

BUSINESS PROBLEM

Our company operates a diverse fleet of aircraft ranging from small business jets to medium-sized machines. We have been providing high-quality air transportation services to our clients for several years, and our primary focus is to ensure a safe, comfortable, and convenient journey for our passengers. However, we are currently facing challenges due to several factors such as stricter environmental regulations, higher flight taxes, increased interest rates, rising fuel prices, and a tight labor market resulting in increased labor costs. As a result, the company's profitability is under pressure, and they are seeking ways to address this issue. To tackle this challenge, they are looking to conduct an analysis of their database to find ways to increase their occupancy rate, which can help boost the average profit earned per seat.



MAIN CHALLENGES

1. **Stricter environmental regulations:** The demand on the airlines industry to decrease its carbon footprint is growing, which has resulted in more stringent environmental laws that raise operating costs and restrict expansion potential.

2. **Higher flight taxes:** To solve environmental issues and increase money, governments all around the world are taxing aircraft more heavily, which raises the cost of flying and decreases demand.
3. **Tight labor market resulting in increased labor costs:** The lack of trained people in the aviation sector has increased labor costs and increased turnover rates.

OBJECTIVES

1. **Increase occupancy rate:** By increasing the occupancy rate, we can boost the average profit earned per seat and mitigate the impact of the challenges we're facing.
2. **Improve pricing strategy:** We need to develop a pricing strategy that takes into account the changing market conditions and customer preferences to attract and retain customers.
3. **Enhance customer experience:** We need to focus on providing a seamless and convenient experience for our customers, from booking to arrival, to differentiate ourselves in a highly competitive industry and increase customer loyalty.

The end goal of this task would be to identify opportunities to increase the occupancy rate on low-performing flights, which can ultimately lead to increased profitability for the airline.

BASIC ANALYSIS

The basic analysis of data provides insights into the number of planes with more than 100 seats, how the number of tickets booked and total amount earned changed over time, and the average fare for each aircraft with different fare conditions. These findings will be useful in developing strategies to increase occupancy rates and optimize pricing for each aircraft. **Table 1** shows the aircraft with more than 100 seats and the actual count of the seats.

Aircraft code	Number of Seats
319	116
320	140
321	170
733	130
763	222
773	402

Table 1

In order to gain a deeper understanding of the trend of ticket bookings and revenue earned through those bookings, we have utilized a line chart visualization. Upon analysis of the chart, we observe that the number of tickets booked exhibits a gradual increase from June 22nd to July 7th, followed by a relatively stable pattern from July 8th until August, with a noticeable peak in ticket bookings where the highest number of tickets were booked on a single day. It is important to note that the revenue earned by the company from these bookings is closely tied to the number of tickets booked. Therefore, we can see a similar trend in the total revenue earned by the company throughout the analyzed time period. These findings suggest that further exploration of the factors contributing to the peak in ticket bookings may be beneficial for increasing overall revenue and optimizing operational strategies.

