



AIR CANADA

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Letter from Calin Rovinescu, President and CEO: Spreading Our Wings



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Let me share a secret. A hidden perk of working for an airline is that you are never at a loss for cocktail-party conversation. Almost invariably, the topic soon turns to well-meaning suggestions of new routes Air Canada should fly. Such interest is understandable, as our customers prize the choice our vast network affords them. To satisfy demand, we have launched no fewer than 125 new routes since the start of 2013, with an emphasis on international services that makes us one of a handful of global carriers flying to six continents today.

We devote significant resources to identifying new routes because, with a state-of-the-art widebody aircraft costing more than \$250 million, each route represents a significant capital commitment. Two teams, one international and one domestic, evaluate candidates, spending months poring over data to identify those we think will succeed.

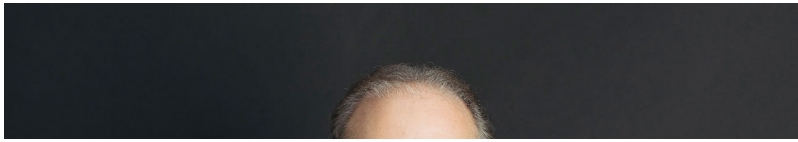
Among other things, we look at traffic flows and business and leisure trends to determine how many passengers are likely to travel between two destinations. With Canada's small population, there may be insufficient point-to-point travel to justify certain routes to, say, China or Japan, so we also weigh the potential of connecting traffic from foreign cities to help fill the aircraft. Scheduling is vital to optimize connectivity, particularly between international and domestic or U.S. flights. Similarly, we continually refine our airport processes and work with airport authorities to ease hub connections.

Based on aircraft available and expected utilization, we next estimate operating costs and revenue to calculate profitability, after which a route may be shortlisted for more scrutiny. Other considerations include competition, the health of local economies, business and trade relationships, regulatory and governmental aspects, tourism and cultural affinities, which can determine how much travel among friends and family a route might stimulate.

We have invested heavily to offer a best-in-class product and service on all new routes. And our successful growth suggests we are adept at picking winners – virtually all 25 routes we launched last summer were quite profitable – but we also know that customers ultimately determine any route's success. This is why, whether you are travelling on a new or well-travelled route, Air Canada is committed to superior customer service all along the way.

Calin's column appears every month in enRoute Magazine, Air Canada's award-winning in-flight magazine found onboard all Air Canada, Air Canada Rouge and Air Canada Express flights. This edition is from the December 2018 issue.





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