**BUSINESS PLAN**[[1]](#footnote-2).

1. BACKGROUND:
   1. Summary of the airline’s experience:

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* 1. Experience of the airline, where applicable, in providing regular air services in the Canary Islands:

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1. MARKETING STRATEGY FOR THE ROUTE[[2]](#footnote-3):
   1. Promotion of the route:

- Describe the marketing actions intended to promote the new route.

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* 1. Sales channels for the route[[3]](#footnote-4):

- List the online and offline distribution channels (own and external channels) the airline will use for sales of the new route with non-negotiated public fares accessible to all customers. Indicate the exact web page of the airline where the route will be made available for sale.

Where the airline does not have its own sales website but sells its tickets through the website of another airline with which it has a business relationship, indicate the exact address of the website that will be used. The nature of the business relationship between the two airlines must also be described.

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* 1. Details of the promotion and marketing.

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* 1. Expected pricing for the new route.

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1. FUTURE ECONOMIC VIABILITY OF THE ROUTE[[4]](#footnote-5):
   1. Profitability of the route:

- Detail the estimated costs and revenue resulting from the operation of the route during the first years of operation. In addition, outline the expected financial results. These results must demonstrate that the route is likely to be profitable once the start-up period for the route has ended, without incentives.

(SAMPLE TABLE)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **YEAR 1** | **YEAR 2** | **YEAR 3** | **YEAR 4** |
| CAPACITY |  |  |  |  |
| LOAD FACTOR |  |  |  |  |
| PASSENGERS |  |  |  |  |
|  |  |  |  |  |
| Average fare |  |  |  |  |
| Extra revenue/passenger |  |  |  |  |
| **TOTAL REVENUE** |  |  |  |  |
| Fixed costs |  |  |  |  |
| - |  |  |  |  |
| - |  |  |  |  |
| - |  |  |  |  |
| Variable costs |  |  |  |  |
| - |  |  |  |  |
| - |  |  |  |  |
| - |  |  |  |  |
| **TOTAL COSTS** |  |  |  |  |
| **NET PROFIT** |  |  |  |  |

- Minimum period for which the airline needs the incentive[[5]](#footnote-6).

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- Estimate the minimum average fare necessary to make the route profitable in a scenario of 80% load factor. The amount must refer to one complete round trip; that is, it must include the inbound and outbound flights, breaking the fare down into two components (net fare and charges).

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- Justify why the airline would not have operated the route with regular services in the absence of the incentive.

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* 1. Results forecast for the route:

- Expected passenger volume and average load factor in each direction of the route.

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- Expected passenger profile.

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1. The Business Plan must establish a cost and revenue scenario associated with the operation of the new route based on expectations about the macroeconomic environment that will allow the route to operate and be viable after the start-up period. It will also contain the promotion and marketing activities that will help to achieve the results included in this scenario. [↑](#footnote-ref-2)
2. Indicate how you plan to promote and commercialise the route based on the operating conditions laid down in section II.- MINIMUM REQUIREMENTS TO APPLY FOR THE INCENTIVE. [↑](#footnote-ref-3)
3. The new route must be available for sale on a) the website of the airline or, failing this, on the website of another airline with which it has a commercial relationship; and b) on at least one of the following two external channels: (1) a Global Distribution System (GDS); or (2) a metasearch engine or online travel agency and b) on at least one of the following two external channels: (1) a Global Distribution System (GDS); or (2) a metasearch engine or online travel agency. [↑](#footnote-ref-4)
4. Using a simulation of results, demonstrate the profitability of the route in terms of passenger volume, load factor and the cost/revenue ratio based on the operating conditions laid down in THE INCENTIVE APPLICATION, once the incentive has ended. [↑](#footnote-ref-5)
5. Note that the duration for the incentive under this Call for applications is established in Section 2 of the corresponding Notice of Call for applications (under TERMS OF THE INCENTIVE, page 5). [↑](#footnote-ref-6)