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Academic honesty / referencing:	Academic honesty is required. In the main body of your submission you must give credit to authors on whose research and ideas your work is based. Append to your submission a reference list that indicates the books, articles, etc. that you have used, cited or quoted in order to complete this assessment.		

Topic :
The Analysis of Performance for Cathay Pacific
in Past 5 Years with Marketing Plans Propose
for upcoming 2020 - 2022

Executive Summary

In Asian Pacific Region, the trend of growing into a developed countries has become a competition among countries. Air Flight has been one of the main target for all developed and developing countries to put focus on.

The Commercial Airline Industry has raised more awareness in nearby 20 years. Development of 21st century bring out Commercial Flight services become more important for business transactions and development of international countries . Among global airline company we chosen Cathay Pacific as a symbolize flight company in Asia Pacific region of Hong Kong.

This essay will propose a Three Years Marketing Plan for airline company Cathy Pacific. Detail analysis about the company business performance in nearby 5 years. Then come up with marketing analysis of business competitor's performance. And eventually will have business forecasting of the company in the nearby three years and propose a marketing plan for Cathy Pacific in the coming three years.

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1. Introduction

1.1 Commercial Flight Market

Global trend of flight market has grown into a bigger market in this 20 years. According to the statistics from 2004 to 2019, the revenue of global Commercial Airline companies rise from 379 billion US dollar to 838 billion US dollar in the past 15 years. In total of 121.1% of revenue are produce from the 15 years growth of aviation business market. (E. Mazareanu, 2020). We can see the market potential growth in the coming 10 years are still with underestimated.

The reason for us to choose Cathy Pacific as the research target is base upon company is an International brand Airline company base one of the most dynamic city in Asian Pacific - Hong Kong. The size of company and the divisions of various functional departments are appropriate as our research target.

1.2 Company Background

Among Asian Pacific Regions, Hong Kong and Singapore are two symbolize business city. Our research target - Cathy Pacific is an International Airline Company based in Hong Kong, the company network serve more than 1,000 destinations reached include 119 city worldwide within 35 countries. (Cathay Pacific,2020,p.3) The Company employ over 34,200 people in global with 28,200 are base in Hong Kong. (Cathay Pacific,2020, p.3) With total of 3 airlines under the name of Cathay Pacific, including Cathay Pacific Airline, Cathay Dragon Airline and HK Express Airline.

2. Situation Analysis

We have divide the situation Analysis into Micro-economics and Macro-economics. By having detail understanding of the company performance in recent 5 years, we will analysis the company's financial performance in the past 5 years for estimation of profit and loss. Besides, we will also take a look at the passengers carried number for estimation of Asian Pacific Region airline company popularity and brand image.

2.1 Micro Economics :

2.1.1 Company Financial Analysis 2015 - 2019

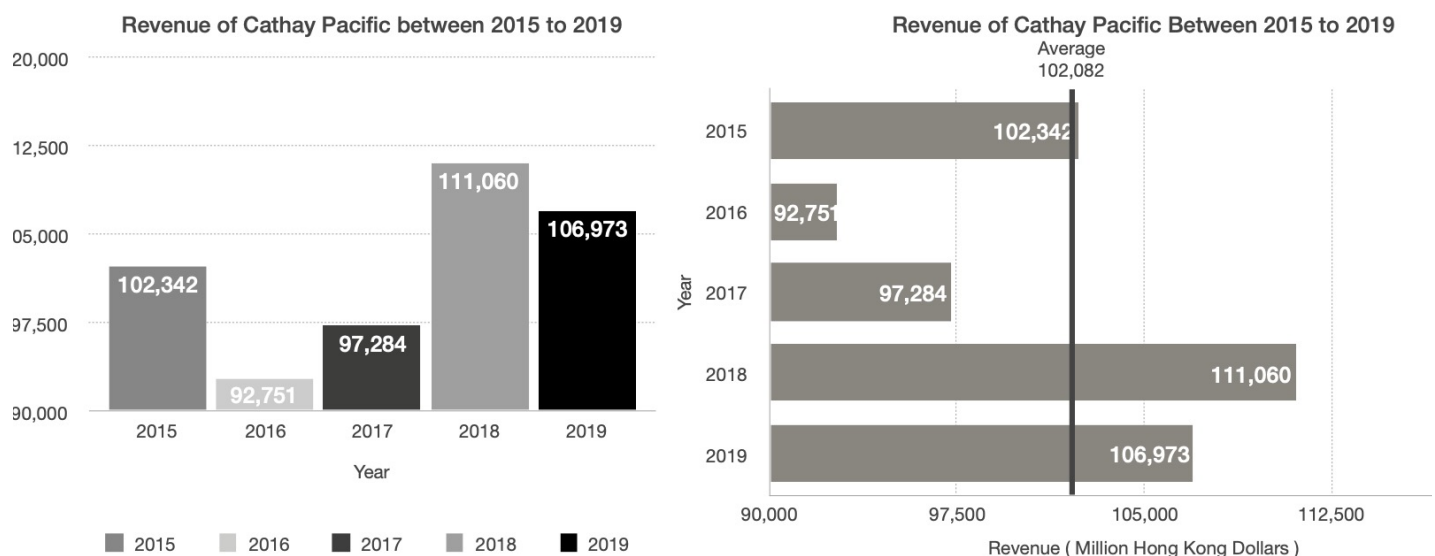


Figure 1 : Analysis of Cathay Pacific Revenue of the past five years from 2015-2019

