

*providing airline cargo sales
and service management*

**Strategic Alliances in Air Cargo: Working
Together ... Adding Value Together**
CILTSA: Air Cargo & Express Freight Conference
May 7, 2008



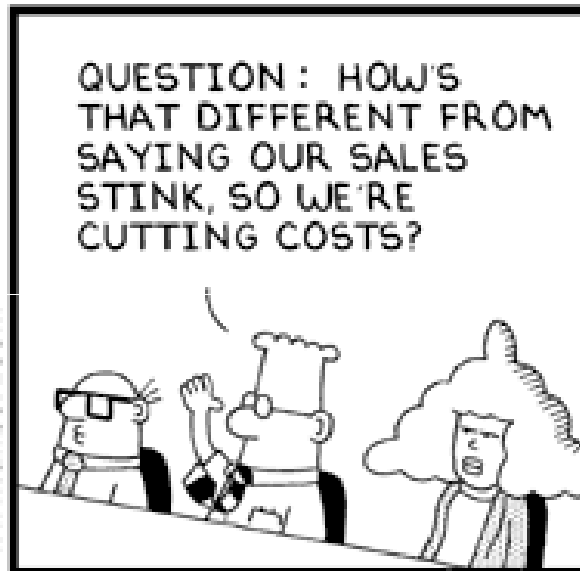
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Challenging Times Strategic Decisions



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Why Working Together ...

TRUE OR FALSE

- () Worldwide trend shows Airfreight Rates going UPWARDS
- () Airlines are looking everyday how to reduce their current COST Structure
- () Airlines are facing everyday LESS Competition
- () There is HIGH Concentration of buying power in FEW Global Corporations
- () Cargo Business Units nowadays play a much strategic role in the airline industry – Direct Impact on Bottom Line
- () Internet makes the possibility of bringing TOGETHER Buyers & Sellers DIFFICULT
- () We face everyday much more INFORMED and DEMANDING Customers



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STRATEGIC ALLIANCES IN AIR CARGO



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“The greatest change in corporate culture, and the way business is being conducted, may be the accelerating growth of relationships based not on ownership, but on partnership” (Drucker, 1996)



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Strategic Alliances ... Definition

“ Strategic Alliances are partnerships of **two or more corporations** or business units that work together to achieve **strategically objectives** that are **mutually beneficial**” (Elmuti & Kathawala, 2001)

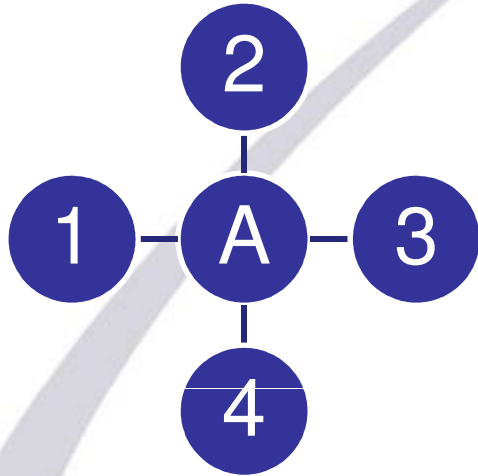


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Strategic Alliances: Definitions & Challenges



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Strategic Alliances in Airline Industry



STAR ALLIANCE
The airline network for Earth.



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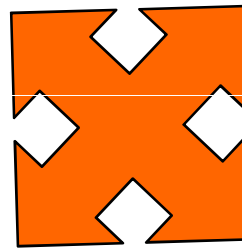
Why Strategic Alliances in Air Cargo?

Access to New Markets
by tapping into a
partner's under- utilized
route rights or slots.

Traffic feed into
established gateways to
increase load factors
and to improve yield.

Defense of current
markets through
capacity management of
shared operations.

Costs and economies of
scale through resource
pooling across operational
areas or cost centers.



Source: Button et al. (1998)



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Making Alliances Work – Add Value !!!

