How **KLM** created a unique model guiding the airline to more incremental value and fewer empty seats

STIJN MEERTENS | FRIENDS OF SEARCH | 23 MARCH 2023

KLM Royal Dutch Airlines — SKYTEAM

AIRFRANCE KLM GROUP

BOARDING PASS — KLM
KL 767 — 9.40 — D07 — 17B

21M+ fans and followers on social media

25.8 million passengers

13 January Start adding Sustainable Aviation Fuel (SAF) to our flights

flyingblue AIRFRANCE KLM

10.7 billion revenue

105 aircraft

167 KLM destinations

NEW! Premium Comfort

28.201 staff employees

since 1919

APEX OFFICIAL AIRLINE RATINGS WORLD CLASS 2023

APEX world class award
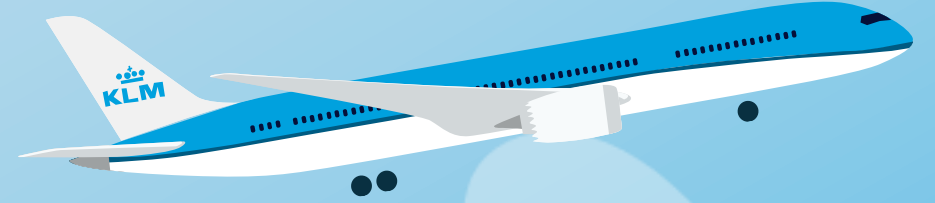
*Numbers based on 2022

WHAT WE DO AT

Digital
Marketing

Paid Search
At KLM

🇳🇱 Advertising in 67 countries across the globe

🌐 Using 8 different search engines

💬 20 languages

What our current process looks like

STEP 01
KLM Network

KLM's internal teams create an up-to-date masterfeed including the network scope, fares and additional information such as 'flights per week' and 'flight duration'

STEP 02
Channable

This masterfeed is the main input for Channable in which KLM uses filters and export feeds towards the different marketing tools

iACTIVATE

STEP 03
iActivate

For Paid Search, KLM uses an additional tool called iActivate which turns the Channable feeds into campaigns, keywords, ad copy, etc.

So, currently...

✅ We advertise on routes (a.k.a. origins – destinations)

