



Industry Dialogue

Fusão de Empresas Aéreas: Impactos na Gestão de Viagens Corporativas

February 3rd, 2009

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The logo for TIVOLI Hotels & Resorts, featuring the word "TIVOLI" in a large, serif font with a diagonal slash through the letter "V". Below it, in a smaller, sans-serif font, are the words "HOTELS & RESORTS".

TIVOLI
HOTELS & RESORTS



Objetivo

Analisar o impacto da consolidação de provedores de serviços aéreos nos programas de viagens, particularmente:

- Novos fornecedores e modelos de negócios no mercado
- Questões operacionais
- Como as estratégias de terceirização precisam interagir



Painelistas

- Adriana Cavalcanti – AF/KL, Brasil
- Patricia Thomas – Academia de Viagens, Brasil
- Andrew W. Menkes – Partnership Travel Consulting, EUA



Sessão

- 30 minutos de apresentações (3 X 10 min)
- 30 minutos de Perguntas & Respostas (após concluídas todas as apresentações)
- Conclusão
- Ao final, não deixe de preencher as avaliações



ID3. Fusão de Empresas Aéreas:

Impactos na Gestão de Viagens Corporativas

Adriana Cavalcanti

03 Fev 09

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Merger Mania?

- *Airlines*
- *TMC*
- *Technology Distribution, GDS*
- *Financial institutions*
- *Telecomm*

This is just the beginning...



Managing Mergers Successfully



+ Profitability - Costs



Focus : Customer



Shareholders' satisfaction (capital market)

+

Customer satisfaction (assets)

+

Employees satisfaction (human capital)

=

Successful Growth

General advantages

Brand

(advertising, press communication,
internet, direct marketing)

Innovation

(sharing best practices,
new solutions)

How?

Synergy

(on products,
services, purchasing)

Complementary Strengths

Human capital

Simplification

(services procedures,
joint approach on sales)



Some examples:



On-going:





Airline's merger advantages:

- Two brands (or not !)
- One Voice
- Common Agreement (ATI countries)
- Combinability on prices and routes
- Common FFP (Frequent Flyer Program)
- Sharing tools (GDS, tracking tools, reporting, etc)
- Sharing procedures (Sales, stations, etc)
- Mutual feeding of hubs and rationalization of network
- Optimisation of revenue management



➔ new corporate culture = new identity

Company's Human capital

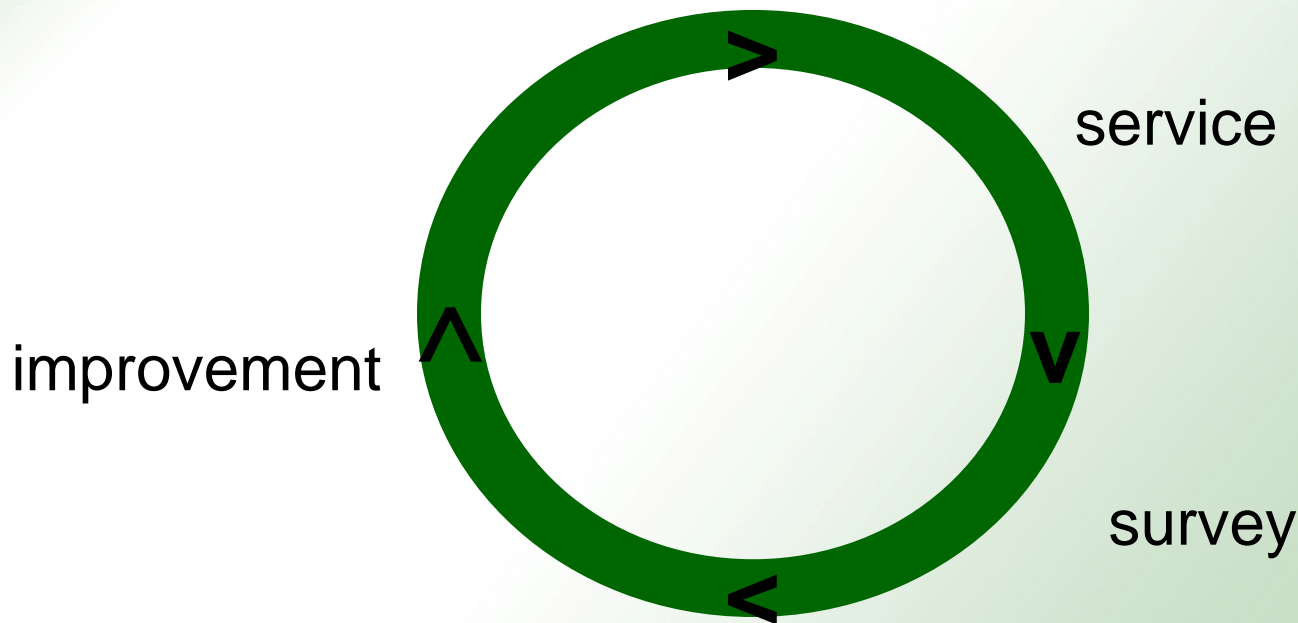
- Common HR policy
- Training
- Team motivation
- Professionalism
- Quality management
- Transparency



Structured CRM policy

=

Customer Satisfaction





Managing the transition

Adaptation & Flexibility

What's next?