Source : Cathay Pacific Annual Report 2015-2019 Group Financial Statistics

From the above data, we can analysis that Cathay Pacific Past 5 years Revenue performance. In 2015, their revenue was \$102,342 million Hong Kong dollars. (Cathay Pacific, 2016, p.2) In 2016 receive total \$92,751 million Hong Kong dollars. (Cathay Pacific, 2017, p.6) In 2017, the revenue become \$97,284 million HKD. (Cathay Pacific, 2018, p.6) In 2018, the revenue of Cathay Pacific becomes \$111,060 million Hong Kong dollars. (Cathay Pacific, 2019, p.4) In the latest 2019 year report, we can see the company revenue has drop by 3.7% from the previous year and become \$106,973 million Hong Kong dollars. (Cathay Pacific, 2020, p.4)

By analysing the data above, we can find out the number of revenue of Cathay Pacific has increase by 4.5% in 2015-2019. With the average number of revenue become \$102,082 million Hong Kong dollars in the financial year between 2015-2019 (Cathay Pacific, 2016,2020, p.4).

2.1.2 Company Operational Expenses 2019

REVENUE (MILLION HKD)	
Revenue	HK\$106,973
Net Finance Charges	HK\$2,939
NET INCOME	HK\$104,034

OPERATION COST (MILLION HKD)	
Staff	HK\$20,125
Fuel, including hedging losses	HK\$29,812
Aircraft depreciation and rentals	HK\$12,022
Inflight service and passenger expenses	HK\$5,306
Landing, parking and route expenses	HK\$17,758
Aircraft maintenance	HK\$9,858
Other depreciation, amortization and rentals	HK\$2,991
Commissions	HK\$927
Others	HK\$4,847
TOTAL OPERATION COST	HK\$103,646

BREAK EVEN (MILLION HKD)	
Net Income	HK\$388

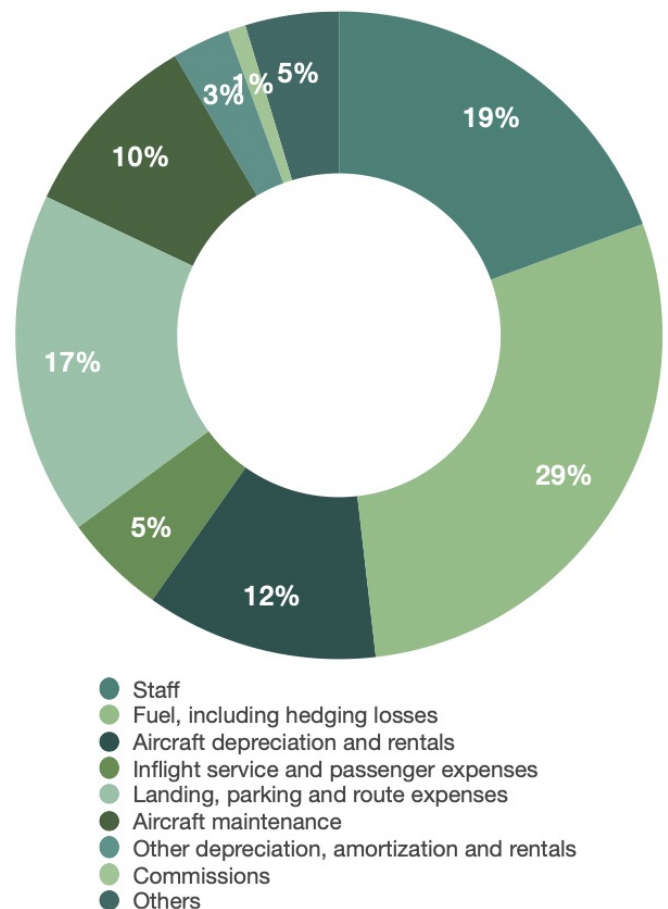


Fig. 2: Company Operational Expenses 2019 Analysis

Source : Cathay Pacific 2019 Annual Report

The overall expenses for the total operating expenses was about \$100,000 million Hong Kong dollars from 2015 to 2019. (Cathay Pacific 2016, 2020, p.28) By which we can see from the previous page of revenue, we can see the operation cost and the revenue was ranges from \$92,751 million Hong Kong dollars to \$111,060 million Hong Kong dollars. Which means the cost expenses offset the revenue to attain break-even situation for the company. (Cathay Pacific, 2020, p.28)

From the statistics of 2019 we can see the main operation cost will be about \$29,812 million Hong Kong dollars for the fuel cost. While for the staff salary will be about \$20,125 million Hong Kong dollars. For the aircraft depreciation and rental, we can see the number remains in \$12,000 million Hong Kong dollars for the level of operation. (Cathay Pacific, 2020, p.28)

