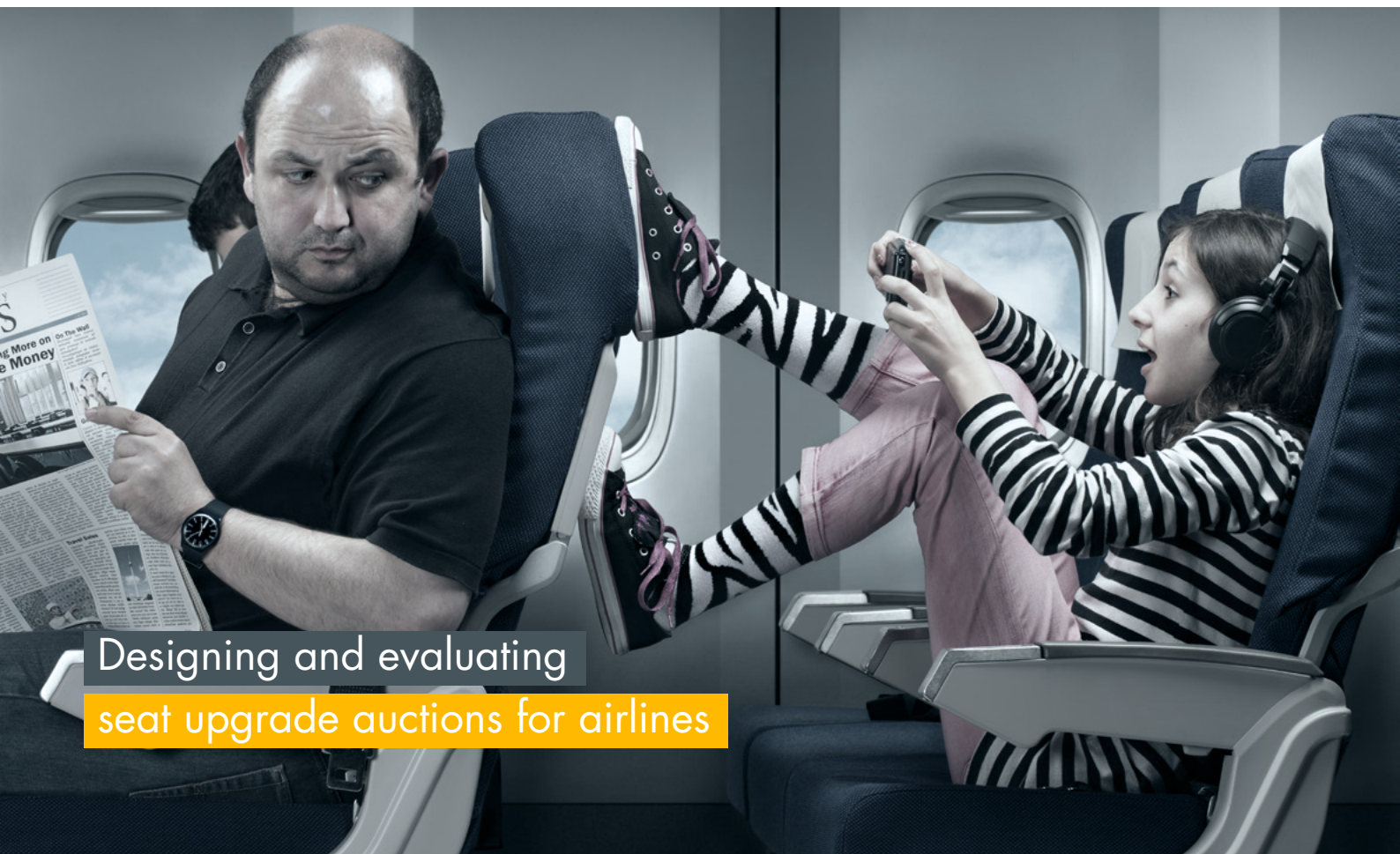


AUCTIONMETRIX SERVICE

SEAT UPGRADE AUCTIONS

More and more international airlines are now experimenting with seat upgrade auctions, where passengers with an economy class ticket bid against each other for a seat in business or first class. These auctions are a potential revenue gold mine as by this allocation method airlines can not only increase the number of business and first class customers but also the flight occupancy rate.

Most airlines that have implemented seat upgrade auctions, make use of a standard auction software platform. It is important to realize that a standard auction design does *not* lead to optimal revenues. Auctionmetrix (a spin-off company of the Erasmus University Rotterdam specialized in auction applications, established in 2012) can help airlines to design the optimal seat upgrade auction! Designing auctions is really a profession! At Auctionmetrix state-of-the-art auction knowledge is available to design an auction that will increase total revenues. In addition, Auctionmetrix is able to provide tailor-made auction software. The unique feature of this software is that it can handle all kind of auctions.



Designing and evaluating
seat upgrade auctions for airlines

SERVICES



1. Evaluation of the current auction design

Auctiometrix reviews the auction design that an airline currently uses and advises whether there is scope for improvements. Even minor changes to the current auction design can have a big impact on revenue. Techniques that will be used are auction theoretic analysis and big data analytics.



2. Advice on the optimal auction design

Given the objectives of the airline company, Auctiometrix advises on the optimal auction type:

- › first-price auctions (where winning passengers pay their own bid),
- › second-price auctions (where winning passengers pay the bid of the highest losing bidder),
- › open auctions (where passengers can increase their bid if he/she has been overbid),
- › sealed-bid auctions (where bidders can submit only one bid without seeing other passengers' bids),
- › simultaneous auctions (where multiple upgrades are auctioned simultaneously),
- › sequential auctions (where upgrades are auctioned in a sequence), and
- › combinatorial auctions (where passengers can bid on packages of upgrades, which prevents couples/families from flying in different classes).

Details of the auction also have a significant impact on the auction revenue. In close cooperation with the airline, decisions will be made on issues like the amount of information to be revealed during the auction, eligibility of participation, whether or not to set minimum and/or maximum bid amounts, and the timing of the auction.



3. Developing tailor-made auction software

Auctiometrix is able to provide tailor-made auction software. The auction software is exceptionally user-friendly. No specific non-standard software needs to be installed on the bidders' computers. Bidders are able to access the system using basic IT web browsers.



TEAM


The team of Auctiometrix consists of auction experts, software developers, and distinguished professors in game theory, competition policy, computer and management science. As Auctiometrix is affiliated with the Erasmus School of Economics, it also has professors of Air Transport Economics in its network.



CONTACT

Auctiometrix is more than happy to discuss potential business opportunities with you. If you want to start with seat upgrade auctions or want to have your seat upgrade auction optimized, please contact us via: +31 10 408 15 13 or info@auctiometrix.com.

For more information, visit our website www.auctiometrix.com



Developing customized software
for airline seat upgrade auctions