Revenu Mangement Case Study

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1) Which month has seen the biggest change in capacity (ASM) since last year? What could be the impact of this change?

Month 9 has experienced the largest value for “ASM YoY” with a 64% increase.

- **Lower Load Factor (LF):** If demand remains relatively constant, capacity increase may lead to lower LF. As we can see for month9, “LF YoY” is -7.9% which is the lowest.
- **Lower Revenue:** If demand remains relatively constant, capacity increase may lead to lower revenue. It can be seen for month 9, “RASM YoY” is -27% which is the lowest.
- **Why “Yield YoY” is not the lowest?**
  - It is based on RPM, even if RASM and LF are the lowest, if the number of passenger increases, RPM increases.
- **Strategic Considerations:** Capacity increase may put downward pressure on fares as airlines try to fill more seats. BUT looking at the Fare Class table, they are mainly in the middle for this month . Maybe fares are adjusted based on competitors.

2) Which month has the highest TMC this year? The biggest LF to date this year, and the biggest final LF last year? 5.1) The best performance month this year

2.1 Month 7 has the highest TMC by $524

2.2 Month 7 shows the highest LF by 40.4%.

2.3 Month 10 indicates the highest LF Final last year by 94.3%.

5.1 Month 7 is the best performance due to highest “RASM CY”, “Yield CY”, and “TMC CY”.

Departure Month	ASM Share	ASM YoY	RASM CY	RASM YoY %	LF CY	LF YoY (Pts)	LF 2023 Final	LF Var CY 7D (Pts)	Ecart LF YoY 7D (Pts)	Pax Var 7D Vs LW %	Yield CY	Yield YoY %	Yield CY WoW	TMC CY	TMC CY WoW
07-I	12%	46 %	6,6	-9 %	40,4 %	-5,7	90,9 %	2,0	-2,5	10 %	$16,4	4 %	-0,1	$524	($3)
08-.	13%	3 %	4,3	-10 %	27,4 %	-3,4	88,9 %	1,9	-1,5	5 %	$15,7	1 %	0,1	$504	$2
09-.	21%	64 %	3,9	-27 %	25,4 %	-7,9	92,5 %	2,2	-1,4	-22 %	$15,5	-4 %	0,1	$496	$2
10-.	20%	49 %	3,1	-11 %	20,7 %	-0,2	94,3 %	1,9	-0,5	-48 %	$15,0	-10...	0,2	$480	$5
11-.	19%	46 %	3,4	-14 %	21,7 %	-3,1	91,8 %	2,2	-0,9	-40 %	$15,7	-2 %	0,1	$502	$5
12-I	14%	63 %	1,9	14 %	11,7 %	2,3	80,3 %	1,1	0,5	72 %	$15,8	-8 %	-0,1	$507	($2)
Total	**100%**	**44 %**	**3,7**	**-15 %**	**23,8 %**	**-3,5**	**90,2 %**	**1,9**	**-1,0**	**-26 %**	**$15,7**	**-2 %**	**0,1**	**$502**	**$2**

3) Can you pinpoint when the data were observed (Observation Date)? Does the data reflect a time far from the start, or rather close to it

While without an explicit timestamp, it is challenging to judge the timing, **I assume**:

- Data is collected at similar time and fixed interval each year for comparative analysis.
- Data is observed close to beginning of each month due to unmature “LF CY”. It would be closer to “LF 2023 Final + LF YoY” if it were observed at the end of the month.

Departure Month	ASM Share	ASM YoY	RASM CY	RASM YoY %	LF CY	LF YoY (Pts)	LF 2023 Final	LF Var CY 7D (Pts)	Ecart LF YoY 7D (Pts)	Pax Var 7D Vs LW %	Yield CY	Yield YoY %	Yield CY WoW	TMC CY	TMC CY WoW
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Total	100%	44 %	3,7	-15 %	23,8 %	-3,5	90,2 %	1,9	-1,0	-26 %	$15,7	-2 %	0,1	$502	$2

5.2) The month with the worst performance. 6) Is the worst performing month in the process of improvement? Strategy

5.2 Although “Yield CY” and “TMC CY” are lowest in month 10, I select month 12 as the worst performing month due to the lowest “RASM CY”.

- It seems the extra capacity (ASM YoY = 63%) has not been used properly yet and “LF CY” is the lowest, 11.7%.

6 Yes, month 12 metric are improving both compared to last year and within current year.

- “RASM YoY” is positive by 14%. “Pax Var 7D Vs LW%” is also significant and positive, 72%.
- ➢ **Strategy Recommendation**: Fare class can be increased, yet cautiously since LF is still low.

Departure Month	ASM Share	ASM YoY	RASM CY	RASM YoY %	LF CY	LF YoY (Pts)	LF 2023 Final	LF Var CY 7D (Pts)	Ecart LF YoY 7D (Pts)	Pax Var 7D Vs LW %	Yield CY	Yield YoY %	Yield CY WoW	TMC CY	TMC CY WoW
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7) Comment on month 11's current performance and strategy, then make a recommendation for a better strategy than the one currently in place.

- Decline in **“RASM YoY”** [-14%], **“LF YoY”** [-3.1], **“Yield YoY”** [-2%], **“Pax Var 7D Vs LW %”** [-40]

- **Problem:** There is underutilized capacity, combined with relatively low demand
- **Recommendation:** Promotional campaigns and fare sales to stimulate demand

8) Which month do you think has generated the most revenue so far? Please explain.

- “RASM CY” * “ASM Share”=Revenue share
- Month 7: 6.6 * 12% = 0.792
- Month 8 : 4.3 * 13% = 0.559
- Month 9 : 3.9 * 21% = 0.819
- Month 10 : 3.1 * 20% = 0.62
- Month 11 : 3.4 * 19% = 0.646
- Month 12 : 1.9 * 14% = 0.266

Questions to ask, information to seek

1. **Competitive Landscape:** presence of other airlines operating on the same route, their capacity changes, Market Share, etc.
2. **Operational Cost**
3. **Economic Factors:** Cost of living, fuel. Affecting both demand and pricing.
4. **Marketing Initiatives**: Promotional campaigns
5. **Customer Segmentation Data**: Traveler demographics, preferences, and behavior patterns
6. **Historical Data**: Passenger demand trends for the route over the same period. Booking patterns, seasonality factors, etc.
7. **Total Number of Seats / Flights :** [Q4) Are you able to determine the number of departures per month or the month with the highest number of departures/seats? **Not** the exact numbers, we only know the "ASM share" showing month 9 is highest 21%]

Thank you!

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