Our Clients

A selection of the airline clients who have benefitted from our consultancy expertise:

- Blu-Express
- Condor
- Hapag-Lloyd Express (HLX)
- Jet4you
- SunExpress
- Thomas Cook
- Thomsonfly
- transavia.com
- TUIfly

To date PROLOGIS AG has been part of projects for more than 20 regional and international airlines in key business areas such as:

- Low-cost and hybrid airline business
- Revenue management and distribution
- NewSkies® migration
- Financial controlling and data warehousing

PROLOGIS consultants have many years of practical experience and profound knowledge in different areas of the airline business. Our objective is to provide consultancy that is based on your current as-is situation as well as what is feasible from a business perspective.

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PROLOGIS AG
Experts in Aviation Consultancy
The Low-Cost Market – Low Costs, High Flyers

Low-cost carriers (LCC) have dramatically changed the aviation industry in recent years. A typical LCC business model is characterized by the practices that enable the airlines to cut costs in comparison to conventional carriers:

• simple product and service
• cost efficient network
• direct sales of tickets
• simple fare schemes
• cost efficient operation
• streamlined processes

These characteristics are heavily geared towards cutting unnecessary costs related to labor, aircraft and fuel, infrastructure, distribution and seat density adjustments. LCCs save 40 to 65 per cent on costs versus a conventional carrier. Most of the legacy carriers have developed new products, harmonized their fleets, tightened their processes, discovered the Internet as a sales channel and significantly reduced their costs. And they have joined the battle for cost-conscious short-haul passengers, which is forcing many LCCs to change or enhance their businesses. Particularly in Europe and the US, low-cost airlines are increasingly adopting a hybrid business model with additional types of sales and services. However, new business strategies result in a level of complexity that few airlines can cope with.

Your challenge

In booming markets like the Middle East, Asia or Latin America, more and more investment companies and traditional airlines are deciding to enter the low-cost business. These new carriers have either to start from scratch or be integrated into the structure of an existing airline. A new start-up airline has to define and set up the whole airline operation as well as introduce a new brand and its service to the market. Other low-budget carriers are founded as subsidiaries of conventional airlines, which leads to the challenge of implementing the characteristics and costs essential for an LCC even though these might contradict the business of the parent company.

PROLOGIS has been part of projects for many airlines and investment companies to develop and set up a low-cost model or to upgrade the LCC business to a hybrid model so as to face stronger competition.

Our support

PROLOGIS fully analyzes the business opportunities and the market environment of a planned or already established low-cost carrier. We support you in implementing your business plan, in running your airline operation to achieve your business objectives and in enhancing your business to face the dynamics of the aviation industry. PROLOGIS offers a wide range of support in the following areas:

• Target groups: analyzing demand patterns of potential customer groups, such as business travelers, leisure passengers, immigrant workers etc.
• Marketing, sales and service strategy: defining the best strategic approach based on experience of successful LCCs in Europe, America and Asia
• Routing: defining “catchment areas” with high potential for LCC destinations
• Strategic partners: analyzing and approaching potential partners (e.g. tour operators, airports or other airlines)
• Revenue management and distribution: analyzing flight demand, external competition, market environment and individual schedule pricing
• Human resources and outsourcing: considering available resources on the market and recommending tasks that should be outsourced to third parties
• Low-cost processes (internal and external): streamlining airline processes (ticket-less sales, electronic invoice reconciliation, outsourcing of services with performance-related charges, etc.)
• IT systems: supporting clients in selecting and implementing adequate IT applications, such as systems for revenue management, Internet distribution or invoice reconciliation

Results

Before starting to establish a new airline or repositioning a conventional carrier as an LCC, it is essential to consider all options and to clarify the risks and restrictions of the low-cost business in a particular market. Hence PROLOGIS can support you in preparing a concrete business case which considers the market environment and meets the expectations of shareholders and management.

The business model will consider options regarding flight destinations, aircraft types and sales channels, etc., as well as the general business decision as to which services should be generated by the new company or outsourced to a third party (aircraft, crew, IT, etc.)

After the final decision on a business model, a detailed plan will be developed and agreed with the management of the LCC to outline the required organization, fleet, flight program and services and the necessary aircraft configuration to make the airline a successful and profitable venture.