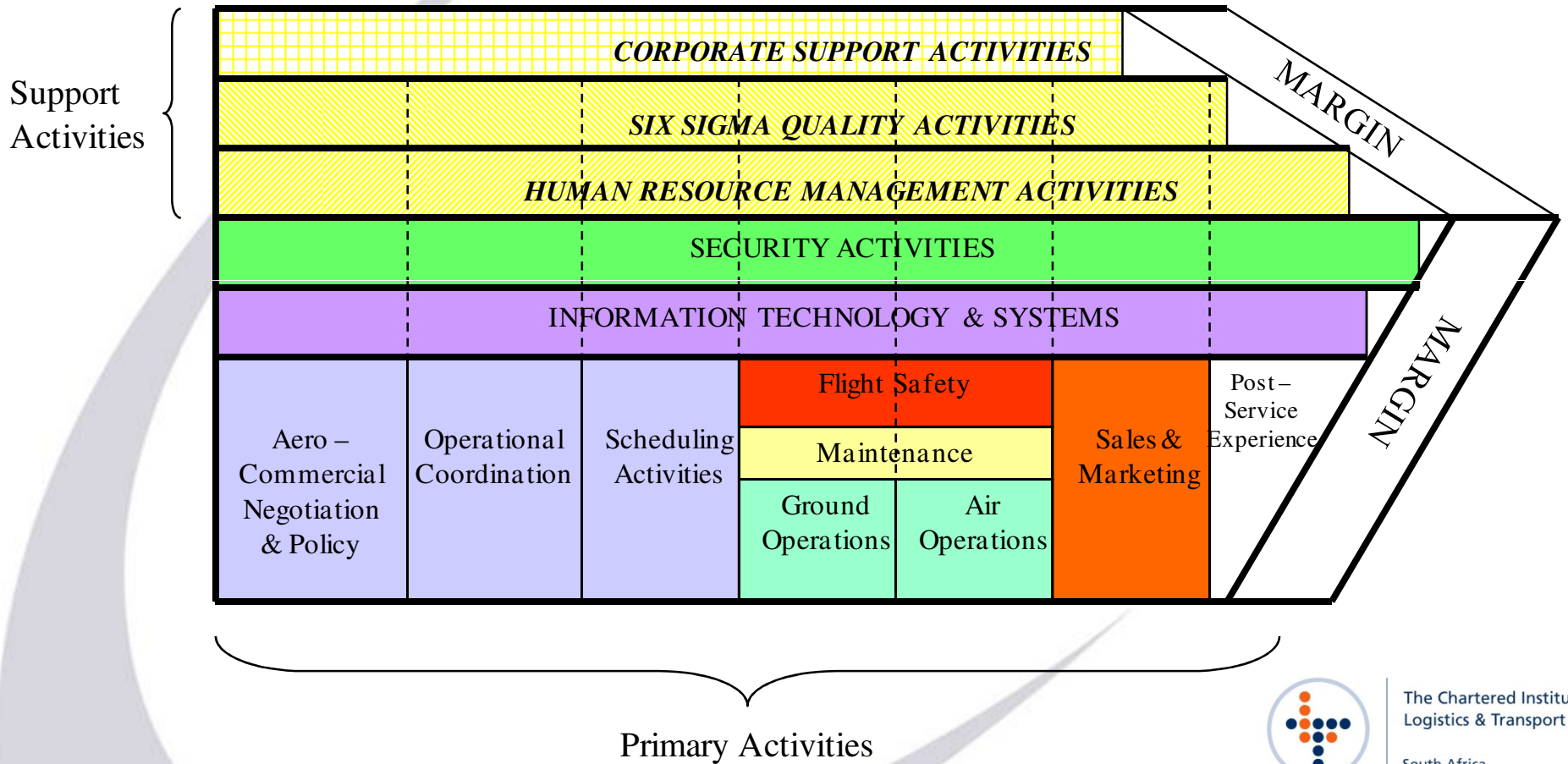


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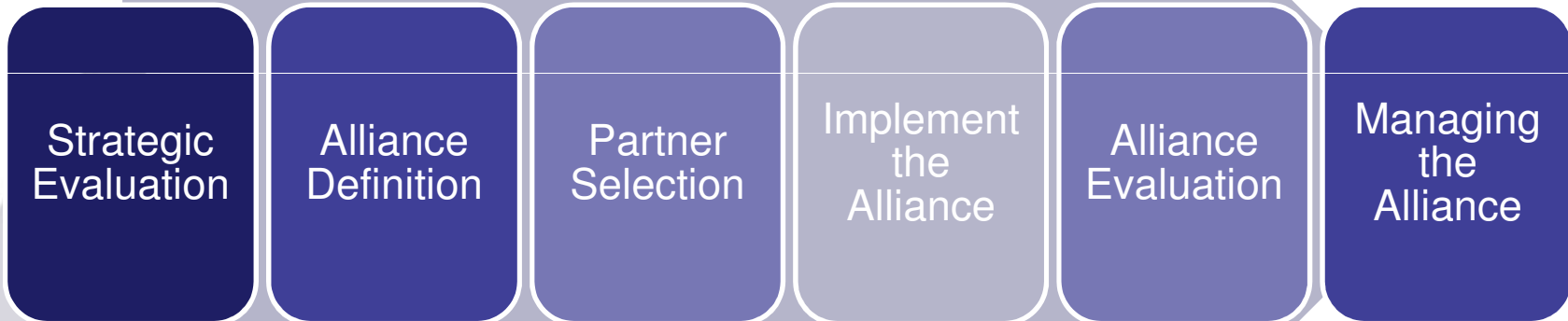
Using the Value Chain as a tool to build Strategic Alliances





Framework for implementation of Strategic Alliances in Air Cargo

MEMBERS



CUSTOMERS



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Conclusions

- ✓ **The utilization of strategic alliances as a source of competitive advantage in today's world is a reality. Most organizations see in strategic alliances an interesting opportunity for growth, knowledge, efficiency & profitability.**
- ✓ **The airline industry has not been aside of this reality, with “waves” of alliances in both, the passenger and cargo, sectors.**
- ✓ **Regardless the fact that strategic alliances are a “must” in today's environment, high levels of “*failure*” on partnership efforts makes them a challenging task.**
- ✓ **A strategic alliance that does not have the ability to ADD VALUE to it's members business model, but even more, that does not reflect such value into the final customer is not viable in the long term.**



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THANK YOU !!!