# **On Time Performance**

#### Can we stop time.....??





#### **Industrial Pressure**

- Every day our industry faces increased pressure
- Demand is growing at a faster rate than supporting infrastructures
- Increasing regulatory & control processes impact operations
- Cost are increasing, not just oil but human cost and charges
- Operating margins are again under pressure
- Technology develops faster than its implementation
- Changes in pricing and ancillary revenues are changing the industry
- And airline alliances, ownership structures and competition changing rapidly
- And yet one of the biggest pressure points remains.....



# **On Time Performance**

- Operating to schedule is a challenge for any airline
- Factors outside of the airlines control impact a core KPI of the industry
- Rapid market growth, increasing connectivity impacts OTP
- Industrial action closes prime air space on a seasonal basis
- Environmental factors seemingly grow each year.

• All of which cost time and time is money!



#### The Expense of Poor OTP...

- In April, there were some 53.7 million minutes of delay globally
  - That equates to over 37,300 days!
- Research in the US places a cost of US\$62.55 on each minute lost to an airline.
- Collectively the industry "lost" US\$3.4 billion from delays in April.
- Since the aviation industry globally made a profit of US\$39.4 billion in 2017; delays are a major issue for us all.



## Is Poor OTP Inevitable?

- In the last decade the number of scheduled flights has increased 25%, less than perhaps many would expect.
- Average passenger load factors have increased from an 76.1% to an expected 81.4%\* in that ten year period.
- Market growth has in many cases been "absorbed" within available capacity created by airlines and airports <u>BUT</u> that has impacted on-time performance.
- The key question is if market growth and improved OTP possible?



# **Crucial Infrastructure Development**

New infrastructure is clearly important

US\$163 Billion will be spent on airport construction this year

US\$77 Billion on new airports

China has18 major projects in progress including 8 new airports

United States also has 18 projects **<u>BUT</u>** no new airports

Europe has 11 projects and 3 new airports although Berlin is one of those!





## Hubs, Spokes & Planes

- Development of new hub airports can ease pressure on existing facilities whilst serving local market demand.
- Operation of new ultra-long-haul services will reduce some pressure on hubs
- Perth London, Sydney New York, Delhi Los Angeles
- New generation aircraft technology allows for long-haul sector lengths
- Chengdu Moscow on a B737 Max9
- Beijing Perth on an A321 NEO
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# Intermodal Connectivity

- High speed rail both competes with and compliments air services
- Major European point to point markets have migrated to rail
- Integrated air/rail facilities and through checkin/baggage drops can relieve pressure on high frequency routes



# **Effective Regulation**

- For many airlines and airports effective regulation could be a way forward.
- Many airlines consistently operate off schedule without penalty from regulators/co-ordinators
- Airlines in some markets openly schedule unrealistic programmes and break curfews



### Schedule Co-ordination

- On many routes airlines schedule next to each other
- Between 08:00 and 09:00 this morning there were 5 flights between KUL & SIN. Average load factors are typically below 60% on those flights
- Would it be more effective to consolidate services?



#### Can We Improve OTP?

- There is no easy or short term solution.
- Time cannot be slowed down (unfortunately)
- But we can be more predictive in how we plan for delays
- Pre-emptive cancellations can reduce pressure
- Make greater use of technology to communicate to passengers
- Or ask IAR to provide insights and solutions!



#### **But There Is A Solution....**



## Thank you!