✅ We steer towards a ROAS target

But...
there's a
challenge 💪

Challenge

💡 Needed to steer smarter because of tough COVID years

📈 ROAS steering is not perfect
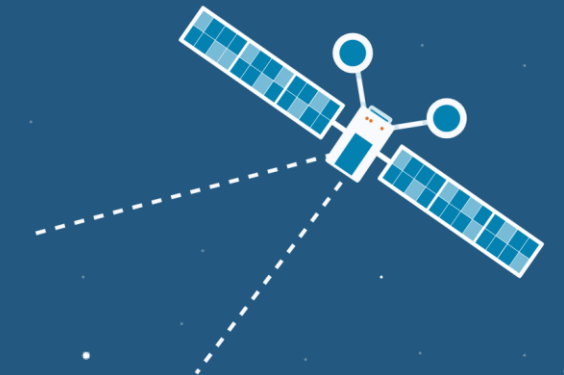
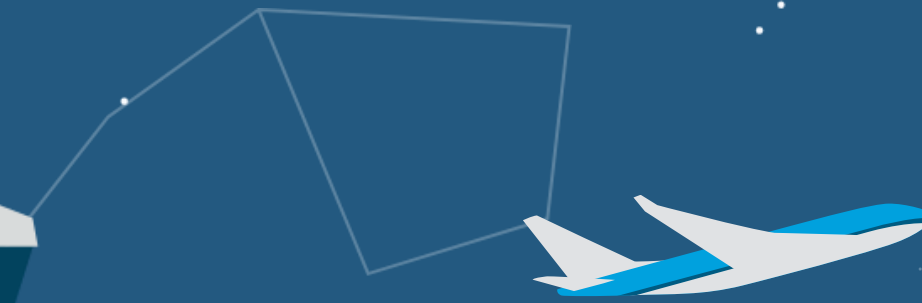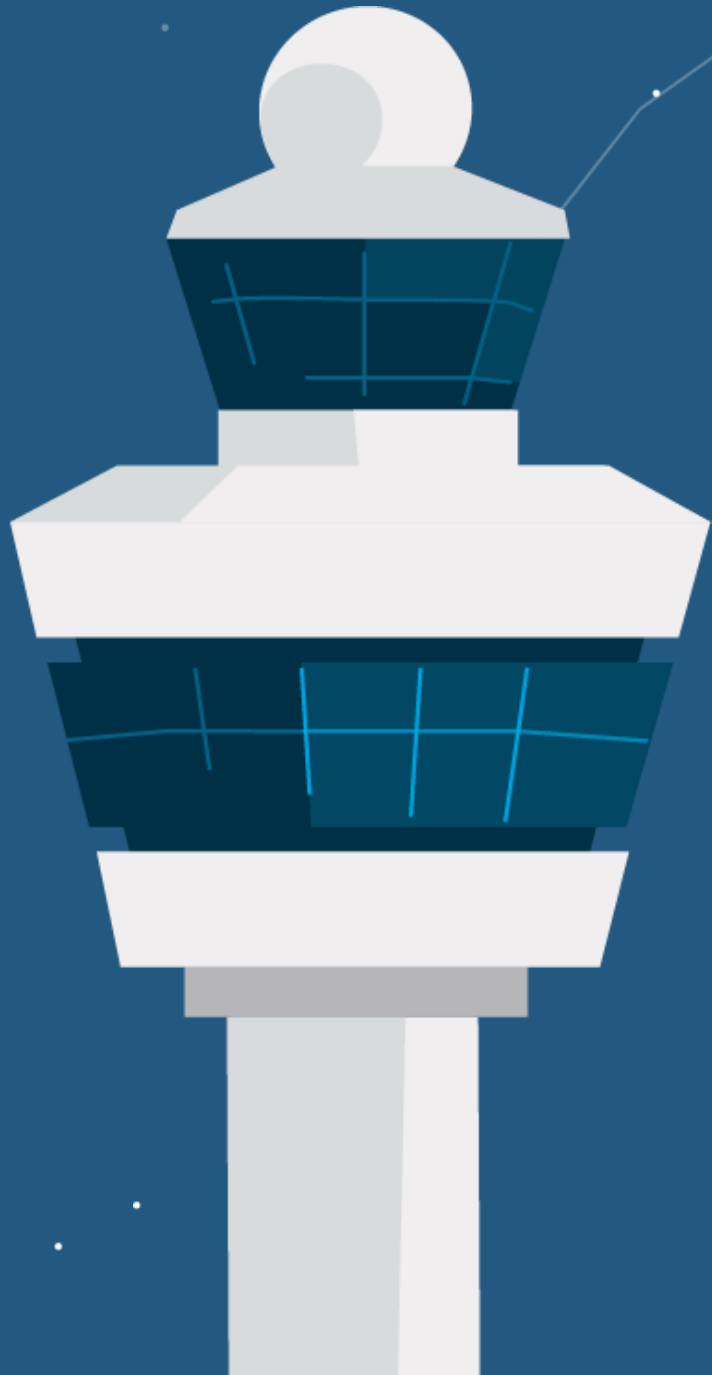💸 There's no margin or profit data available

💺 The goal is to be more aligned with KLM's business needs

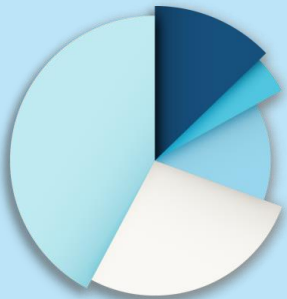To improve this, we've created a **model**

The Flight Score model

The Flight Score model is based on three input factors

Factor 01.
Booked Load Factor

Factor 02.
Expected Load Factor

Factor 03.
Market share

Factor 01.
Booked Load Factor

Number of seats sold compared to the number of seats available

Factor 02.
Expected Load Factor

Expected number of seats sold compared to the number of seats available

Factor 03.
Market Share

KLM's market share versus KLM's fair market share
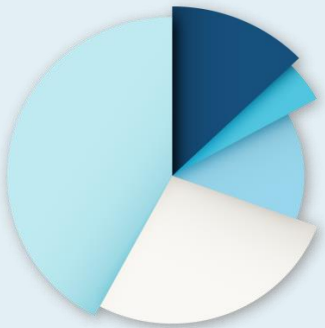
Input factors