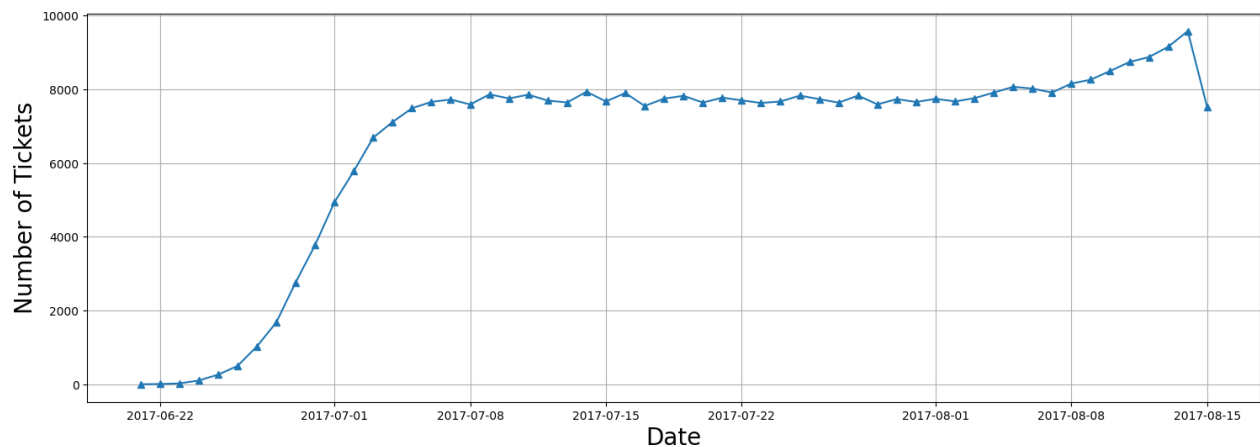


Figure 1

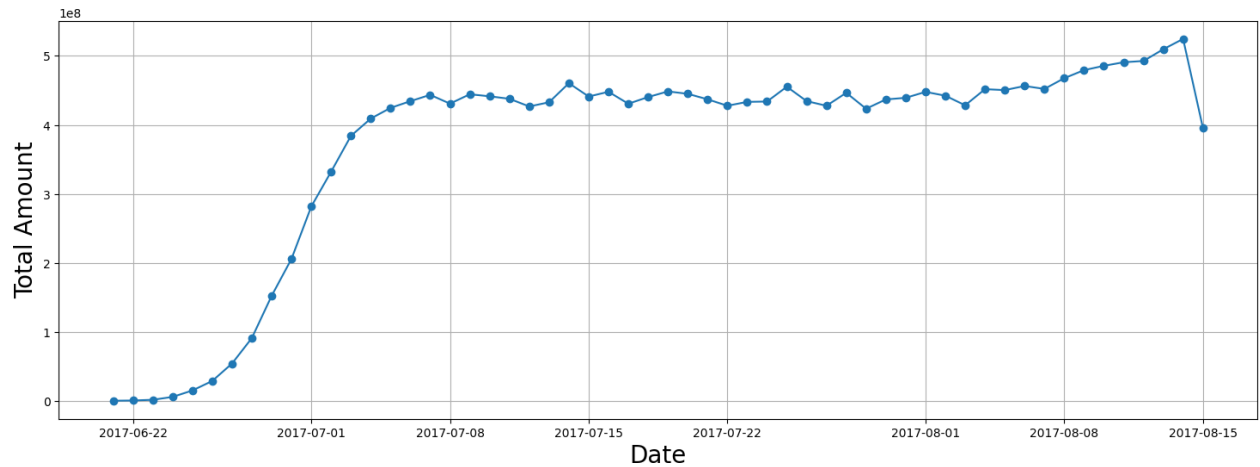


Figure 2

We were able to generate a bar graph to graphically compare the data after we completed the computations for the average costs associated with different fare conditions for each aircraft. The graph Figure 3 shows data for three types of fares: business, economy, and comfort. It is worth mentioning that the comfort class is available on only one aircraft, the 773. The CN1 and CR2 planes, on the other hand, only provide the economy class. When different pricing circumstances within each aircraft are compared, the charges for business class are consistently greater than those for economy class. This trend may be seen across all planes, regardless of fare conditions.