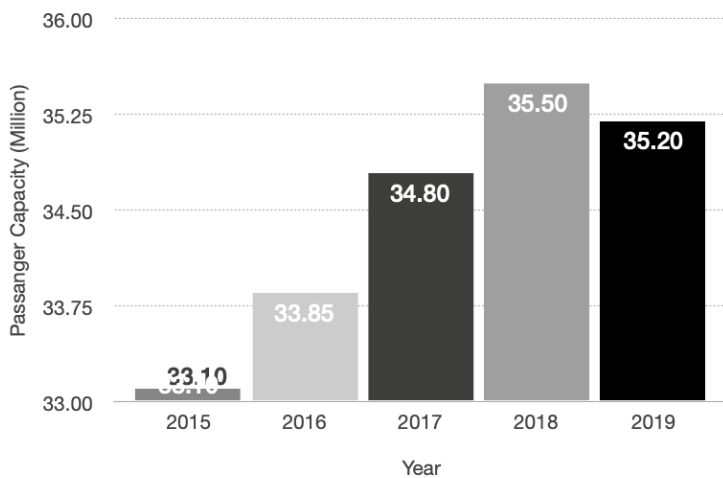
2.1.3 Passenger Capacity 2015 - 2019

Cathay Pacific Passenger Capacity, with estimation of about 35.2 million in 2019. Compare with 2015 33.1 million passenger carried, Cathay Pacific has got 6.3% raise in passenger capacity

Cathay Pacific Passenger Capacity

YEAR	PASSANGER CAPACITY (MILLION)
2015	33.10
2016	33.85
2017	34.80
2018	35.50
2019	35.20

Cathay Pacific Passenger Capacity



Cathay Pacific Passenger Capacity

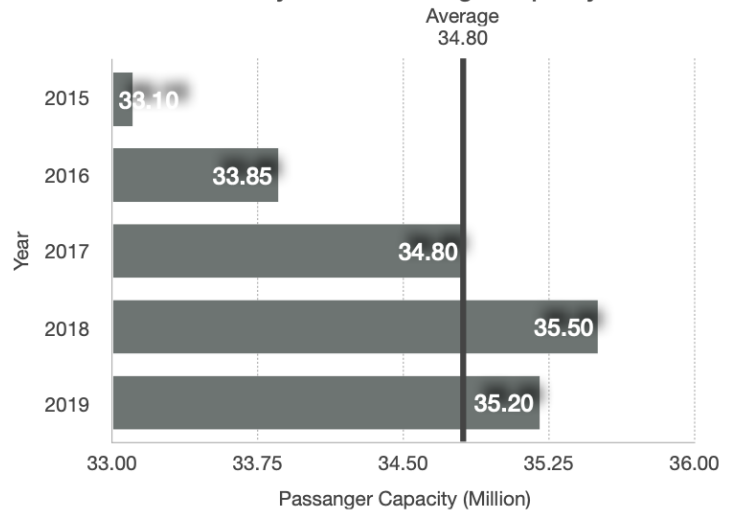


Figure. 3: Cathay Pacific Analysis of Passenger Capacity from 2015-2019

Source : Cathay Pacific Annual Report 2015-2019

Cathay Pacific Group have estimated number of 35.2 million passengers carried in 2019 for both Cathay Pacific and Cathay Dragon air flight service. (Cathay Pacific, 2020, p.11) With Statistics estimate as 35.5 million passengers are carried in year 2018 for the two companies. (Cathay Pacific, 2019, p.10) With comparison of having 34.8 million of passengers in 2017 (Cathay Pacific, 2018, p.8) and 33.85 million of passengers in 2016 respectively. (Cathay Pacific 2017,p.8) And calculate as 33.056 million as passenger capacity in 2015. (Cathay Pacific 2016,p.3)

From the above data we can verify the number of passenger capacity has increased 6.4% from 33.056 million to 35.2 million of passenger from 2015 to 2019 Which is medium level of customer in global airline industry (Cathay Pacific, 2016,2020 p.11)

2.2 Macro-Economics :

2.2.1 Comparison of Market Competitors

We have compare Cathay Pacific with competitor Singapore Airline Group and world largest airline group in 2018 Emirates Group. According to the research data from 2018 and 2019. The passenger capacity of Singapore Airline Group was 36,094,999 (Singapore Airline, 2019, p.2) , while Cathay Pacific was 35,500,000 (Cathay Pacific ,2019, p.10), and Emirates was 58,601,000 capacity. (Emirates, 2019, p.9)

For the Average customer spending which is Revenue divide by Passenger capacity, we calculate in 2018/19 Cathay Pacific average spending was \$3,128.45 HKD (Cathay Pacific, 2019, p.4, p.11) , while Singapore airline was about \$2,509.82 HKD (Singapore Airline, 2019) , Emirates was estimate \$3,933.86 HKD. (Emirates, 2019)

PASSENGER CAPACITY AND AVERAGE SPENDING

Airline	Passanger Capacity 2018/19	Average Customer Spending
Cathay Pacific	35,500,000	HK\$3,128.45
Singapore Airline	36,094,999	HK\$2,509.82
Emirates	58,601,000	HK\$3,933.86

REVENUE FOR TWO YEARS

Airline	Revenue in 2018/19 (Million	Revenue in 2019/20 (Million
Cathay Pacific	HK\$111,060	HK\$106,973
Singapore Airline	HK\$90,592	HK\$88,762
Emirates	HK\$230,528	HK\$219,444

REVENUE OF 2018/2019 (MILLION HKD)

