

# AIR FREIGHT

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The thesis is aimed to describe in detail understanding and function of air cargo. It concentrates on characterization and analysis of the basic activities indispensable for cargo airlines operations. In my assignment I present some key patterns and conditions of the air cargo with a description of the transport organization supplemented. My assignment describes marketplace of the business in question and the principal subjects playing vital role in it. The main consideration is the demand and supply analysis whether it be low-cost cargo carriers or prevailing ones. As a conclusion for this search I propose an ideal model of the cargo airlines that is framed up on the basis utilizing the low-cost and prevailing cargo airlines analysis.

**K e y w o r d s:** Air Cargo , Airlines, Carriers and Operators, Cargo

## 1 INTRODUCTION

Air transport can be regarded as a very dynamic and complex system of human activity, ongoing daily all around us. With global trade, travel and tourism increasing, air transport has developed into one of the most important industries. The principal feature of commercial air transport is in carrying passengers, cargo and mail for remuneration. Transport takes place by means of personal transportation and freight. Air freight has its irreplaceable role in today's ever developing world.

## 2 AIR TRANSPORT

Air transport is the youngest but fastest growing type of transport. The transport of goods and services. A specific feature is that it is used for transporting the atmosphere above the Earth's surface. Means of air transportation is furnished as an aircraft able to carry on board a person or goods. Aircraft operators are airlines. An air route is the airport, air traffic services a defined volume of airspace. The airport is geographically defined and properly regulated area, including a set of structures and facilities permanently designated for takeoff and landing aircraft if aircraft movements associated with it. Air traffic services are a set of activities provided by the airspace users, to the air traffic control, flight information services and emergency services. Air transport can be divided into regular service or irregular. For urgent transports to use regular passenger and freight transport and freight transport irregular.

### 2.1 Freight air transport on regular routes

The main advantages are quick delivery times, reliability and not least security. The traffic study is generally expensive, share in global freight is small, but in terms of value of freight transported on the contrary, very significant. Air freight is focused on mixed cargo, used especially for the transport of valuable goods, goods perishable, or goods that are sensitive to supply a small amount on a fixed time. It is offered on scheduled airlines according to the schedule, which can be used to transport passenger aircraft (carrying a passenger) or

costly (no passengers). The use of personal aircraft for the carriage of goods ancillary activities. The priority for airlines to carry as many passengers and their luggage, then the remaining free space allows the transport of goods. The use of cargo aircraft is just about the cargo planes to custom. Freight Transportation on the market usually runs this chain: carrier - freight forwarder - handling agent - carrier - handling agent - recipient.

Benefits for emergency service:

- the lowest possible price on air
- rapid transport of medium and long distances over other shipments

Disadvantages of the emergency service:

- risk in unladen items to originally planned (capacity reasons)
- the need to deliver the consignment to the airport usually at least 3 hours before departure
- Pickup option is usually 3 hours after arrival
- limited transport capacity of the aircraft

### 2.2 Passenger air transportation

Air passenger transport is a process consisting of sales, distribution and implementation of air transport services. This process includes a variety of sub-activities, which the individual airlines devote separate those specialists. These are processes such as. Transportation to the airport, checking in, waiting before departure, boarding, flight services, private air transportation, the output terminal departure from the airport. The choice of air carrier mainly affects the price of transportation, flight schedules, schedule adherence. Passenger air carriers based on the contract of carriage between air carriers and passengers in the form of a ticket voucher. The ticket is the passenger's name, type of traffic. Passengers may carry only those aircraft which have purchased a valid ticket and secured place. This is for the airline passenger and binding.[3]

According to the selected class airline tickets and travel distance of the passenger is entitled to free transport of luggage a certain weight. The demand for passenger air travel continues to increase worldwide and services in these areas provides a large number of companies.

