

# MonteCristoAir

## Department Primer for: Sales and Marketing

**At MonteCristoAir, the Sales and Marketing Department includes the following functions:**

- Cargo Marketing and Operations
- Onboard Product
- Revenue Management
- Pricing

**Responsibilities include:**

- Assessing the aviation market outlook including competitive assessment
- Fare pricing, Revenue Management and Sales
- Development of ancillary revenues
- Frequent flier program and improvement of customer service

### Departmental Perspective on the Challenges and Opportunities

Our main concern is our competitive vulnerability in several domestic markets. Our service network has remained static while economic development in several of Monte Cristo's mid-size cities is creating travel demand that we don't fully serve. Rail service between these cities is excellent because of government support and the convenience of city-center stations. Plus there is talk of developing high speed rail. We fear that the new low-cost air carriers are currently better positioned to capture these markets than we are.

With the growing economy, we are attracting more international business travelers. This is probably why the United States (U.S.) and European Union (EU) have approached our country with the idea of developing open skies agreements. While these agreements would create new opportunities, they would also add more competition that we are not yet prepared to handle.

President Masters wants us to form alliances with our international competitors, but how do we ensure fair treatment? Most of them have recently invested in lie flat beds for business class and new entertainment systems throughout their airplanes. How can we compete for premium passengers in the international markets unless we are prepared to match their investments?

Plus, we don't have enough different types of airplanes. With more airplanes of different sizes, we could better match the size of our markets. We would fly with fewer empty seats and increase our profits.

We need to work on building a strong brand that provides excellent customer service on routes people want to fly, at the times they want to go, and on airplanes they want to fly. This will put us in the strongest position both domestically and internationally.

### Specific Departmental Assignment:

In addition to the items stated in the MonteCristoAir overview, by the end of the training program you should also incorporate ideas into the final presentation to address the following:

- How to increase passenger and cargo market share (domestic and international)
- How to improve customer service

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## *E-mail Message*

**From:** L. Koins, Chief Financial Officer  
**To:** Sales and Marketing Department  
**Subject:** Lower Hold Freight Opportunity

Jumbo Airlines, an all cargo airline discontinued freighter service between Pepperz (PPZ) and Eurander (EUR). Jumbo Airlines reportedly carried 75,000 kilograms in cargo weekly between the two cities.

The route between Pepperz and Eurander is quite one sided, with 80% of the volume carried between the two cities originating from Pepperz. The goods carried outbound from Pepperz is primarily electronics goods destined for the Eurander market and the yield on air freight from PPZ to EUR is \$2.00 per kilogram. The goods outbound from EUR are mainly industrial machinery and fresh vegetables, but due to weaker demand on the route, yields are only \$1.10 per kilogram.

The discontinuation of freighter service between these two markets could help MonteCristoAir sell cargo capacity in the lower hold compartment of our passenger aircraft, particularly on our 767-300ER aircraft. We need to assess, for our airline how much incremental revenue could result from carrying revenue cargo on this route. This may be a great way to improve the route's profitability.

Each 767-300ER has available cargo capacity for four 96 x 125 pallets in the forward section of the lower hold. Each lower hold pallet should average 2,000kg. Can your team calculate how much incremental revenue MonteCristoAir can expect on a yearly basis from adding revenue cargo in the lower hold on this route?

## Press Release

### Flights to the Caribbean to use biofuels

Miami

SG Airways has marked a major industry milestone in reducing the environmental impact of its operations. For all of next year, all flights to or from the Caribbean will be flown in Boeing 737s using sustainably grown and produced aviation biofuels.

The biofuel to be used for the SG Airways Caribbean flights is sustainably grown in neighboring regions from inedible jatropha oil. “We are excited about providing our customers a more environmentally friendly way to travel, while still providing the safety and comfort they rely on from us” said SG Airways CEO. The use of biofuels is expected to not only be a benefit to customers, but will allow the company to begin diversifying its fuel supply.

Aviation biofuels have been approved for use in up to a 50/50 blend with conventional jet fuel since July, 2011. Aviation biofuel use was approved by ASTM International after lengthy evaluation and testing from airframe manufacturers, engine companies and fuel suppliers. It is expected to significantly reduce greenhouse gas emissions, as well decrease particulate and sulfur-dioxide emissions. The fuel can be used in all existing infrastructure without modifications.

SG Biofuels has a long tradition of protecting the environment, and already has one of the most fuel efficient fleets of any airline. The introduction of regular aviation biofuels flights reaffirms their environmental leadership.

###

**Contact:**

SG Airways Media Department

*Marketing Team—have you seen this and SG's ad? Would use of biofuels fit with our marketing strategy, and if so, under what circumstances? Bring your recommendation to the Strategy Review.*

*CEO-E. B. Masters*



# Pepperz Research Consultants, Inc.

## MonteCristoAir Passenger Survey Results

### Executive Summary

Pepperz Research Consultants, Inc. is pleased to provide the following Executive Summary of a recently completed passenger survey we conducted on behalf of MonteCristoAir.

