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How a Leading Airline Embraced Business Experimentation for Revenue Management

The Background

Big tech companies are known for innovation, but they have the luxury of moving fast and breaking things. Many report that only one-third of their initiatives have a positive impact. That kind of approach—and success rate—just won't fly in aviation.

The Problem

LATAM Airlines wanted a safe way to test new initiatives, knowing that there's little room for error in a competitive industry. After identifying several use cases for experiments (XPs) across different business functions, the company zeroed in on revenue management, where the risks are high and mistakes are costly.

Key Challenges

Finding a New XP Approach

A/B tests used in the digital world don't work in airline RM

Dealing with Interference and Complexity

The airline had to contend with complex interference effects

Managing Lack of Certainty

A noisy, intertwined business environment made it hard to measure any impact with confidence

Measuring Small Uplift

Sophisticated XP techniques were needed to separate signal from noise when detecting small differences in the key metrics

Our Solution

LATAM Airlines partnered with acmetric for our unique expertise in using battle-tested statistical methodology, similar to what's used by big tech companies to determine the success of their initiatives.

The Results:

- Unified XP workflow for easy-to-communicate outcomes
- Conclusive experiment results in less time
- Increased measurement accuracy and confidence
- Integrated scientific methodology to handle complexities of airline business

Future Potential

The XP platform can be expanded to different business functions such as customer experience, loyalty, and maintenance

Want to learn more or start experimenting?

Check out our website, acmetric.com, or contact us directly:

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