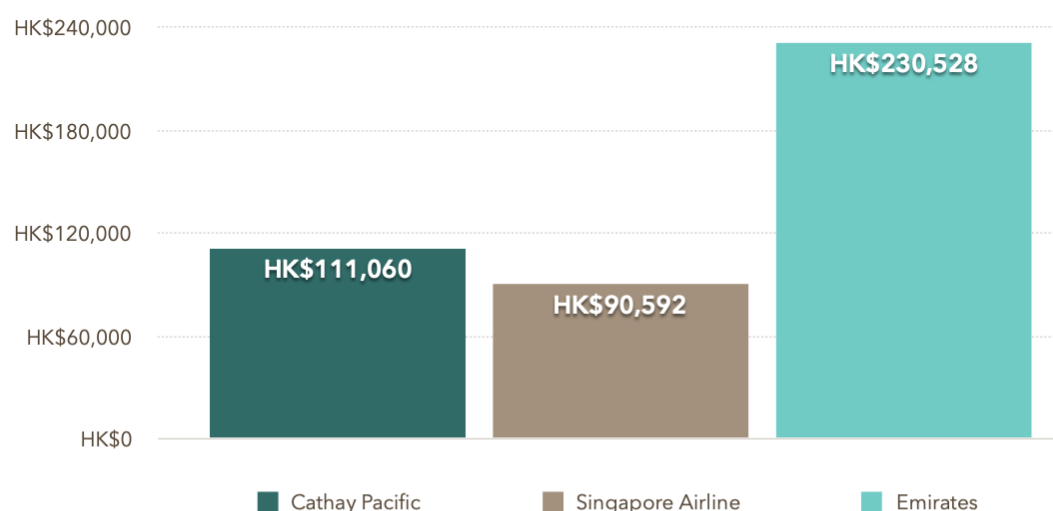


Fig.4 : Revenue Comparison of 3 Airlines in 2018/19

Source: (Cathay Pacific,2019) (Singapore Airline,2019) (Emirates,2019)

2.2.2 Political Environment

The political environment for Cathay Pacific was suitable for their operation as Hong Kong is one of the free business trading center for trading within Asia Pacific region. Due to the 50 years of promise between UK and China, (GovHK,2020) Hong Kong has high level of law regulation for citizen and business companies. Under the law regulate special administration region, it is favorable for Cathay Pacific to operate.

2.2.3 Economic Environment

The Economic Environment for Cathay Pacific is favorable as they are the Dominate market leading Airline Company compare with others airline company in Hong Kong. They are the market leader within the flight market in Hong Kong and have acquisition with their competitions or subsidiaries.

In 2006 Cathay Pacific has decide to expand business in Asia Region, therefore they decide to take over their main rival Dragonair by acquisition with their company. (Cathay Pacific, 2020) In which Cathay Pacific was targeting on global destinations while Dragonair was targeting Asia Pacific Region destinations and specialize in Mainland China in the year of 2006. While in 2019, they acquisition another low cost airline HK Express for having into low cost flight market. (Cathay Pacific, 2020,p.3)

2.2.4 Social Environment

In the Social Environment they have build a successful Brand image to client in Asia Pacific Region. They have sponsor various event functions such as the Hong Kong Sevens (Rugby Competitions) and join the Hong Kong International Chinese New Year Night Parade. For the brand they have build up reputation among clients as a high quality service provider and link up as a quality of life service.

2.2.5 Technical Environment

The Technology for Cathay Pacific is currently using computer operation system to monitor the flight and take over human monitoring for several technical systems. From the statistics of the company operation expenses, we can see the main expenses of the company will be fuel loss, and then second expenses will be the staff salary, while the third will be the aircraft depreciation and operating lease. Accroding to the data from 2019, the maintenance fee for cost of air fuel was \$29,812 million HKD. While cost for aircraft rental and depreciation was \$12,022 million HKD. (Cathay Pacific, 2020, p.28)

3. Marketing Strategy

3.1 Marketing Segmentation of Cathay Pacific

The Marketing Segmentation of Cathay Pacific customer can be classify by class of income. The segment they take can be define as providing premium services for customers with affordability in Hong Kong. The service provide by Cathay Pacific is a full solution of flight service deliver to clients. Cathay Pacific has classified their Flight Services into 4 classes, divided into First Class, Business Class, Premium Economy Class and Economy Class. (Cathay Pacific, 2020) Which are ranges from high cost to lower cost.

Cathay Pacific are value on the quality service to customer, which cause the operational cost of maintaining high quality of flight service are also quite costly, according to the statistics calculate by 2019/2020 financial year, the cost spending on staff expenditure was \$20,125 million HKD, with the Inflight service and customer expenditure was \$5,306 million HKD. (Cathay Pacific, 2020, p.28)

Compare to the other airline company in HK, the high quality service & infrastructure provide by Cathay Pacific have low threat of new entrants in HK Flight market, as the cost of entering market is high for implementing infrastructure of air flight company. Thus for new airline company to set in HK will require need to overcome high barrier.

3.2 Target Marketing

The Target customer are usually from Middle to Upper Class of society who pursue Premium class of flight service. Cathay Pacific mainly target on the ultimate customers group with demand on flight service in Hong Kong. They can be divide into the individual clients and group of business clients purchase flight service for own purpose. For the potential market are usually client pursue a one stop service of flight services, baggage management, and service provider. Most of them are with affordability to pay.

According to the statistics from 2018/19, the average customer spending for Cathay Pacific in 2018/19 was \$3128.45 Hong Kong Dollars (Cathay Pacific, 2019, p.4,10), which means the target market are economic class customers with affordability to spend on quality services. The price is not to high as they can count each customer affordability are different and only few people can afford luxury services for one flight.