Economist.com

Business

Aviation

Freedom's call

Oct 30th 2008

From *The Economist* print edition

A new bid to liberalise the crisis-wracked airline business

from contaminating the complex international settlement system (used to transfer money between travel agents and airlines) that IATA runs for the industry.

That is not all IATA is doing. Mr Bisignani has long campaigned for the industry to be freed from the shackles that prevent airlines being run as normal businesses. In particular, he wants an end to the archaic rules governing market access and the restrictions on foreign capital that limit the ability of airlines to raise equity from international capital markets and inhibit cross-border mergers (other than in the European Union, that is, where Lufthansa of Germany this week moved to take over bmi, a British carrier). He believes it is more urgent than ever to cut through the web of 3,500 government-to-government bilateral agreements suffocating the industry.

With that aim in view, and with the support of its 230 member airlines, IATA invited

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4° Encontro Latino-Americano de
Viagens Corporativas e Tecnologia

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PARIS — The airline industry is expected to have collective losses of \$2.5 billion in 2009, according to a forecast from an airline trade association.

The report from the International Air Transport Association said the 2009 loss would be half what the group's 230 members expected to lose this year and reflected improving operations in North America, where a sharp fall in fuel prices has brought relief to airlines that did not hedge against the costs.

Airlines in North America are expected to shift from huge losses to a modest profit next

Next year, North American airlines should claw out a \$300 million profit, but the margin will be less than 1 percent, the report said.

Global passenger traffic is expected to fall faster than it did after the Sept. 11, 2001, terrorist attacks. Traffic grew 2 percent in 2008, but was expected to fall 3 percent in 2009, the group said. In 2001, it fell 2.7 percent.

Air cargo traffic is an early indicator of trends in economic growth because companies stop flying inventory when a slowdown bites. The group predicted that the falloff in cargo traffic would accelerate, dropping 5 percent in 2009 after an expected 1.5 percent decline this year. In a sign that the slowdown was worsening, cargo traffic shrank 7.9 percent in October.

In Europe, where many carriers are still locked in at higher fuel-hedging levels and the biggest economies are already in a recession, aviation industry losses will be 10 times as high, or \$1 billion, in 2009, the group said.

Losses for airlines in the Asia-Pacific region will more than double, to \$1.1 billion, next year, group said. The area has a disproportionate 45 percent of the air cargo market. But Chinese exports are expected to slow, Japan is in a recession, and India is likely to have a drop in demand.

Among the fast-expanding Middle Eastern airlines, losses will double, to \$200 million. African carriers already battling to retain market share can expect another year of losses, estimated at \$300 million.

"The industry remains sick," Mr. Bisignani said, adding that "the ferocity of the economic

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ID3 – Fusão de empresas aéreas: Impactos na gestão de viagens corporativas