**Types of costs of transportation, accompanied by courier:**

- road transport - loading by sender and delivery to airport
- pay courier
- air ticket, hotel + transportation, any other costs
- for any excess costs, packing luggage

**Benefits for emergency service:**

- short time transport
- greater control over the shipment is accompanied by an appointed person
- greater variability routes against air cargo transportation
- availability of items in a short time after arrival

**Disadvantages of the emergency service:**

- high cost compared to standard forms of transport
- underpinned by a neutral part of the transport carriers - airport staff
- risk to aircraft shipments unladen

**2.3 Non-scheduled air transportation - charter**

Non-scheduled air transportation is under the direct orders when it hired a hold of an aircraft, regardless of his actual occupation and utilization. The transport takes place within an agreed time on the track specifically defined customer traffic. Prior to the making the contract is signed on the implementation of all elements containing and conditions. In air cargo transportation is mainly used in cargo planes, known as the freighter, which are designed to maximize carrying capacity. For smaller consignments to use the aircraft for the transport of persons, or the possibility to adapt the transport area. Charter flight is clearly fastest in the form of shipments of medium-and long-distance transport but also the most expensive by a wide margin over other species.

**Types of costs in the transport charter flights:**

- road transport - loading by sender and delivery to airport
- charter air transportation - including charges related to air transport, provides an air carrier
- for transport outside the EU company must count the costs for customs clearance

**Benefits for emergency service:**

- use the next airport - air transportation utilized to the extent possible
- the possibility of loading the consignment immediately before departure, obtained shortly after arrival
- priority handling of the consignment throughout the transport
- complete information on the status of your shipment

**Disadvantages of the emergency service:**

- very high costs
- dependence on weather
- the issue of air rights for transport outside the EU
- delays in the preparation of the flight may jeopardize its realization[2]

**3 INTERNATIONAL AIR TRANSPORT  
PASSENGERS AND GOODS**

Fundamental aspects of legal regulation of international commercial air transport deal with international agreements within the unifying framework of the Warsaw and Montreal system. "International air service" under the provisions of the Warsaw and Montreal Conventions defined as all services which the place of departure and destination in the territory of States Parties to those conventions or if Transport was the territory of a Contracting State and an aircraft in service is suspended in another, even non-Contracting State.

**3.1 Subjects of international air transport**

**The carrier**

Formal theory considers the carrier who concludes the contract of carriage to clients, regardless of whether transport actually performed. The physical theory is that air carriers who transport actually takes place. Determination people carrier is crucial, especially as regards its responsibility for the carriage. People who enter into the contract of carriage space air carrier.

**Passenger**

A person being transported by aircraft under a contract of carriage.

**The consignor and consignee of cargo**

The association IATA shipper is the person shown on the air waybill, which concludes the contract of carriage with the carrier. The beneficiary is the person to whom the cargo carrier to get through.

**3.2 The objects of international air transport**

**Luggage**

There are two categories of luggage belonging to the first small personal items that carry a passenger on board the aircraft. The second category is called. baggage that is transported in the cargo area and it takes care of the carrier. Type of baggage distinction is important for determining the duties and liability of the carrier mode.

The Warsaw Convention, the passenger must get to checked baggage, cargo despatch commanded the data. Written to baggage is weighed, both because of possible pay for exceeding the weight limit per passenger, and also because of the limitations of carrier's liability for damages.

**Load**

Consists of all movable items except luggage and mail transported by air to the air waybill. Most goods are transported or greater value discard quickly. In terms of time and practical reasons for the carriage of goods widely used containers supplied by the airlines themselves or their recruitment agencies.

**3.3 The contract of carriage**

Concluding a contract of carriage, the client confirms the acceptance of carrier transport conditions. Terms of carrier states in principle, but they must be contrary to the provisions of the Warsaw and the Montreal Convention.

**3.4 Shipping documents****Transportation of passengers**

The necessary documents to transport passengers under the Warsaw Convention is the ticket, which should include information about points of origin and destination or stop in another country, carrier data and information on the applicability of convention. Mandatory data are places of departure and destination and possibly stop in another country.

