

Colbourne College

- UNIT 21.
Airline Management



LEARNING OUTCOME 1.

***Examine the complexities and
nature of integrated airline
operations***

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BA (HONS) Airline And Airport Management

Fall 2019

VIDEO OVERVIEW OF THE AVIATION INDUSTRY

History And Purpose

- History Of The Aviation Industry
- Two Sectors: Military And Civil
- Airport Operators And Regulators
- Compliance Requirements

Organization Of The Industry

- International Airport Codes
- Major Airlines with IATA Codes
- Airline's Regulatory Body: IATA, ICAO (local bodies: FAA (USA) & (JA))
- Air Service Routes: Cargo, Chartered Scheduled, And Schedule
- Types Of Flight And Journey: direct and connecting

INTRODUCTION TO THE AVIATION INDUSTRY

Aviation Industry

Described as building and flying aircraft.

Two sectors :

- **Military** :- aircraft flown by a nation's air force and other branches of its military
- **Civil** :- divided into domestic service and international service
 - ✓ **Domestic** :- flight must start and end within the borders of the same country e.g. Malaysia, USA, India, Australia
 - ✓ **International** :- flight starts in one country and ends in another.



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SIMPLY EASY LEARNING

THE IMPORTANCE OF AIR TRANSPORT

- ❑ Enabler to achieve economic growth and development
- ❑ Facilitates integration in a global economy
- ❑ Provides vital connection at a national, regional and international scale.
- ❑ Generates trade
- ❑ Promotes Tourism
- ❑ Creates Employment
- ❑ Means of intermingling and integrating different economies and cultures
- ❑ Encourages 'social and cultural cross-fertilization'
- ❑ Creates economic growth and diversity in a world that is becoming increasingly interdependent (globalization).
- ❑ Trade and tourism are heavily reliant on safe, secure, dependable and reasonably price air transportation. The sustainability of a whole economic sectors is reliant on its effectiveness (e.g., hotels, automobile rental firms, convention business, and tourist destinations).
- ❑ Fast transportation of cargo

(World Bank, 2019)

(Tomlinson, 20110)

➤ Introduction To The Airline Industry

BTEC UNIT DESCRIPTION

- The global air transport industry provides services to every corner of the globe and is a major economic force generating a multibillion-dollar industry, both in terms of its own operations and its impacts on related industries such as aircraft manufacturing and tourism. Global cities, regions and emerging destinations are experiencing a phenomenal growth in aviation expansion and connectivity.
- Despite the rapid growth of airlines and the aviation industry, the sector remains vulnerable. This is due to the low profit margins that govern operations, and the unforeseen circumstances, such as security concerns and climate change, that can have a dramatic effect on their business.
- The aim of this unit is to give students an insight and understanding into the complexities of the industry and multi-dimensional areas of managing and running a commercial airline. It covers a range of operational and strategic management techniques used by airlines to increase their revenue, maintain sustainable growth and manage a myriad of challenges and issues that currently face the sector.



P1. Investigate the different functional departments of
airline operations

P1. Investigate the different functional departments of airline operations

P1. CONTENT OUTLINE FOR LESSON/WEEK 1 & 2

- Different functional areas:
 - ❑ *The roles and responsibilities of different functional areas of airline operations: commercial, operations, crew, catering, finance, ground operations and maintenance*
 - ❑ *Business to Business (B2B) and Business to Consumer (B2C) operations*
 - ❑ *The value and utilization of both hard and soft skills in achieving and managing operational objectives*
 - ❑ *The differences between sales distribution channels and marketing strategies for scheduled and non-scheduled carriers*

FUNCTIONAL AREAS OF COMMERCIAL AIRLINE

- Marketing,
- Planning,
- Revenue Management,
- Flight Operations,
- Maintenance & Engineering,
- Legal and General Counsel,
- Financial Planning & Analysis,
- Human Resources/Employee Relations,
- Customer Service and Reservations,
- Advertising and Promotions,
- Corporate Communications/Public Relations,
- Properties and Facilities/Airport Affairs,
- Purchasing,
- In-Flight Services,
- Government Affairs,
- International,
- Catering,
- Flight Standards and Training,
- Safety and Security,
- Regional/Area Management,
- Cargo,
- Controller and Treasurer, and
- Secretarial.

(Tomlinson, 2011)

SAMPLE ORGANISATIONAL CHART FOR AIRLINE COMPANIES WITH DEPARTMENTS

- Turkish Airline:

https://investor.turkishairlines.com/documents/ThyInvestorRelations/img/organizational_chart_en_2018_07_26_v2.jpg

- Malaysia Airline:

<https://weechookeong.files.wordpress.com/2012/08/malaysia-airlines-organisation-chart-effective-22-august-2012-copy.jpg>

FUNCTIONAL ROLES OF DIFFERENTIAL DEPARTMENTS OF THE AIRLINE

The roles and responsibilities of different functional areas of airline operations:

➤ *commercial, operations, crew, catering, finance, ground operations and maintenance*

COMMERCIAL

The Commercial department of an airline usually deals with the following:

- Flight Schedules,
- Sales and Marketing,
- Reservations,
- Customer Service and
- General office administration of the different branches of the airline.

