerce strategy airlines will find it

difficult to break even and make profits. "Ultimately, an integrated e-commerce approach will allow airlines to take their marketing beyond messaging and branding," he added.

According to Mikael Gobena, the RwandAir general manager in charge of commerce, it is critical for airlines to embrace technologies that will help enhance passenger experience and also increase their market share. "RwandAir has made it a point to prioritise customer needs and experiences by providing them quality services."

Statistics from the International Air Transport Association (IATA) indicate that African airlines suffered a loss of almost $700m in 2015 and more than $130m in 2016. However, these losses can be reduced if airlines move fast and digitise the service to meet customer experiences.

Leveraging mobile technology

Meanwhile, the experts advised airliners to leverage the increasing mobile technology across the continent to serve customers more effectively and efficiently. They said lack of e-commerce as a core element of corporate business, marketing and sales strategy, as well as lack of ownership for mobile commerce and mobile payments across multiple touch points, were affecting the profitability of airlines on the continent.

They advised airlines to always take into account traveller expectations and trends, such as ride-sharing and personalised web-based shopping.

African airlines posted a 3.6% rise in traffic in September, down from 6.5% in August. Equally, carriage capacity rose 0.3 with load factor increasing by 2.4 percentage points to 73.8%. Globally, passenger traffic results for September show that demand, as measured in revenue passenger kilometres, rose by 5.7% compared to the same month in 2016. This was the slowest year-on-year increase since February.