3.3 Brand Positioning

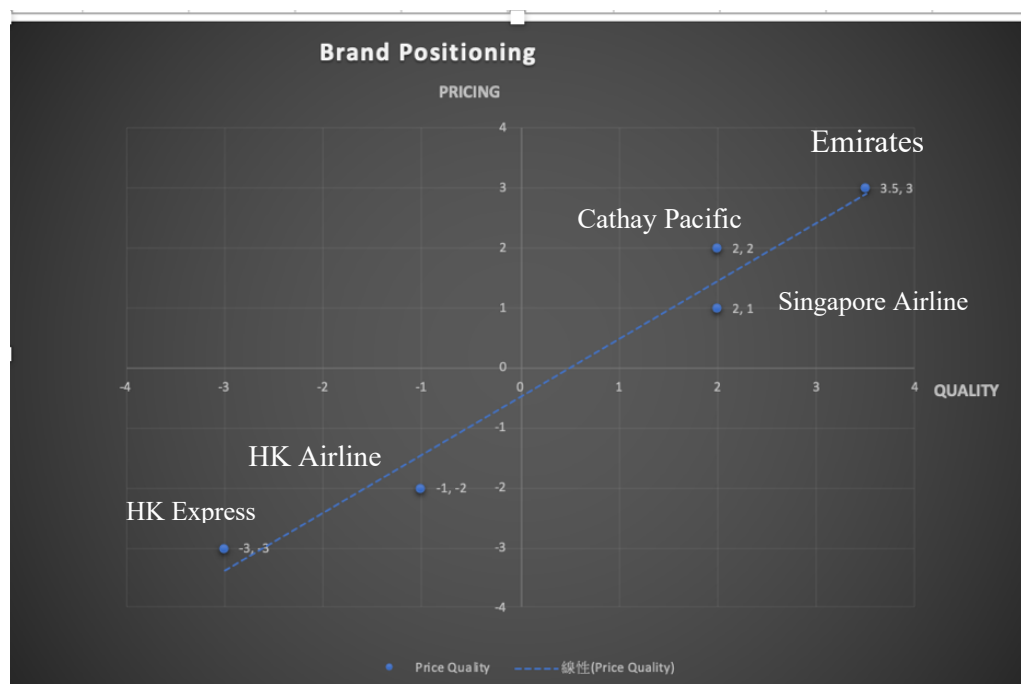


Fig. 5 Brand Positioning of Airline Companies

Source : (Cathay Pacific, 2020), (Emirates, 2020), (Singapore Airline, 2020), (HK Airline, 2020), (HK Express, 2020)

The Brand positioning of Cathay Pacific will be the medium Quality service Provider Airline targeting Asia Pacific region with Medium price. Compare to other brand like Emirates and Singapore Airline, Cathay Pacific takes a medium level positioning. We can see the corporate strategy of the company is expansion of market business on different segment on both Global and Local market.

In the year of 1998, Cathay Pacific and another four airline company: Qantas, British Airways, American Airline and Canadian Airline form as the cofounder of Oneworld airline alliance, Which Position the company Corporate strategy of joining the flight market as a big quarter of quality service provider. (Oneworld, 2020)

4. Marketing Mix Strategy.

4.1 Product offering,

Cathay Pacific has use differentiate strategy for providing various quality of flight services base upon client preference, classify into both Premium service and Economic solution to their customers. They have classify their flight services into 4 classes. With the First Class premium service, Business Class advance service, Premium Economy Class, and cost effective Economic Class.

Besides, they have expand their variation of flight service coverage to more price options and destination through acquisition of with Dragonair in 2006 and HK Express in 2019. (Cathay Pacific, 2020,p.3) In which Dragonair provide specific flight service to 26 Asian Pacific destinations, while HK Express can expend their service through diversification of providing flight service in cost effective solution. (Cathay Pacific, 2020)

Within HK market Cathay Pacific has been the largest flight service provider. The Threat of substitute products will be relatively low in the market. The competitors flight company within HK has been using strategy of low cost airline to attract customer. Though recent years there was trend of taking low cost airline, the dominant market of traditional airline company still take most of market.

4.2 Pricing

The Pricing Strategy for Cathay Pacific has use differentiated strategy to match with customer preferences and competitive advantage. Which range from economic level to first class level. They classify the price for flight ticket into 4 class of flight services, Their pricing strategy base upon flight distance and choice of service level. By which main group of the passenger will be taking the price of Economic Class for short term flight. The estimation with average customer spending on 2018 is estimate as \$3128.45 Hong Kong Dollars. (Cathay Pacific, 2019, p.4,10). They set the price level mainly base upon calculate the breakeven with target return volume to set the price range of the four classes of flight ticket.

The Bargaining power of buyers will be comparatively favorable for Cathay Pacific, as the Cathay Pacific has been the largest service provider of Flight Market in HK.

Compare to another two airline service of Singapore airline and Emirates the average customer spending are \$2509.82 Hong Kong Dollars (Singapore Airline, 2019,p.2) and \$3933.86 Hong Kong Dollars respectively,(Emirates, 2019, p.9) which reflect most customer are target on Economic Class spending.