OPERATIONS

The Flight Operations department of an airline deals with the following:

- Oversight of flight operations and the cockpit crew,
- various government departments and ensure the licensing of employees for safe and smooth operation of flights
- The employees in Operations and Engineering are usually required to be licensed e.g. Pilots, Engineers, Technicians and Flight Operations Officers.
- Inflight Operations

➤ IN-FLIGHT OPERATIONS / CREW

Roles Of Flight Operations:

- Crew Control
- Flight Operations Support
- Flight Dispatch
- Operations Control
- Navigation
- Aircraft Operations
- Landing & Overflight Permits
- Flight Operations Publications
- In-flight Service

(Cargolux.com, n.d.)

- The aircrew are referred to as flight crew in commercial aviation. Flight crew positions:
- Captain.
- First officer.
- Second officer.
- Third officer.
- **Flight** attendant.
- **Flight** engineer.
- Loadmaster.
- Pilot.

CATERING DEPARTMENT

The airline industry is a service industry and as a result, onboard services and meals play an important part in customer experience. The roles and responsibilities of the catering department are (Balimane and Nauriyal, 2015):

- To ensure that the catering stock which is provided on board each flight is enough.
- ❑ Create Meal Policy
- ❑ Meal Design: design the meal, determine the recipe and plan the menu
- ❑ Collaborate and interact with the caterers to ensure feasibility, pricing, and food items that will be attractive for the customers.
- ❑ Meal Forecasting, Schedule Creation And Meal Orders
- ❑ Invoice Reconciliation and Payments
- ❑ Meal Planning: This takes place at the operational level where the meal counts are done and then ordered and delivered to the catering department based on the passengers on a given flight.
- ❑ Recipe and Meal Planning
- ❑ Galley Planning

ENGINEERING DEPARTMENTS

- Provide technical support and guidance in aircraft operations. It deals with maintaining the airline's fleet of aircraft. This area provides personnel and facilities for both scheduled and unscheduled maintenance and overhaul of the various types of aircraft that the company operates. Solutions for technical, operational and maintenance problems.
- Develop and maintain accurate system engineering documentation including operating and maintenance procedures to implement the engineering solutions.
- Identify equipment, maintenance or operational improvements to enhance safety, reliability or efficiency.
- Ensure that repairs and modifications are following company regulations and standards.
- Responsible for making enough aircrafts available for operations on day to day basis
- Work with manufacturers, maintenance representatives, engineering departments and regulatory personnel to effectively carry out aircraft maintenance and repairs.
- Develop and update component repair and build specification documents.
- Conduct technical evaluation of new design proposals and engineering changes.
- Perform technical risk assessments of aircraft design and assist in the preparation of risk mitigation plans.

(Great Sample Resume, n.d.)

GROUND SERVICES

Duties for Ground Handling:

- Load/Unload Baggage and Freight.
 - Use Material **Handling** Equipment
 - Monitor Customer Safety
 - Sort Baggage and Freight.
 - Fuel Planes
 - **Service** Plane Interiors
 - Wash Exterior.
 - Fill Out Paperwork
 - Repair Electrical/Mechanical Faults
 - Observe Safety and Security Procedures
- “in charge of providing men and equipment to do the Ground handling of aircraft at various airports. Wherever own facilities are not there for handling aircraft, they have to tie up with Ground Handling Agencies to get the work done.
 - “Ground handlers, also known as ground handling staff, are employees of airline companies or airports who load and unload baggage and freight, as well as perform various odd jobs to prepare planes for flight. While duties vary between airports and airlines, there are a number of tasks common to most positions.”
 - Duties for Ground Handling

(Careertrend.com, n.d.)

Other Sub-Departments

- IT department provides computer and Information technology related support for the smooth operation of the airline.
- Safety and Security department must ensure that everything in the aircraft is safe and as the Air Safety guidelines and oversees the safety and security of the airline and its passengers.
- Marketing department ensures that the airline is meeting customer needs and expectations, bringing in revenue to be profitable, and creating brand awareness.
- Human resources deals with work-force planning, recruitment and selection, human resource development, employee relations, staff welfare and benefits, conflict resolutions, and terminations.
- The planning department deals with renewal of fleet, plan expansion of network and recommends the recruiting of adequate crew and other staff
- Finance department manages revenue, expenditure, and financial reporting.

ASSIGNMENT DISCUSSION

- P2 Explore the relationship between functional departments and how they link to organisational objectives and structure from both B2B and B2C perspectives

➤ ASSIGNMENT DISCUSSION

- ❑ M1 Analyse the complexities of airline operations, structures and interrelationships in fulfilling organisational objectives.