The Flight Score Model

Output: Flight score

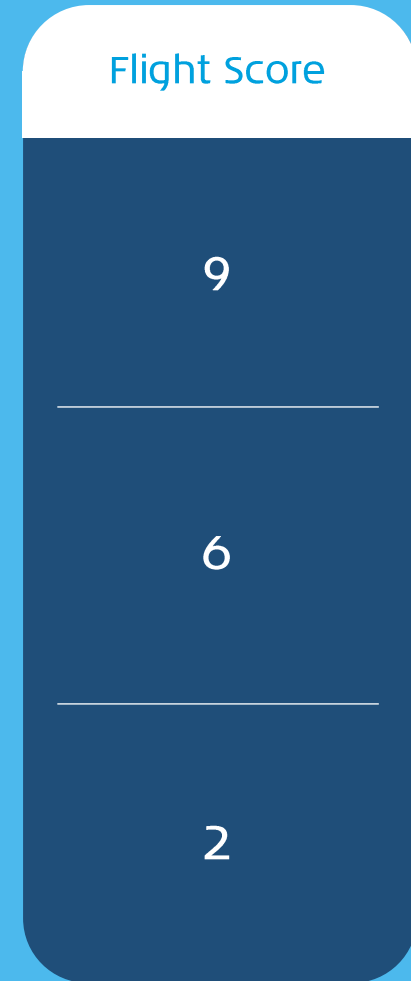BOOKED LOAD FACTOR

EXPECTED LOAD FACTOR

MARKET SHARE

1
2
3
4
5
6
7
8
9
10

Nice!
But how? 🤔

01. Flight Score

List of all routes (origins + destinations) with a calculated flight score

Flight Score

9

6

2

02. Google Sheet

Automated upload to a secured Google Sheet

03. Relay 42

R42 daily retrieves the data from the Google Sheet and creates a feed in their tag management system

04. CM360 & SA360

Based on the custom floodlights variables, <u>origin</u> and <u>destination,</u> a new custom floodlight will be filled with the <u>Flight Score</u>
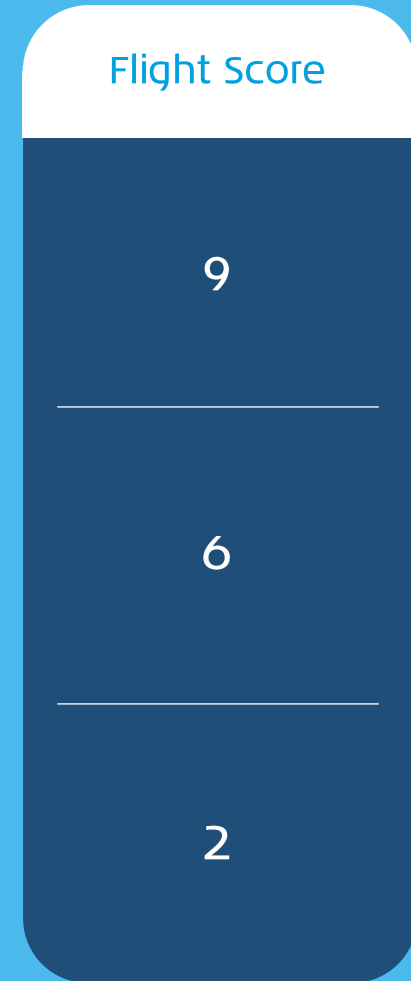
05. Modified ticket value

Based on the <u>Flight Score</u> variable in the Floodlight a <u>modified ticket value</u> is pushed to a new custom column

And at the
same time...