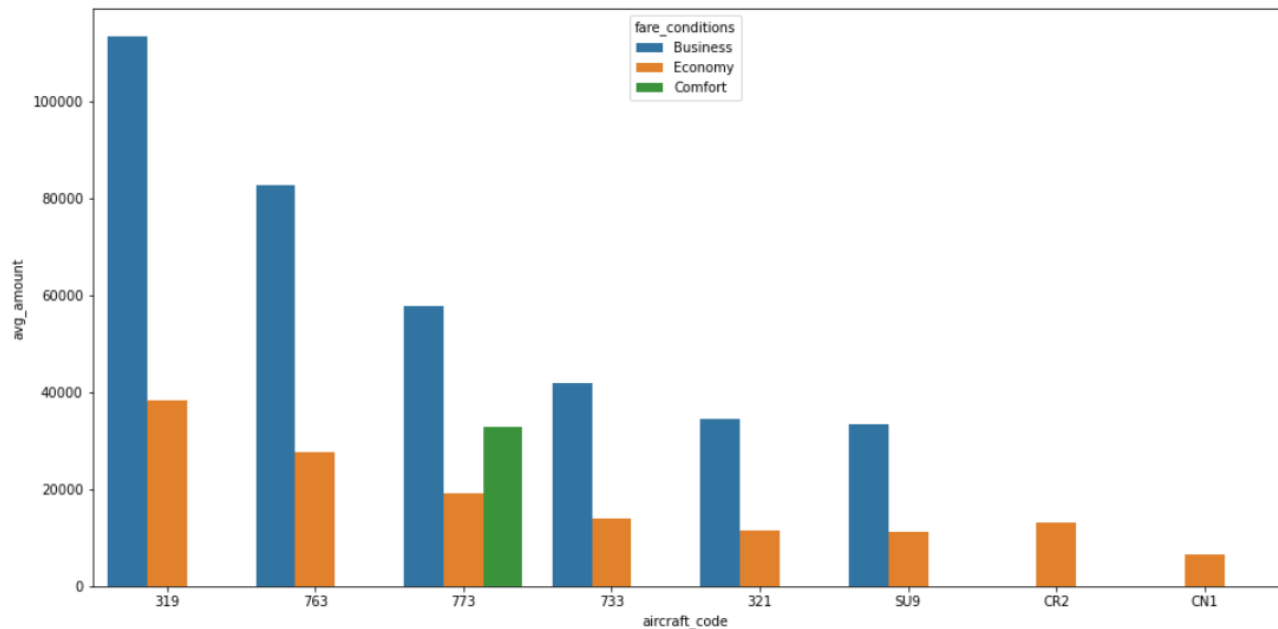


Figure 3

From the table, we can observe that the "Economy" class has the highest total amount and number of bookings of 14,695,684,400 USD and 920,793 respectively, followed by "Business" with 5,505,179,600 USD and 107,642 bookings, and "Comfort" with 566,116,900 USD and 17,291

bookings. This suggests that the "Economy" class contributes the most to the overall revenue and ticket sells. Despite the "Economy" class have the highest number of bookings and generates significantly more revenue compared to the "Business" and "Comfort" class. But the average revenue per booking is higher for the "Business" class compared to "Business" and "Comfort".

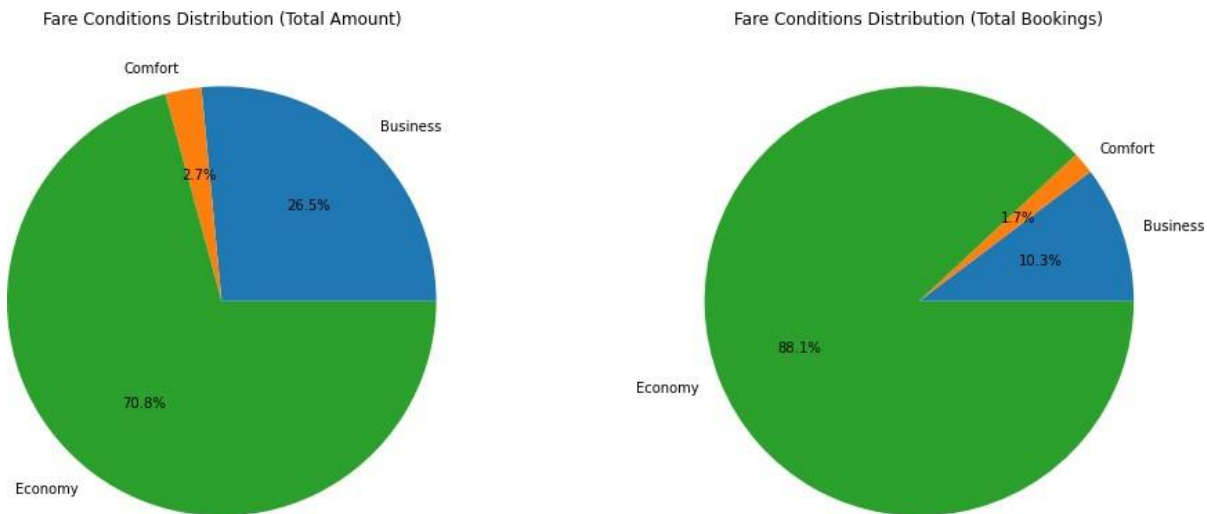


Figure 4

ANALYSING OCCUPANCY RATE

Airlines must thoroughly analyze their revenue streams in order to maximize profitability. The overall income per year and average revenue per ticket for each aircraft are important metrics to consider. Airlines may use this information to determine which aircraft types and itineraries generate the most income and alter their operations appropriately. This research can also assist in identifying potential for pricing optimization and allocating resources to more profitable routes. The below figure 5 shows the total revenue, total tickets and average revenue made per ticket for each aircraft. The aircraft with the highest total revenue is SU9 and from the figure 3 it can be seen that the price of the business class and economy class is the lowest in this aircraft. This can be the reason that most of the people bought this aircraft ticket as its cost is less compared to others. The aircraft with least total revenue is CN1, and the possible reason behind this is it only offers economy class with very least price and it might be because of its poor conditions or less facilities.