**Transport of cargo**

The air waybill is a document that has "accompany goods" to its rapid identification. In his version, unlike the Passenger is responsible consignor. The Warsaw Convention, the carrier has the right to require the consignor to issue the bill of lading, and do have the right to require its adoption. The contents of the bill of lading to the carrier should be clear destination of goods, the person to whom goods are to be delivered, or other circumstances agreed between the parties to the carriage.[4]

**4 ANALYSIS OF AIR CARRIERS IN TERMS OF A DEMAND****Money orders**

Two basic factors that make up the aviation market, offering services and demand for them. The first part will be named general facts relating to the supply of classic and low-cost airlines. The second part will be done by analysis of demand for aviation, formed by individuals, not organized groups, organized groups, travel agencies or other groups.

**4.1 Offer of flights**

The main component of the airlines offer a marketing mix that is as a tool for classification of components used in the analysis menu. These are called. 5P model: product, price, place, promotion and people.

**Product**

It is the model chosen by the company for its functioning, it may be a low cost, charter, or traditional product oriented only to private clients. Traditional companies are focused mainly on enterprises and higher middle class, low cost tend to lower layers, but some are preparing packages suitable for corporate clients.

**Price**

The price at which airlines offer their tickets associated with a product that the company chooses. The traditional companies are generally characterized by stable prices, which move in narrow range around the average for low-cost airlines we can observe large fluctuations.

**Place**

In terms of the place where the service of carriers is provided, the more conservative traditional society, most of which have their bases in the country, which is from a historical perspective of their home. One example is the Irish national carrier Aer Lingus, which has a base only in the UK, its rival Ryanair, has opened its first base at other European airports have at the moment are the two carriers in terms of comparable size. The biggest difference can be observed with bids relating to the place where the service is provided, the absence of transatlantic flights with low cost carriers. The reason for this deficiency can be found mainly in large investments associated with the Atlantic with flights and also with very long unregulated prices between the United States and the European Union.[6]

**Communication and promotion**

The fundamental difference in terms of communication with customers can be observed mainly in the way of selling their tickets. Low cost airlines such as Ryanair, Wizzair and EasyJet selling their tickets almost exclusively through their website. On the other hand, in traditional societies may follow a completely different approach to ticketing. Classic is the company using sales channels, such as their own branches of travel agencies or offices. While in terms of promotion of low cost airlines using primarily targeted advertising, especially on Internet, traditional companies use to promote their products, including television, radio, billboards and print.

**People**

The human factor that is associated with product offerings airlines may be described from two perspectives, from the perspective of its own employees and perspective clients. From the perspective of employees in traditional societies there are employees who care about customer service personnel at the counters of branches, the branches of travel agencies. In the low-cost employee base, taking care of the offer prior to departure is strongly narrowed. We may see here as the pressure to maximize the transfer of customer communications in particular to electronic

communication tools. From the perspective of consumers by ČSA confirmed its position as a classic carrier providing telephone support service sales charge. In contrast, Ryanair's customer spends on infoline few minutes before it is connected to your network, even at the Wizz Air call such a fee.[5]

#### 4.2 Demand for flights

While the supply of flights is quite diverse and can describe it now for several angles, with the demand for travel can be traced primarily entities that stand out here, the selection of groups of two basic themes and seasonal fluctuations in demand.

#### Groups

In terms demand can be divided into three basic groups, namely:

- independent travellers
- organized groups,
- travel agencies and bureaus.

Independent travellers are a core concern mainly low-cost airlines that offer in terms of their service opportunities and distribution channels, primarily focusing on this group of travellers.

Organized groups of passengers can be described as individuals having the same purpose of travel. It can be for example arts groups sports groups, or participating in training in the field of coaching and other management activities. Typically, conventional travel companies.

Travel agencies may only airline service without adding additional services in the package. For this reason, the demand function rather than agents, airlines. With the development of web applications, search ticket presale, this model loses its importance.

### 5 COMPARISON OF AIRLINE, ČSA, AND RYANAIR

In the past, low-cost airlines flew nearly free of its traditional and tariffs of several times above. Currently, the ticket prices of both models converge, in some cases even compensate, so it is with the services.

