

# United Airlines: Embracing Dynamic Merchandising



**FLX**  
Merchandise



"FLX Merchandise gives United  
greater flexibility, reliability and  
scalability"

Alex Schemioneck, United Airlines,  
Director of Merchandising  
Technology



[www.farelogix.com](http://www.farelogix.com)

## Background

**United Airlines and United Express (United) operate approximately 4,600 flights a day to 357 airports across five continents.** In 2017, United and United Express operated more than 1.6 million flights carrying more than 148 million customers. United has the world's most comprehensive route network, including U.S. mainland hubs in Chicago, Denver, Houston, Los Angeles, Newark/New York, San Francisco, and Washington, D.C. United operates 757 mainline aircraft and the airline's United Express carriers operate 551 regional aircraft. The airline is a founding member of Star Alliance, which provides service to 193 countries via 28 member airlines.

According to IdeaWorksCompany, **United Airlines is the world's leading ancillary revenue earner**, bringing in \$6,222,000,000 from ancillary sales in 2016.

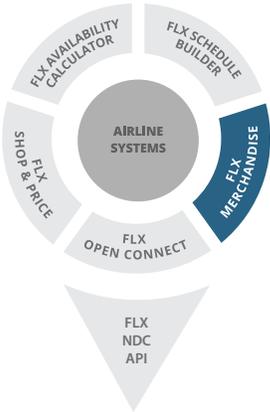
## Challenge

**In 2013, United sought to improve its merchandising abilities against a backdrop of new U.S. Department of Transportation (DOT) regulation.** Firstly, the airline had to provide customers with up-to-date checked bag fees and allowance information. This requirement extended to interline flights. In addition, United needed to calculate allowances and charges based on cabin,

frequent flyer status, credit card affiliation, and more. As an ancillary merchandising early-adopter, United saw this as an opportunity to invest in next generation merchandising technology. By taking the plunge, United would not only meet its immediate needs, but could also grow its revenues and enhance the customer experience with dynamic merchandising.



Won over by the capabilities of the FLX Merchandise product within the Farelogix Airline Commerce Gateway, United chose Farelogix. **The platform's speed, performance, and extensibility were deciding factors in the selection.**



# Solution

Over a period of three months, United implemented FLX Merchandise. The offer engine enables United to dynamically merchandise all ancillaries including bags, Economy Plus seats, Premier Access, WiFi, subscriptions, and more across all channels.

- With FLX Merchandise, United does not need to file ancillaries with ATPCO. Rather, United can load base prices and supporting content into its own airline-controlled merchandising engine.
- United business users configure merchandising and pricing rules to reflect the airline's strategy via an easy-to-use Rules and Offer Designer.
- Data inputs such as seat attributes trigger these rules to dynamically adjust the starting price.
- The application of merchandising rules enables United to create and offer 'smart' ancillary bundles, comprising Economy Plus seats and relevant product(s).
- Dynamic prices for every seat on the plane are presented on the airline's seat map.

## United's smart ancillary bundles

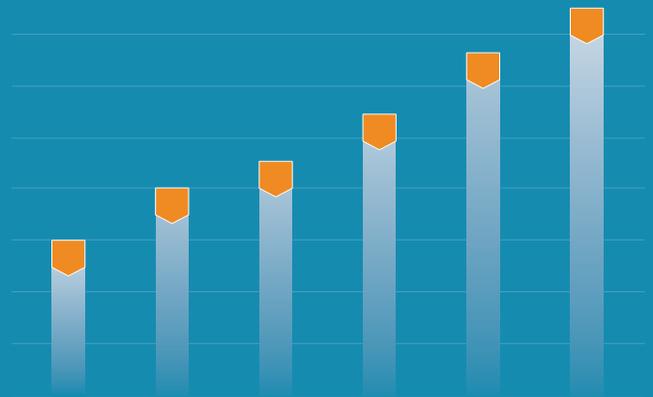
## Dynamic seat pricing

## Results

In addition to meeting initial DOT compliance requirements, United has experienced significant rewards from pursuing a dynamic merchandising strategy with Farelogix:

- United currently offers **15 different smart bundle offerings**.
- Dynamic pricing of United's Economy Plus extra-legroom seats, ancillary bundles, and WiFi products enabled United to **substantially grow ancillary revenues**.
- United's dynamic merchandising platform has proven to **be highly scalable and adaptable, handling millions of transactions a day**.
- United's technology teams have fully integrated FLX Merchandise into the larger airline technology footprint, making it possible for United to **quickly introduce and optimize ancillary products across all channels**.

“Leveraging the abilities of Farelogix’s Merchandising Product, **United can meet its customers’ needs for trip customization with extra legroom seating and ancillary bundles**,” said Alex Schemioneck, United Director of Merchandising Technology. “**FLX Merchandise gives United greater flexibility, reliability and scalability.**”



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