	aircraft_code	total_revenue	ticket_count	avg_revenue_per_ticket
0	319	2706163100	52853	51201
1	321	1638164100	107129	15291
2	733	1426552100	86102	16568
3	763	4371277100	124774	35033
4	773	3431205500	144376	23765
5	CN1	96373800	14672	6568
6	CR2	1982760500	150122	13207
7	SU9	5114484700	365698	13985

Figure 5

The average occupancy per aircraft is another critical number to consider. Airlines may measure how successfully they fill their seats and discover chances to boost occupancy rates by using this metric. Higher occupancy rates can help airlines increase revenue and profitability while lowering operational expenses associated with vacant seats. Pricing strategy, airline schedules, and customer satisfaction are all factors that might influence occupancy rates. The below figure 6 shows the average booked seats from the total number of seats for each aircraft. The occupancy rate is calculated by dividing the booked seats by the total number of seats. Higher occupancy rate means the aircraft seats are more booked and only few seats are left unbooked.

	aircraft_code	booked_seats	num_seats	occupancy_rate
0	319	53.58318098720292	116	0.46192397402761143
1	321	88.80923076923077	170	0.5224072398190045
2	733	80.25546218487395	130	0.617349709114415
3	763	113.93729372937294	222	0.5132310528350132
4	773	264.9258064516129	402	0.659019419033863
5	CN1	6.004431314623338	12	0.5003692762186115
6	CR2	21.48284690220174	50	0.42965693804403476
7	SU9	56.81211267605634	97	0.5856918832583128

Figure 6

Airlines can assess how much their total yearly turnover could improve by providing all aircraft a 10% higher occupancy rate to further examine the possible benefits of raising occupancy rates. This research can assist airlines in determining the financial impact of boosting occupancy rates and if it is a realistic strategy. Airlines may enhance occupancy rates and revenue while delivering greater value and service to consumers by optimizing pricing tactics and other operational considerations. The below figure shows how the total revenue increased after increasing the occupancy rate by 10% and it gives the result that it will increase gradually, so airlines should be more focused on the pricing strategies.

	aircraft_code	booked_seats	num_seats	occupancy_rate	Inc occupancy rate	Inc Total Annual Turnover
0	319	53.58318098720292	116	0.46192397402761143	0.5081163714303726	2976779410.0
1	321	88.80923076923077	170	0.5224072398190045	0.574647963800905	1801980510.0
2	733	80.25546218487395	130	0.617349709114415	0.6790846800258565	1569207310.0000002
3	763	113.93729372937294	222	0.5132310528350132	0.5645541581185146	4808404810.0
4	773	264.9258064516129	402	0.659019419033863	0.7249213609372492	3774326050.0
5	CN1	6.004431314623338	12	0.5003692762186115	0.5504062038404727	106011180.00000001
6	CR2	21.48284690220174	50	0.42965693804403476	0.4726226318484382	2181036550.0
7	SU9	56.81211267605634	97	0.5856918832583128	0.644261071584144	5625933169.999999

Figure 7

It is also important to identify which flight route are having low occupancy rate in order to assess cost-effectiveness of operating those routes. Figure 8 shows the top 10 flight routes and worst 10 flight routes with highest occupancy rate. Figure 9 shows the airlines route that have the occupancy rate below 50%. If the operating costs outweigh the potential revenue generated from low passenger demand, airlines may consider reducing the frequency of flights, adjusting the aircraft size to match the demand, or even suspending the route altogether. Routes with low occupancy rates may indicate a misalignment between supply and demand. By identifying these routes, airlines can reallocate their resources, such as aircraft and crew, to more profitable and high-demand routes. It also helps the airlines to develop strategies to improve passenger demand and increase revenue. Overall identifying air routes with low occupancy rates enables airline companies to optimize costs, allocate resources effectively, enhance revenue, improve customer satisfaction, and make informed strategic decisions. It helps them streamline their operations, focus on profitable routes, and achieve long-term sustainability in the highly competitive airline industry.

