Network View Product Guide and FAQ

What is Network View?

Network View is one of Aviation Analytics' premium "value-added" products, bringing together our unique proprietary cost database (founded on the airlines' own published accounts), observed fare data, and the option of passenger and capacity data to give an unparalleled new dimension in assessing airline route performance.

In the past looking at load factors was generally a good indication of profitability, as fares were relatively stable. The evolution of low cost carriers has turned this view on its head, as aircraft are now revenue managed to almost universally high load factors, so on the surface every route looks like it is doing well, whilst in reality some routes may have much weaker yields than others.

With Network View, you can, for the first time, via our brand new user-friendly interface, or automatically generated PDF reports, get completely "under the hood" of each route in your airport (or any other airport) to gain a fresh understanding of the interaction of load factors, yields and costs by route, carrier and market on a monthly basis.

By keeping your finger on the pulse of your route network you can identify any problems in advance, enabling pro-active action to be taken much earlier, target well performing routes for additional capacity or frequency and negotiate with confidence with your customer airlines. You can even see how your routes and bases are performing compared to your competitors, and whether or not any of your assets are at risk, well before any official announcements are made!

The product is very easy to use, updated automatically and uses the universal profit per seat measure so that you can quickly benchmark routes against each other. This is an essential tool for all managers of small, medium and larger sized airports as it provides clarity and transparency into the operations of your airline customers.

What are the subscription options for Network View?

There are three subscription options for Network View to give users complete flexibility on cost and functionality.

1) **Network View App** – A network wide performance tool which gives an accurate (but slightly more generic) view of airline performance. This tool requires no user input and provides a very good platform to benchmark the performance of an airport's own network against others or the carrier in general across a range of metrics

2) **Network View PDF** – a monthly PDF report version of the above where the customer can specify a particular carrier/base combination. This is the budget offering with subscriptions starting at just over £1000 per annum
3) **Network Analytics** – Users can specify a subsection of Network View and introduce passenger, capacity and frequency information to derive a very close estimate of route profitability. Users have far more flexibility in modelling scenarios for airport charges/discounts and ancillary revenue, in which respect the app even allows for the introduction of bag counts by route. This option is aimed at analysts who want to "get under the hood" and understand the dynamics of their route network in a lot more detail.

How is Network View Cost Data Derived?

At the core of Network View sits, what we believe to be, the most accurate airline cost database in the world. This is the same data that populates our Route Economics Calculator (a free version of which can be found on our website) and is the result of years of painstaking research into all aspects of airline costs.

The foundation of our cost data is the airlines' own financial information as published in their annual reports. We update the records for the top 30-40 European and Worldwide airlines (operating into Europe) each year and this enable us to constantly keep track of any significant changes in the cost breakdown of each carrier. These costs feed through our complex cost model to calculate sector costs by airline and aircraft type. These costs are automatically updated with every new release of annual financial data.

This highest level of cost data feeds our sector cost assumptions for most Low Cost Carriers in Europe as well as the major flag carriers and is the most accurate data of its type available in the public domain anywhere in the world. Other (secondary) carriers' costs are calculated using total costs (wherever available) and assigning a cost profile similar to one of the carriers where we have detailed data. Whilst possibly not quite as accurate at a cost area level as the primary costs, these costs are still perfectly valid at a sector and network level as the accounts-derived costs of the primary carriers.

From the financial reports of the primary carriers we can calculate the various different types of cost on either a block hour basis or a sector basis depending on the cost centre in question. For this part of the calculation we bring in sector and block hour data by carrier from the schedules database.

The fleet average costs are also converted into the different aircraft types in the fleet based on scaling up or down the average costs according to the relative capacities or MTOWs of the various aircraft, according to our in-house cost expertise. It is these "building blocks"

which then make up the tailored sector costs which are unique to the sector, carrier and equipment type.

Our proprietary Universal Cost Index metric (which is essentially the cost per seat in Euros of operating a one-hour sector) allows a quick and easy check of relative efficiency to be made across carriers and is many of the many checks and balances we have in the background which alert us to anything out of the ordinary which might affect the accuracy of the data.

Our aim with this product is to provide the customer with the most accurate aircraft costs possible, to constantly improve the accuracy of the costs by utilising every piece of intelligence we come by and to put simplicity and ease of use at the very top of the agenda when it comes to the product's design.

We believe that this robust methodology produces the most accurate set of third-party airline costs in existence.

How is Network View Fare Data Derived?

Robust calculation of average fares is crucial to the accuracy of Network Analytics and to this end Aviation Analytics have invested a similarly large amount of time and effort to ensure that this process is as comprehensive as possible.

We observe each and every flight number at 8 advance points everyday 365 days per year. We then 'weight' the fares according to the business leisure % split recorded in the UKCAA Survey. This has the effect of taking a higher percentage of the fare earlier in the booking curve for leisure oriented routes and later (usually higher) fare values for business. Next, we remove government tax and add an ancillary component referenced from the airlines published accounts.

How accurate is the average fare calculation?

Accuracy of fare is critical to providing a robust view of route performance and to this end our analysts spend considerable time analysing the date that our system produces. Because we collect fare data for every single flight number at 8 points before departure (our closest competitor only collects 3) we are able to calculate averages for each route and then a network total. We can then compare this quarterly against the airline's financial statement quarterly update and make a calibration adjustment until the two figures are identical. For this reason we believe our estimates to be the most accurate third-party average fare calculations in the industry.

How does Passengers and Capacity Data fit in?

Passenger and Capacity data can be added in for a subsection of an airline's routes within our enhance3d "Network Analytics" option which then allows the system to calculate an additional set of performance parameters such as:

O Passenger and Capacity History and changes year-on-year

O Load Factors

O Profit per Seat

Profit per seat is colour coded to show strong, marginal and loss-making routes and enables a very quick view to be taken of individual routes' and airline base performance. The product provides customers with a one-stop record of its entire route network history as well as the ability to benchmark against other airports or bases. Whether used to gain additional intelligence, enhance airline negotiations or benchmark performance against the competition Network View is an important part of today's airport management's analytical toolkit.

Glossary of Terms used in Network View

Average Sector Length	Time in minutes from push-back to arrival on stand at destination
Average Fare	A weighted average of all observed fares factored for business:leisure split on the particular market
Average Yield/RASK	Average fare factored by length of route. RASK stands for Revenue per available seat kilometre
Break-even Load Factor	Percentage of seats for the given equipment type required to cover all operating costs for the sector in question. It is calculated by dividing the total sector costs by the average revenue per passenger (fare and ancillary) to calculate passengers required to break even and then dividing that figure by the capacity of the aircraft
Benchmark (Yield)	Where the origin base fits into the order of all origins for the airline in question. For example, 50 of 111 means that there are 49 origin airports with a higher average yield across their respective route networks.
Benchmark (Load Factor)	As Benchmark (Yield) but for average network load factor

DOCs	Direct Operating Costs – Costs which are involved in the direct operation of the sector such as airport fees, fuel, maintenance and en route navigation. Please note that airport fees and fuel are generally split out from other DOCs in most Aviation Analytics Analysis.
ASCs	Aircraft Standing Costs – costs involved with owning and running the operational side of the airline before the first flight has taken off. Included in these costs are the aircraft ownership and insurance costs and fight crew costs. Some airlines include fixed maintenance costs in this area too.
YTD	Year to Date
P&L	Profit & Loss – an estimate of profit per seat based on an assumed load factor “test”. This is defaulted to 85% which is the minimum level most low cost carriers will aim to fill their aircraft to. Quite often, particularly in holiday and Summer months this load factor is exceeded so the actual result would be better than reported.