Patricia Thomas

3/Fevereiro/09

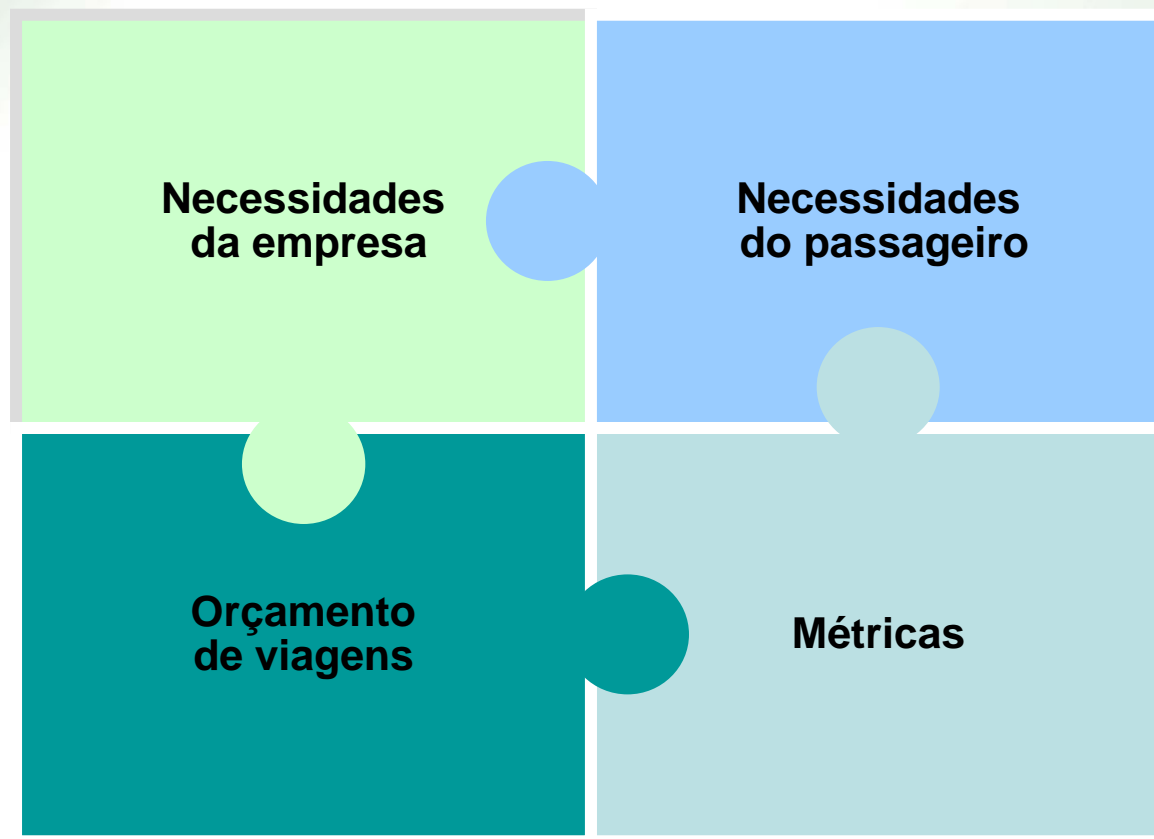
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Programa de cías aéreas

4º Encontro Latino-Americano de
Viagens Corporativas e Tecnologia



Necessidades da empresa

Necessidades da empresa

1. Destinos
2. Segurança
3. Custos
4. Serviços
5. Acordo / Contrato
6. Política de Viagens

Fusão

1. Mais destinos
2. Novo fornecedor
3. Nova negociação
4. Nova análise
5. Novo acordo
6. Comunicação

Impacto

Necessidades do passageiro

Necessidades do passageiro

1. Frequencia de vôos
2. Segurança
3. Hubs
4. Serviços
5. Milhas
6. Política de viagens

Fusão

1. Nova malha
2. Informação
3. Maior flexibilidade
4. Pesquisa de satisfação
5. Benefícios ou não
6. Conhecimento

Impacto

Orçamento de viagens

Orçamento

1. City pairs
2. Tarifas
3. Restrições
4. Tecnologia (OBT)
5. Benefícios adicionais

Fusão

1. Abrangência
2. Descontos
3. Aplicabilidade
4. Adequação
5. Savings

Impacto

Métricas

Métricas

1. % de utilização
2. Índice de satisfação
3. ATP

Fusão

1. Relatório da TMC
2. Pesquisa com usuários
3. Savings

Impacto



Obrigada!

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Airline Mergers: Implications for Corporate Travel Management

Andrew W. Menkes, CTC
Partnership Travel Consulting, LLC

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Gone But Not Forgotten



- Ask Mr. Foster
- Thomas Cook
- I V I Travel
- US Travel
- Lifeco
- Rosenbluth
- Maritz





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with Ben Mutzabaugh

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From



to

'Airlines face worst crisis since 2001'

Comment

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That's the headline from [Reuters](#), which writes "major airlines that survived a decade of reorganization through bankruptcy are now facing their biggest test since the Sept. 11, 2001 attacks." Reuters says "rising fuel prices, falling consumer demand and the prospect of a U.S. recession threaten to cripple the industry that was just starting to get on its feet before fuel prices soared to record levels, ravaging profits." Vicki Bryan, an airline analyst for Gimme Credit in Houston, tells Reuters: "This is the most perilous time for airlines since Sept. 11. United and US Airways are scrambling, and they could go bankrupt by the end of the year."

United and US Airways each "dismissed the prospect of bankruptcy," Reuters writes.