4.3 Promotion

Cathay Pacific has specially build up their brand images through advertising and providing supreme service to clients. They offer various kinds of promotional service and discount price to their customers in order to encourage their loyalty of customers. For premium class of frequent travelers Cathay Pacific have organize the Marco Polo Club (Cathay Pacific,2020,p.15) for their specific premium services and club member discount. Besides they also have Fanfares for special promotion of flight ticket discount on specific day. (Fanfares,2020) Other than that, they cooperate with the Asian Miles to provide special offer of discount and services to register users of their flight services. (Cathay Pacific,2020,p.15). All the above strategies promote Customer loyalty to their brand.

Besides, they have use Advertising to promote their brand and build up Elite Brand images. The advertising effect has also function on Public relation of the company. Which builds up an Elite brand image of flight market in Asian Pacific region.

4.4 Place

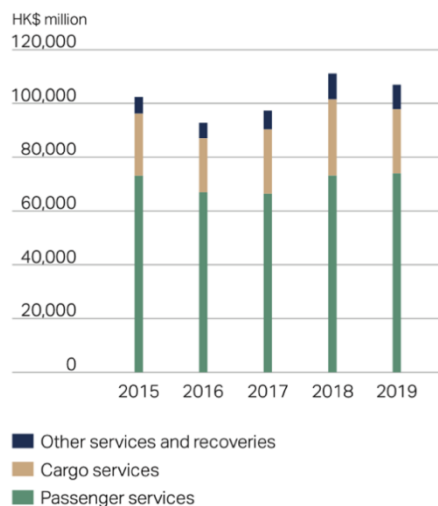
The Channel of distribution for Cathay Pacific has classify into both Individual and Business Client. They have individual client who book their flight service in person through online, and they also have business client who operate their booking of Flight service by reselling to clients.

The flight service provide by Cathay Pacific has reach world wide of 119 destination of 35 countries, with 255 destinations and 54 countries under codeshare agreement (Cathay Pacific,2020,p.3). By which Cathay Pacific has been focusing on world wide destinations while Cathay Dragon has focus on Asia Pacific Region of providing 26 destinations in Mainland China (Cathay Pacific, 2020,p.3). While HK Express its subsidiary operates 24 aircrafts for operating Asia Pacific flight destinations services. (Cathay Pacific,2020) Which provide conviences for their customers to purchase their services worldwide.

5. Recommendations and Conclusion.

5.1 Analysis of Previous 2015-2019 Performance

Revenue



Cathay Pacific and Cathay Dragon: passengers and cargo carried

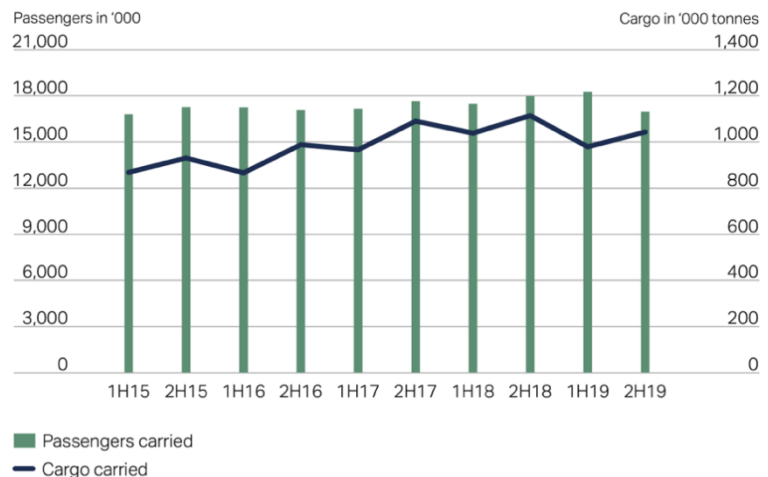


Fig. 6 : Cathay Pacific Revenue and Passengers carried from 2015-2019

Source: Cathay Pacific Annual Report 2019

According to the statistics from Cathay Pacific, we can see the revenue from 2019 are mainly from 3 sectors, including passenger services, cargo services and other services and recoveries, we can see the revenue from above 3 sectors are at around \$100,000 million Hong Kong dollars annually. With the passengers level range between 15,000,000 to 18,000,000 in for each half year. (Cathay Pacific, 2020, p.27)

5.2 Economic Environment from 2020 to 2022

For the economic environment foresee in the 2021 to 2023, we can see as in 2020 first half year, the influence of the COVID-19 has greatly affect the international financial and flight market.(SCMP, 2020) Cathay Pacific has compromise with Hong Kong government on economic solution for company operation for \$39 billion HKD.(CNN, 2020) We can predict from 2021 to 2022 the financial market will be in recovery state. We assume the financial revenue of the 2021 will be recovery from 2020, with 2022 will be slowly raising from the recovery state. With the passengers carry will recover from the great depreciation in 2020.

Base upon the COVID-19 effect and previous data, we can predict the total revenue will drop to about \$80,000 million Hong Kong dollars in 2020. While in 2021-2022 will be recovery progress back to \$100,000 million dollars level. With the passenger level will experience great drop in the year of the 2020, and expect to get back to range of 16,000,000 for each half year from 2021-2022.