Based on financial analysis in the classic thesis of ČSA and low-cost airline Ryanair in 2008 and 2009 can draw the following conclusions:

- ČSA fell assets, fixed assets and inventories, while Ryanair reported in these items almost no movement. The loss of items CSA may be an effort to increase the liquidity of the company.
- ČSA below values necessary liquidity and further decreases, while Ryanair moves to the lower end of that over the years has picked up.
- While the proportion of assets can be observed in general terms the same course in classical and low-cost carrier Ryanair maintains stocks are disproportionately small.

- The profitability of both companies are moving around zero, the ČSA can be seen at relatively high slump. Then there is the obvious uncertainty indicators ROE, which amounts to ČSA-standard values. This fact shows the high indebtedness of the carrier.
- The average wage of both carriers can be considered equivalent. The transfer of wages Ryanair can get a similar order of magnitude as the number of ČSA.
- ČSA employs more than fifty times more employees in relation to passengers than Ryanair. You can watch a of the main factors and differences in traditional low-cost carrier.

### 6 DRAFTING AN IDEAL MODEL OF AN AIRLINE

When designing the ideal model of the airline under the assumption of constant approximation of the two basic models of airlines. The new airline model should include all positive and the positive results of the factors involved in both models. On the other hand should eliminate all elements of the deteriorating financial position or offer airline.

#### 6.1 SWOT analysis

SWOT analysis of the proposed internal and external elements that may affect the operation of the proposed airline.

**Strengths:** high competitiveness, use of previous modelling experience, comprehensive range of services, minimizing cost, high return

**Weaknesses:** untested model, the allocation model is ambiguous, difficult promotion, no history, a higher price than low cost airlines

**Opportunities:** planar targets new markets clientele through promoting the little-used communication channels, individual to customer

**Threats:** customer rejection, struggle against the new competition model, similar models enter the market, low returns on investment input, zero response to promote

#### 6.2 Offering an ideal model

Description offers an ideal model based on cost analysis offers a classic carriers. The aim is to highlight the pros of both models, the new model should include and vice versa mention cons to implement new model under consideration.

## Product

The first aspect to such a company must deal with is the question of who is the intended product. The new model airlines would reach the largest possible number of travellers from day-trippers, through organized groups and the business travellers. Business travellers should generate most of the profits. The new model should operate airport lounges, their operation is relative cost and value for customers disproportionately high. The seats on the plane would not be accurately determined and should be respected as free-seating policy, which speeds up the boarding and thus saves costs. Refreshments on board aircraft should be provided at a very basic form of free contrary to the above standard should be offered in the form of additional sales.

## Price

In order to be sufficiently profitable new airline, while competitive, offer tickets at lower limits traditional airlines. It should implement a special offer low-cost, but must meet the financial situation in which the airline is located.

## Place

Airline should focus on routes where competition does not reach so high, and where possible to estimate future passenger growth. Can they be a line between the towns occupied by relevant authorities of the European Union, cities that are important trading centres and towns, the airline will continue to focus on new markets especially in Eastern Europe and other countries, who can expect an increase in air passengers transport.

## Communication and promotion

Airline should not focus on selling their tickets only through their own website, but should be involved in selling tickets under the auspices of IATA and offer the tickets through sales agents, especially on the Internet. The carrier falling into the proposed model should only be used mainly targeted advertising on the Internet. Other advertising and communication channels are currently considered to be dead and the ratio of costs and profitable response.

## People

In terms of staff should model a low-cost airline strike, it means the pressure to reduce personnel costs. On the other hand in terms of expertise, should set standards for the airline to take over traditional companies. For if we compare Ryanair cabin crew and ČSA only light contact, you can see major differences the professionalism of staff in favour of the traditional carriers.[1]

## 7 CONCLUSION

Air transport fulfils an indispensable role in the intercontinental transport 'with the current requirements for speed and security of transportation. Analysis performed in previous chapters describe possible ways to transport cargo by air and creates a comprehensive overview of the possibilities. Attention was directed primarily to the comparison of conventional and low-cost carriers in terms of supply and demand. Based on it, the final chapter is offering a ideal model airline, which combines the advantages of moth models confronted.

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