\$/bbl Impact On Losses

■ AIRLINE LOSSES GROW WITH RISING OIL PRICES | [Story](#)

Airlines' 2008 estimated net income or loss (▼), in millions, if crude oil prices average these amounts per barrel for the year:

Airline	\$75	\$95	\$100	\$110
Alaska	\$104	\$14	▼ \$9	▼ \$54
American	\$797	▼ \$538	▼ \$872	▼ \$1,539
Continental	\$444	▼ \$12	▼ \$126	▼ \$354
Delta	\$538	▼ \$100	▼ \$260	▼ \$579
Northwest	\$488	\$43	▼ \$69	▼ \$291
United	\$540	▼ \$116	▼ \$280	▼ \$609
Total majors	\$2,913	▼ \$709	▼ \$1,615	▼ \$3,426
AirTran	\$87	▼ \$27	▼ \$56	\$0
Allegiant	\$47	\$22	\$15	\$3
Frontier	\$9	▼ \$48	▼ \$63	▼ \$91
JetBlue	\$66	▼ \$45	▼ \$72	▼ \$91
Southwest	\$495	\$467	\$460	\$445
US Airways	\$259	\$19	▼ \$41	▼ \$160
Total industry	\$3,877	▼ \$322	▼ \$1,371	▼ \$3,321

Source: Merrill Lynch Airline Research

List of Defunct US Airlines

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36 Just for the letter “A”



1. AAXICO Airlines (1946 - 1965, to Saturn Airways)
2. Access Air (1998 - 2001)
3. ADI Domestic Airlines
4. Aeromech Airlines (1951 - 1983, to Wright Airlines)
5. Air America (owned and operated by the CIA in SouthEast Asia)
6. Air America (1980s)
7. Air Atlanta (1981 - 88)
8. Airborne Express (1946 - 2003, to DHL)
9. Air California, later AirCal (1967 - 87, to American Airlines)
10. Air Chaparral (1980 - 82)
11. Air Florida (1972 - 84)
12. Air Hawaii (ceased operations in 1986)
13. Air Illinois
14. Airlift International (1946 - 81)
15. Air New England (1975 - 81)
16. Air New Orleans (1981 - 88)
17. Air Niagara
18. Air North (1963 - 1983, to Brockway Air)
19. Air Oregon
20. Air South (1968 - 1975, to Florida Airlines; 1994 - 1997)
21. Air Speed (1974)
22. Air Vegas (1971 - 2004)
23. Airways of New Mexico
24. Albany Air
25. All American Aviation Company (became US Airways)
26. Allegheny Airlines (became US Airways)
27. American Flyers Airline
28. American International Airways
29. American Overseas Airlines (1945 - 1950) merged into Pan American World Airways
30. Arista International Airlines
31. Arizona Airways
32. Arizona Airways (1993-1996)
33. Aroostook Airways
34. Aspen Airways (1962 - 1990)
35. Atlantic Coast Airlines (1989 - 2004, to Independence Air)
36. Atlantic Gulf Airlines

How Do We Define “Business Class”?



How Do You Define Comfort?



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AIRLINERS.NET

Airline



- Rationalize
- Leverage Alliances
- Market Share Contracts
- Integration of LCC's
- Value-Add Services





Definition of Extortion*

Extortion, outwresting, or exaction is a criminal offense, which occurs when a person either unlawfully obtains money, property or services from a person, entity, or institution through coercion or intimidation or threatens a person, entity, or institution with physical or reputational harm unless he is paid money or property. Refraining from doing harm is sometimes euphemistically called protection. Extortion is commonly practiced by organized crime groups.

*Source: Wikipedia



Definition of Blackmail*

Extortion is distinguished from [blackmail](#).

In blackmail, the blackmailer threatens to do something which would be legal or normally allowed.

*Source: Wikipedia



Why Airlines Merge

- Limited Access To Capital
- Reduce Competition
- Spread Combined Customer Base Over Fewer Aircraft
- Eliminate Duplication
- Increase Market Share



Top 10 Airlines (RPK)

1. American (224)
2. Air France/KLM (197)
3. United (189)
4. Delta (159)
5. Continental (127)
6. Northwest (117)
7. British Airways (115)
8. Lufthansa (110)
9. Southwest (109)
10. Japan Airlines (96)

How Mergers Affect Business Travel

Reduced Capacity

Fewer Flights

Fewer Non-Stops

Fewer Hubs

FREQUENCY

Less Discounted Inventory
Higher Fares

More Restrictions

COST

Crowded Aircraft
Decreased Service
Increased Delays

SERVICE

How Travel Buyers Can Survive Airline Mergers



1. Contract Language: Anticipate x Mergers
2. Technology: TMC reporting metrics
3. Finance: Market Share Caveats
4. Planning: Identify Key City Pairs
5. Risk Management: Prepare action document



Perguntas & Respostas

Questions & Answers

OBRIGADO!!!



See you next LACTTE

March 1st to 3rd, 2010