01. Flight Score

List of all routes (origins + destinations) with a calculated flight score

Flight Score

9

6

2

02. Google Sheet

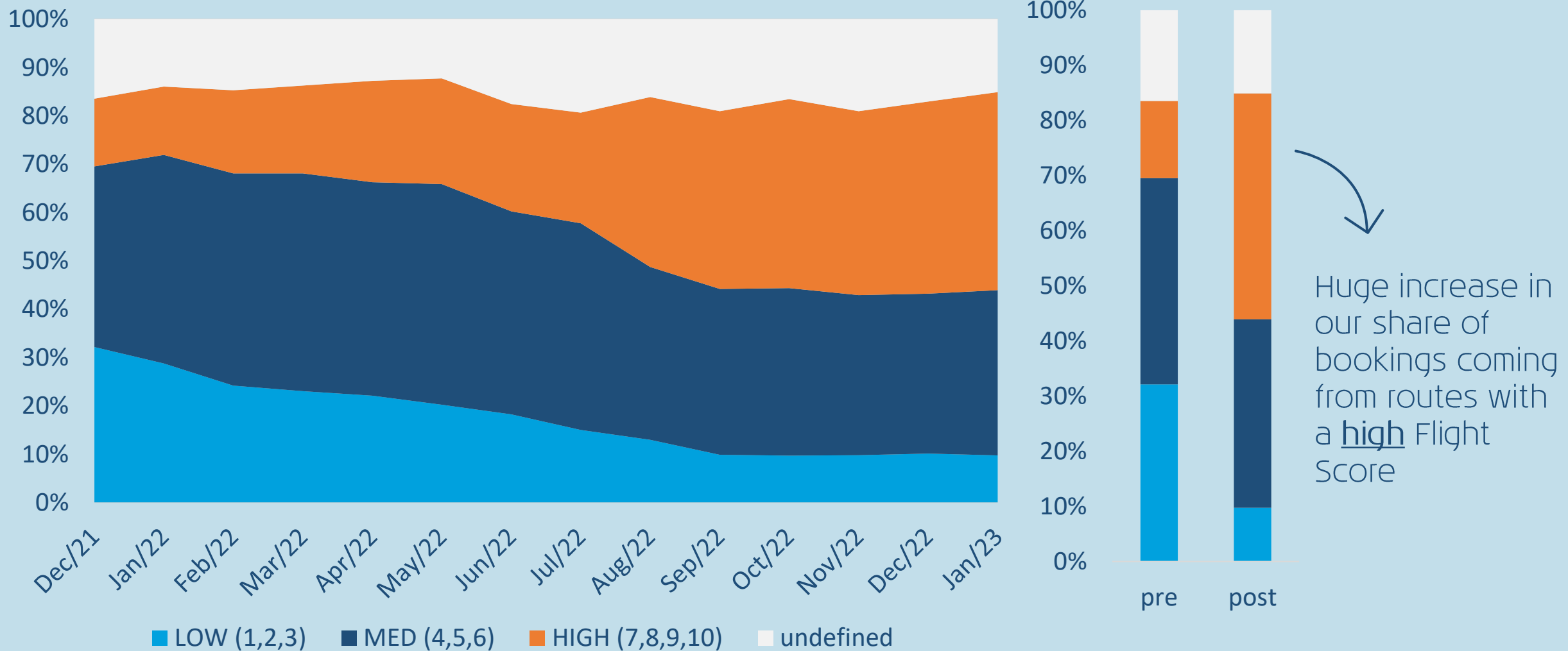Automated upload to a secured Google Sheet

03. iActivate

iActivate daily retrieves the data from Gsheet and activate or de-activate route specific adgroups/campaign types:
- Match Types
- DSA

Let's talk about results! 🙌

Big shift in clicks, costs and bookings

Share of bookings per Flight Score Cluster

Huge increase in our share of bookings coming from routes with a __high__ Flight Score

LOW (1,2,3)　　MED (4,5,6)　　HIGH (7,8,9,10)　　undefined

Key take-outs

> Don't wait for your data to be perfect, get started with what you have!

> Think further than profit or margin if this data is not accessible.

> Look beyond your Paid Search results

> When using Search Ads 360, use the u-variables. Otherwise, use conversion value rules in Google Ads.

KLM Royal Dutch Airlines

Thank You!

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