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School of Business

Master of Business Administration MBA Dual Specialization
Mid Term Examination - May 2024

Duration : 90 Minutes

Max Marks : 50

Sem II - D1PI201T - Foundation of Aviation Business

General Instructions

Answer to the specific question asked

Draw neat, labelled diagrams wherever necessary

Approved data hand books are allowed subject to verification by the Invigilator

- 1) Air transport plays a crucial role in the movement of cargo in the overseas trade of India. Consider the following scenario: Duratex Exports, a leading Indian textile manufacturer, has recently secured a large order from a retailer in the United States. They need to transport a significant volume of textiles to the US quickly and efficiently. As the logistics manager of Duratex Exports, you are tasked with deciding the mode of transportation for this shipment. Discuss the role of air transport in facilitating the movement of cargo in overseas trade, focusing on its advantages compared to other modes of transportation such as sea and road transport. Explain why you would choose air cargo for this particular shipment, considering factors such as speed, reliability, and cost-effectiveness.. K3 (6)

- 2) Air India and Indian Airlines were two prominent airlines in India that operated under different ownership structures and served different market segments. Air India was the national carrier, owned and operated by the government, while Indian Airlines was a domestic carrier also owned by the government. In the past, the Indian government allowed private operators to enter the aviation sector, which had a significant impact on the functioning of Air India and Indian Airlines. Discuss the working of Air India and Indian Airlines before the entry of private operators, highlighting their respective strengths and weaknesses. Then, explain the impact of allowing private operators on their functioning, considering factors such as competition, market share, service quality, and financial performance. Conclude with an assessment of how this competition has shaped the Indian aviation industry. K3 (6)

K4 (4)

3) Alpha International Airport is a major hub for both domestic and international flights. However, the airport is facing a constraint in the form of limited available gates, which is reducing its Schedule of Services revenue potential.

a) Discuss how the constraint of limited available gates at Alpha International Airport is impacting its Schedule of Services revenue potential. Analyze the various factors contributing to this constraint, such as the number of aircraft stands, gate utilization efficiency, and peak-hour demand. (2 marks)

b) Propose strategies that Alpha International Airport could implement to mitigate the impact of this constraint and maximize its Schedule of Services revenue potential. Consider solutions such as optimizing gate allocation, implementing dynamic scheduling practices, and exploring infrastructure expansion options. (2 marks)

K4 (4)

4) Delta Airlines, a major international carrier, is experiencing a significant increase in irregular operations, leading to flight delays, cancellations, and passenger dissatisfaction. As a consultant hired to analyze the situation, you are tasked with identifying and addressing the typical causes of irregular operations within airlines globally.

Question:

Based on your knowledge analyze the typical causes of irregular operations in airlines globally, and how can Delata Airlines mitigate these issues to improve operational efficiency and passenger experience?

5) **Case: The Schedule of Services as the Foundation of the Airline Product**

The Schedule of Services, often referred to as the flight schedule, is a crucial element that forms the foundation of the airline product. It encompasses various aspects of the airline's operations, including flight timings, frequencies, routes, and aircraft types. Let's explore how the Schedule of Services influences different aspects of the airline product through the example of a major airline, Alpha Airways.

1. Operational Efficiency: Alpha Airways meticulously plans its flight schedule to ensure optimal aircraft utilization and crew scheduling. By analyzing passenger demand and market trends, Alpha Airways adjusts its schedule to minimize layover times and maximize flight efficiency.

2. Customer Experience: The Schedule of Services directly impacts the customer experience. Alpha Airways offers a wide range of flight timings to cater to different passenger preferences. For example, business travelers may prefer early morning or late evening flights, while leisure travelers may prefer daytime flights. By providing a diverse schedule, Alpha Airways enhances customer satisfaction and loyalty.

3. Network Connectivity: Alpha Airways strategically designs its schedule to connect major hubs and secondary airports. This comprehensive network allows passengers to reach their destinations efficiently, even if they involve multiple connecting flights. Alpha Airways' schedule also includes codeshare agreements with partner airlines, further expanding its reach and connectivity.

4. Competitive Advantage: Alpha Airways' well-planned schedule gives it a competitive edge in the market. By offering convenient flight options and efficient connections, Alpha Airways attracts more passengers compared to its competitors. This competitive advantage is further strengthened by Alpha Airways' reputation for punctuality and reliability.

5. Revenue Management: The Schedule of Services plays a crucial role in revenue management. Alpha Airways employs dynamic pricing strategies based on demand and flight timings. By adjusting fares according to demand, Alpha Airways maximizes revenue while ensuring that flights remain profitable.

In conclusion, the Schedule of Services is indeed the foundation of the airline product. It influences operational efficiency, customer experience, network connectivity, competitive advantage, and revenue management. For Alpha Airways, a well-structured and customer-centric schedule is key to its success in the competitive airline industry.

Questions:

a) The Schedule of Services represents the foundation or basis of the airline product (product attributes such as cabin configuration are also important). Determine the economic objective of the schedule? (4 marks)

b) Why does schedule construction consist of a "thousand

compromises”? Give an example of one such compromise between revenue maximization and cost minimization. (4 marks)

K5 (10)

- 6) IGI International Airport is a major commercial airport serving a bustling metropolis. The airport handles a large number of domestic and international flights daily, catering to millions of passengers annually. The airport offers a wide range of aeronautical services to airlines and aircraft operating at the airport.

Question:

a) Identify and describe the key aeronautical services provided by IGI International Airport to airlines and aircraft operators. How do these services contribute to the smooth and efficient operation of flights at the airport? (2 marks)

b) Discuss the role of airport infrastructure, such as runways, taxiways, and aprons, in supporting aeronautical services. (2 marks)

c) Explain the importance of air traffic control services in managing aircraft movements at the airport. (2 marks)

d) How do aeronautical services at IGI International Airport comply with relevant aviation regulations and safety standards? (2 marks)

e) Suggest improvements or innovations that could enhance the aeronautical services at the airport to better serve airlines and aircraft operators. (2 marks)

- 7) SOTC Travel Agency is a small travel agency that specializes in arranging international travel for its clients. The agency works with various airlines to book flights, and as part of its operations, it participates in the International Air Transport Association's (IATA) Billing and Settlement Plan (BSP).

K6 (12)

Recently, ABC Travel Agency faced a challenge when one of its clients disputed a charge for a flight booking. The client claimed that they had not authorized the transaction and refused to pay the invoice sent by the agency. ABC Travel Agency, in turn, had already paid the airline through the BSP and was now facing a potential financial loss.

Question:

a) How does the BSP work, and what role does it play in the relationship between travel agencies like SOTC, airlines, and clients? What steps should SOTC Travel Agency take to resolve the dispute with its client and recover the payment for the flight booking? (5 marks)

b) How can participation in the BSP benefit SOTC Travel Agency in terms of financial management and operational efficiency? What measures can SOTC Travel Agency implement to prevent similar disputes in the future and ensure compliance with BSP regulations? (4 marks)

d) How does the BSP contribute to the overall integrity and reliability of the airline ticketing and settlement process? (3 marks)