5.3 Recommendation for 2020 - 2022

Recommendation Objectives

- I. To Promote more economic flight packages
- II. To promote more upgrade service for frequent travellers
- III. To develop platform of attracting individual and business customers
- IV. With more advertising for customers in Asia Pacific Region

Task	Objective	Year					
		2020		2021		2022	
		Jan-June	Jul-Dec	Jan-June	Jul-Dec	Jan-Jun	Jul-Dec
1. Promote more Economic Flight Package	Pricing Strategy						
Design Flight Packages for various seasons							
Promote of the Sales Packages at different occasion							
2. Upgrade Service for Customer & Frequent Travellers	Promotion						
Promote Macro Polo Club Service for Frequent Travelers							
Provide Asian Miles Upgrade for Frequent Travelers							
3. Develop more Business Channels for Client Sources	Business Strategy						
Cooperation with Business Booking Platform to find corporate clients							
4. Develop more Advertising within Asia Pacific Region	Public Relation						

Fig. 7 : Grant Chart for recommendation for 2020-2022

Pricing Strategy – Sales Promotion

1. Year 2020 – 2021 Promote more Economic Flight Packages

In the depreciation of Economic in 2020, we suggest Cathay Pacific can provide more promotional packages of flight tickets like fanfares and flight package discount for attracting customer purchase flight services. From the perspective of Promotion mix strategies this can attract more current market customers on boosting sales volume for short term through providing economic flight packages.

Promotion Strategy – Personal Selling

2. Year 2021 – 2022 Upgrade services for customers on flight services and frequent travellers

For the recovery state in 2021, provide free upgrading services for frequent travel / loyalty customers on the flight or upcoming flight can attract user through satisfactory service experience. This can create customer loyalty by having premium service which eventually develop brand loyalty through having contribution to customer and have customer satisfaction. Base upon the differentiation strategy to customer preference, develop market penetration effect of alternative corporate growth strategy, eventually provide expansion of business through attracting current customer to enjoy advance service.

Business Strategy – Develop Business Channels

3. Year 2021 – 2022 Develop more Business Client Source with Integrated Platform of hotel booking and travel booking

Develop Business Channels of Business Client Source like online hotel booking platform such as Expedia, Agoda etc.. Besides also develop linking business packages with different travel companies and Hotels to discover more source of clients.

From the perspective of corporate growth strategies the Market Development strategy of current product to new market can bring in new business. Having more linkage with business market platform clients can develop long term partnership and have considerable income for both parties.

Advertising & Public Relation

4. Year 2021 – 2022 Develop more Advertising Ads within Asia Pacific Region

Enhance the Advertising Ads within Asia Pacific Region as the main target to raise the Brand Awareness and brings out positive Brand Image to both Business and Individual client can attract more customer awareness.

The Advertising channel for potential clients can increase the sales rate of target customer in Asia Pacific Region through promotion use of service. Other than boost the sales volume also providing brand building services.

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7. Appendices.

Financial Statistics

GROUP FINANCIAL STATISTICS

		2019	2018	Change
Results				
Revenue	HK\$ million	106,973	111,060	-3.7%
Profit attributable to the shareholders of Cathay Pacific	HK\$ million	1,691	2,345	-27.9%
Earnings per share	HK cents	43.0	59.6	-27.9%
Dividend per share	HK\$	0.18	0.30	-40.0%
Profit margin	%	1.6	2.1	-0.5%pt
Financial position*				
Funds attributable to the shareholders of Cathay Pacific*	HK\$ million	62,773	63,936	-1.8%
Net borrowings*	HK\$ million	82,396	58,581	+40.7%
Shareholders' funds per share*	HK\$	16.0	16.3	-1.8%
Net debt/equity ratio*	Times	1.31	0.92	+0.39 times

Fig. 8 Cathay Pacific Group Financial Statistics 2019

Source : Cathay Pacific Annual Report 2019

Group Financial Statistics

		2018	2017	Change
Results				
Revenue	HK\$ million	111,060	97,284	+14.2%
Profit/(loss) attributable to the shareholders of Cathay Pacific	HK\$ million	2,345	(1,259)	+3,604
Earnings/(loss) per share	HK cents	59.6	(32.0)	+91.6
Dividend per share	HK\$	0.30	0.05	+0.25
Profit/(loss) margin	%	2.1	(1.3)	+3.4%pt
Financial position				
Funds attributable to the shareholders of Cathay Pacific	HK\$ million	63,936	61,101	+4.6%
Net borrowings	HK\$ million	58,581	59,300	-1.2%
Shareholders' funds per share	HK\$	16.3	15.5	+5.2%
Net debt/equity ratio	Times	0.92	0.97	-0.05 times

Fig. 9 Cathay Pacific Annual Report 2018 Group Financial Statistics

Source : Cathay Pacific Annual Report 2018

Group Financial Statistics

		2017	2016	Change
Results				
Revenue	HK\$ million	97,284	92,751	+4.9%
Loss attributable to the shareholders of Cathay Pacific	HK\$ million	(1,259)	(575)	-119.0%
Loss per share	HK cents	(32.0)	(14.6)	-119.2%
Dividend per share	HK\$	0.05	0.05	–
Loss margin	%	(1.3)	(0.6)	-0.7%pt
Financial position				
Funds attributable to the shareholders of Cathay Pacific	HK\$ million	61,101	55,365	+10.4%
Net borrowings	HK\$ million	59,300	49,879	+18.9%
Shareholders' funds per share	HK\$	15.5	14.1	+9.9%
Net debt/equity ratio	Times	0.97	0.90	+0.07 times