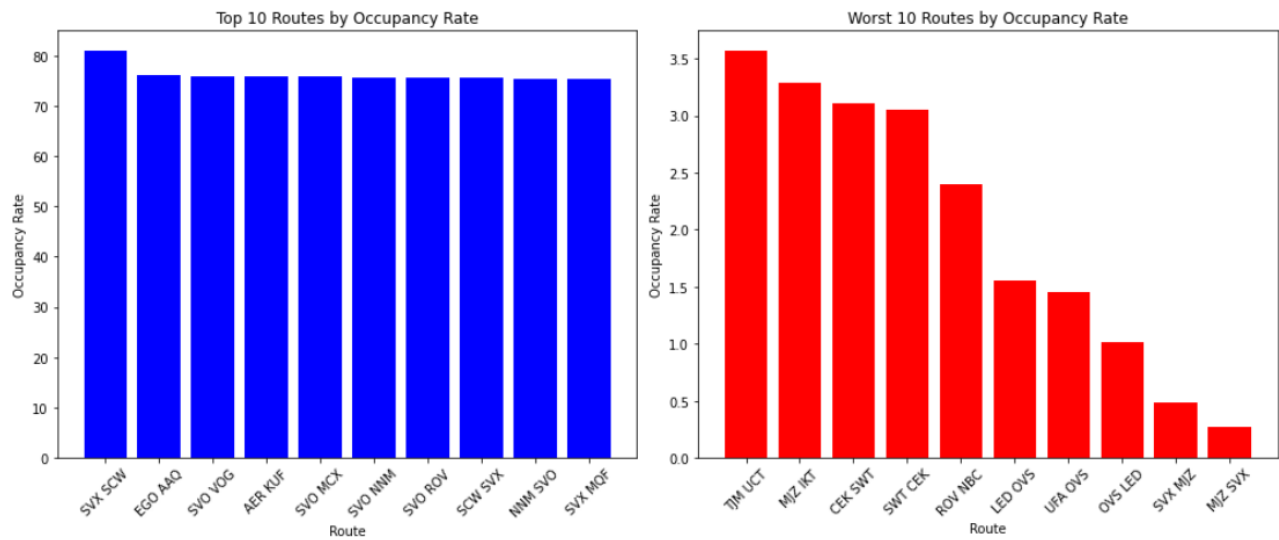


Figure 8

	route	seats_available	bookings_made	route_occupancy
198	UFA ESL	5820	2906	49.93127147766323
254	ABA DME	1972	978	49.59432048681541
26	DME KUF	13320	6604	49.57957957957958
454	OGZ SVO	2950	1462	49.559322033898304
33	DME SCW	13320	6595	49.512012012012015
...
147	LED OVS	2950	46	1.5593220338983051
200	UFA OVS	2950	43	1.4576271186440677
320	OVS LED	2950	30	1.0169491525423728
169	SVX MJZ	1455	7	0.48109965635738833
274	MJZ SVX	1455	4	0.27491408934707906

297 rows × 4 columns

Figure 9

CONCLUSION

1. Analyzing revenue data like total revenue per year, average revenue per ticket, and average occupancy per aircraft is crucial for airlines to maximize profitability.
2. By assessing these indicators, airlines can identify areas for improvement and make changes to their pricing and route plans.
3. A higher occupancy rate is important for profitability as it allows airlines to maximize revenue while minimizing costs related to empty seats.
4. Despite the "Economy" class have the highest number of bookings and generates significantly more revenue compared to the "Business" and "Comfort" class. But the average revenue per booking is higher for the "Business" class compared to "Business" and "Comfort."
5. Identifying air routes with low occupancy rates enables airline companies to optimize costs, allocate resources effectively, enhance revenue, improve customer satisfaction, and make informed strategic decisions.
6. Airlines should review and adjust the prices for each aircraft, considering factors like condition and facilities, to ensure they are neither too cheap nor too expensive.
7. However, increasing occupancy rates should not compromise consumer happiness or safety.
8. Airlines need to find a balance between profit and delivering high-quality service while upholding safety regulations.
9. Adopting a data-driven strategy for revenue analysis and optimization can help airlines achieve long-term success in a competitive business.