We surveyed 100 randomly selected passengers who have flown on MonteCristoAir within the last six months. The survey asked questions about the degree of satisfaction passengers have at the major customer touch points: pre-flight, departure airport, in-flight, arrival airport, and post-flight. Respondents rated their experiences on a scale of 1 to 7, with 1 = very satisfied to 7 = very dissatisfied. What follows is a high-level summary of the results.

Customer Touch Points	Summary of Responses
<p><b>Pre-flight: reservations</b></p> <ul style="list-style-type: none"> <li>▪ On-line ease of use</li> <li>▪ In-person courtesy, knowledge and helpfulness</li> </ul>	<p>The on-line reservation system is seen as confusing and cumbersome (62% dissatisfaction), forcing over half the respondents to call in to complete their reservation.</p> <p>Customer service representatives received high marks for courtesy and helpfulness (72% satisfaction), but respondents were unhappy they had to go to the extra step of calling them after having trouble with the on-line system.</p>
<p><b>At Departure Airport</b></p> <ul style="list-style-type: none"> <li>▪ Check-in efficiency</li> <li>▪ Airline personnel</li> <li>▪ Executive Lounge comfort, amenities and service</li> <li>▪ Boarding process</li> <li>▪ On-time departure</li> </ul>	<p>Check-in efficiency received mixed reviews with the majority of respondents rating it in the middle (54%).</p> <p>Airline personnel at both check-in and the gate were rated high on courtesy (84%), but low on efficiency (64%).</p> <p>Only 13% of survey respondents used the Executive Lounge. Of those, 73% found it comfortable and enjoyed the personal service received.</p> <p>The boarding process received average ratings: smooth and quick at times, but more chaotic and slow the fuller the flight.</p> <p>On-time departure received a low rating (79% dissatisfied). Respondents said they experienced late departures of up to 30 minutes on average.</p>
<p><b>In-flight</b></p> <ul style="list-style-type: none"> <li>▪ Cabin comfort</li> <li>▪ Flight crew courtesy, helpfulness, and timely</li> </ul>	<p>The B767 rated slightly higher on the comfort scale compared to the MD-80 and B737 (a 2-point difference), with all of them falling in the middle of the satisfaction scale. Most respondents traveling in the economy section wished for more legroom.</p>

Customer Touch Points	Summary of Responses
<p>delivery of services</p> <ul style="list-style-type: none"> <li>▪ Quality of meals, beverages, entertainment options</li> </ul>	<p>First and Business Class respondents tended to give high ratings to all aspects of the in-flight experience except for the quality of the food.</p> <p>In-flight service and crew were rated high (83%).</p> <p>The quality of meals, beverages, and entertainment options received low ratings (only 23% satisfied and 69% dissatisfied). Respondents commented that if they have to pay for these now, they expect better quality.</p>
<p><b>At Destination Airport</b></p> <ul style="list-style-type: none"> <li>▪ Baggage claim timing</li> <li>▪ Lost baggage handling</li> <li>▪ Arrivals lounge comfort, amenities and service</li> <li>▪ Flight connections support</li> </ul>	<p>On average, respondents said they had to wait more than 30 minutes to claim their bags which they saw as too long. (92% dissatisfied)</p> <p>Lost bags often took more than two days to be found (if at all), and were usually returned with rips and gouges. (84% dissatisfaction).</p> <p>Only 7% of respondents used the Arrivals Lounge, and of those 86% were satisfied with its comfort, amenities and service.</p> <p>67% indicated they were satisfied with connections support, citing such things as: access and clarity of flight information, quick response time for wheelchairs or other wheeled transport to the connecting flight's gate.</p>
<p><b>Post-flight</b></p> <ul style="list-style-type: none"> <li>▪ Frequent flier program</li> <li>▪ On-line promotional advertising</li> </ul>	<p>11% of respondents are signed on as frequent fliers. Generally they like having this benefit (87% satisfied), but wish there were fewer blackout dates.</p> <p>54% like receiving information about fare sales, but 64% would prefer less frequent email ads (not more frequent than once monthly).</p>

**General Passenger Information:**

- 64% choose an airline primarily on the price of the ticket.
- 23% said their company selects the airline they fly on business.
- 34% said they fly a lot on business. Of these, 47% fly at least twice a month. (These numbers are up from the survey conducted a year ago)
- 27% fly mostly for pleasure. Of these, 78% fly at least once a year. Only 11% fly twice a year or more.
- To the question, "Would you select MonteCristoAir for your next trip?" 28% probably would and 5% definitely would. The most common reason given for choosing MonteCristoAir was loyalty to the country's flag carrier. The most common reason given for choosing another airline was price for economy passengers, and frequency and time of day schedule for business passengers.

Aviation's most efficient fleet...

...just got  
even greener!

All Caribbean flights now fueled by  
sustainable biofuels



Jane

*"It's great to know that while heading on vacation, I'm helping to protect the environment I'm going to visit"*



Frank

*"Our company is trying to reduce our carbon footprint. Now I can travel for business, while still meeting our goals"*