Fig. 10 Cathay Pacific Annual Report 2017 Group Financial Statistics

Source : Cathay Pacific Annual Report 2017

Group Financial Statistics

		2016	2015	Change
Results				
Revenue	HK\$ million	92,751	102,342	-9.4%
(Loss)/profit attributable to the shareholders of Cathay Pacific	HK\$ million	(575)	6,000	-109.6%
(Loss)/earnings per share	HK cents	(14.6)	152.5	-109.6%
Dividend per share	HK\$	0.05	0.53	-90.6%
(Loss)/profit margin	%	(0.6)	5.9	-6.5%pt
Financial position				
Funds attributable to the shareholders of Cathay Pacific	HK\$ million	55,365	47,927	+15.5%
Net borrowings	HK\$ million	49,879	42,458	+17.5%
Shareholders' funds per share	HK\$	14.1	12.2	+15.6%
Net debt/equity ratio	Times	0.90	0.89	+0.01 times

Fig. 11 Cathay Pacific Annual Report 2016 Group Financial Statistics

Source : Cathay Pacific Annual Report 2016

Operation Statistics

OPERATING EXPENSES

	Group			Cathay Pacific and Cathay Dragon		
	2019 HK\$M	2018 HK\$M	Change	2019 HK\$M	2018 HK\$M	Change
Staff	20,125	20,211	-0.4%	17,604	17,987	-2.1%
Inflight service and passenger expenses	5,306	5,292	+0.3%	5,284	5,292	-0.2%
Landing, parking and route expenses	17,758	17,486	+1.6%	16,900	17,115	-1.3%
Fuel, including hedging losses	29,812	33,869	-12.0%	28,778	33,232	-13.4%
Aircraft maintenance	9,858	9,401	+4.9%	9,231	8,965	+3.0%
Aircraft depreciation and rentals*	12,022	12,743	-5.7%	11,640	12,414	-6.2%
Other depreciation, amortisation and rentals*	2,991	2,851	+4.9%	2,132	2,091	+2.0%
Commissions	927	862	+7.5%	920	862	+6.7%
Others	4,847	4,750	+2.0%	6,280	6,164	+1.9%
Operating expenses	103,646	107,465	-3.6%	98,769	104,122	-5.1%
Net finance charges*	2,939	2,114	+39.0%	2,446	1,853	+32.0%
Total operating expenses	106,585	109,579	-2.7%	101,215	105,975	-4.5%

* The adoption of HKFRS 16 has resulted in increased depreciation and finance charges, offset by a reduction in lease charges.

Fig. 12 2018 – 2019 Operation Statistics of Cathay Pacific and Cathay Dragon

Source : Cathay Pacific Annual Report 2019

Operating expenses

	Group			Cathay Pacific and Cathay Dragon		
	2017 HK\$M	2016 HK\$M	Change	2017 HK\$M	2016 HK\$M	Change
Staff	19,962	19,770	+1.0%	17,708	17,607	+0.6%
Inflight service and passenger expenses	4,996	4,734	+5.5%	4,996	4,734	+5.5%
Landing, parking and route expenses	15,225	14,985	+1.6%	14,830	14,704	+0.9%
Fuel, including hedging losses	31,112	27,953	+11.3%	30,619	27,551	+11.1%
Aircraft maintenance	9,607	8,856	+8.5%	9,221	8,453	+9.1%
Aircraft depreciation and operating leases	11,845	10,551	+12.3%	11,596	10,406	+11.4%
Other depreciation, amortisation and operating leases	2,795	2,457	+13.8%	1,986	1,841	+7.9%
Commissions	681	700	-2.7%	681	700	-2.7%
Others	3,340	3,270	+2.1%	4,877	4,941	-1.3%
Operating expenses	99,563	93,276	+6.7%	96,514	90,937	+6.1%
Net finance charges	1,761	1,301	+35.4%	1,527	1,125	+35.7%
Total operating expenses	101,324	94,577	+7.1%	98,041	92,062	+6.5%

Fig. 13. 2016 – 2017 Operation Statistics of Cathay Pacific and Cathay Dragon

Source : Cathay Pacific Annual Report 2017

Operating expenses

	Group			Cathay Pacific and Dragonair		
	2015 HK\$M	2014 HK\$M	Change	2015 HK\$M	2014 HK\$M	Change
Staff	18,990	18,101	+4.9%	17,028	16,247	+4.8%
Inflight service and passenger expenses	4,713	4,438	+6.2%	4,713	4,438	+6.2%
Landing, parking and route expenses	14,675	14,196	+3.4%	14,406	13,954	+3.2%
Fuel, including hedging losses	32,968	40,299	-18.2%	32,475	39,473	-17.7%
Aircraft maintenance	7,504	7,077	+6.0%	7,168	6,766	+5.9%
Aircraft depreciation and operating leases	10,883	10,411	+4.5%	10,724	10,179	+5.4%
Other depreciation, amortisation and operating leases	2,310	2,116	+9.2%	1,712	1,490	+14.9%
Commissions	798	799	-0.1%	798	799	-0.1%
Others	2,837	4,119	-31.1%	4,222	5,177	-18.4%
Operating expenses	95,678	101,556	-5.8%	93,246	98,523	-5.4%
Net finance charges	1,164	1,158	+0.5%	1,007	1,115	-9.7%
Total operating expenses	96,842	102,714	-5.7%	94,253	99,638	-5.4%

Fig. 14 2014 – 2015 Operational Statistics of Cathay Pacific and Cathay Dragon

Source : Cathay Pacific Annual Report 2015