- ❑ D1 Critically analyse the complexities of airline operations from both a B2B and B2C perspective
 - *A well-answered P2 of approximately 1, 200 words will congruently achieve M2. Consider the command verbs when answering.*
 - *A well-answered P2 of approximately 1, 500 words will congruently achieve D1. Consider the command verbs when answering.*

BREAKING DOWN P2 TO MEET THE ASSESSMENT CRITERIA

- What are the main operations and objectives of commercial airlines?
- What are the inter-relationships between the different departments of the airlines? How are these interrelationships contributing to the achievement of the business objectives?
- What are some of the business-to-business (B2B) relationships established by the airlines? Use supporting industry examples. What are the influences and impact of B2B relationship on different airline departments? Use examples. How are B2B furthering the interrelationship of the departments and contributing to business objectives.
- What services do airlines offer directly to the public through its commercial offices? How are business-to-customer (B2C) services provided through the interrelationship between the airline departments and are contributing to business objectives?

INTERRELATIONSHIPS BETWEEN DEPARTMENTS WHEN SERVICING B2B CUSTOMERS TOWARDS ACHIEVING THE OBJECTIVES OF THE AIRLINE

- ❑ Airlines seeks to be customer-centric to achieve high customer satisfaction and company profits (Grillio and Blessington). In other words, they seek to attract, service and satisfy customers in a profitable way. This requires attractive marketing proposition, great salespeople and customer service team, legal contract, customer data management, revenue and expense management, safe and comfortable aircrafts, friendly and competent crew etc.
- ❑ Airline companies have B2B relationships with other airline companies, banks, credit card companies, telecommunication companies, car rentals, travel agencies, tour companies, catering companies, airports, aircraft manufacturers e.g. Boeing and Airbus, etc

INTERRELATIONSHIPS BETWEEN DEPARTMENTS WHEN SERVICING B2B CUSTOMERS TOWARDS ACHIEVING THE OBJECTIVES OF THE AIRLINE

- B2B relationships are valuable because the individual sale and per-relationship value is large (Solomon, 2015).
- The road to B2B and B2C sales success are impacted by three (3) main factors: customer-centric attitude, intelligent approach to data, and integrated data management to customer experience (Feliu, n.d.)
- B2B customer experience must be a satisfying one because when an unsatisfied B2B customer defects e.g. a travel agency or tour company, this is costly for the airline because of the multiplier effect. **Daniel (2019) noted that poor service has very high costs for the airlines.**

B2C CUSTOMERS

- **Passengers travelling First Class.** First class is generally the most expensive flying class and provides the most comfortable accommodations and amenities.
- **Passengers travelling Business Class.** Business Class offers high quality service and amenities which are tailored for business travelers (sometimes called executive class).
- **Passengers travelling Premium Economy.** Premium Economy is an upgrade from Economy Class with more leg room and the seats themselves might be wider than regular those in the economy class.
- **Passengers travelling in Economy Class.** Economy Class is commonly called coach class or travel class. This class of services provides very basic accommodation which are commonly purchased by leisure travelers.

(Cheapair.com, n.d)

Customer Service
(Video)



Maria Ougarram

Customer Sales and Service Agent

▶ Vietnam Airlines - Ground service
(Video)



EMIRATES A380 LUXURIOUS
Business Class & Bar Experience



EMIRATES A380 - THE BAR EXPERIENCE

INTERRELATIONSHIPS BETWEEN DEPARTMENTS WHEN SERVICING B2B & B2C CUSTOMERS TOWARDS ACHIEVING THE OBJECTIVES OF THE AIRLINE

There is a linkage between customer service, customer satisfaction, and performance in the airline industry.

- *Discuss how airlines form and maintain relationships with different B2C and B2B customers. Demonstrate how the service-satisfaction-performance relationships can be sustained through interrelation between the different departments in the airlines.*
- *Keep in mind that B2B relationships come with some risk because of the multiplier effects with B2B e.g. airports, travel agencies and tour operators*

Examples Of Complexities In The Relationship:

- Hihara, 2012 (sec 4) opined that “Airport and airline interactions can be viewed as a zero-sum game of deciding, say, airport landing charges, while at the same time both entities have an incentive making a joint effort to enhance their ability to generate passenger demand and to contribute to growing regional economies.”

Here are links to great articles to assist:

How Airlines Work

[LINK: https://science.howstuffworks.com/transport/flight/modern/airline.htm](https://science.howstuffworks.com/transport/flight/modern/airline.htm)

Delta's Customer-Centric Success: Implications for B2B Sales and Marketing”

[LINK: http://www.marketingjournal.org/deltas-customer-centric-success-implications-for-b2b-sales-and-marketing-frank-grillo-and-mark-blessington/](http://www.marketingjournal.org/deltas-customer-centric-success-implications-for-b2b-sales-and-marketing-frank-grillo-and-mark-blessington/)

Analysis of Airport and Airline Relationship

[LINK: http://www.aci-asiapac.aero/services/main/16/upload/service/16/self/55cc66afd9a7c.pdf](http://www.aci-asiapac.aero/services/main/16/upload/service/16/self/55cc66afd9a7c.pdf)

The World Of Travel And Tourism: **Interrelationships**

[LINK: https://bethsworldoftravel.weebly.com/interrelationships.html](https://bethsworldoftravel.weebly.com/interrelationships.html)

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