

# Deutsche Gesellschaft für Luft- und Raumfahrt **LSG Sky Chefs - An Overview**

Joao Monteiro, Hamburg, Mai 8, 2008





**Who is LSG Sky Chefs?**



**What is it that we do?**



**How did our business change?**



**What will follow next?**

# LSG Sky Chefs at a Glance



LSG Sky Chefs Our Business	Employees worldwide	Group sales 2006 (consolidated)	Market share
<b>Airline Catering In-flight Services</b>	<b>30,100</b>	bn € <b>2.4</b>	<b>&gt; 30 %</b>
Customer service centers (CSCs)	Airline customers	Meals annually	Presence
<b>201</b>	<b>&gt; 300</b>	mio <b>418</b>	<b>188</b> airports <b>49</b> countries

Brand name

# Our network





# Top 15 airline catering customers

270 Customers worldwide<sup>1)</sup>

 <b>Lufthansa</b>	<b>American Airlines™</b>	 <b>Scandinavian Airlines</b>
 <b>TUI</b> Aktiengesellschaft	<i>virgin atlantic</i> 	 <b>Condor</b>
 <b>malaysia</b> AIRLINES	 <b>UNITED</b>	 <b>Asiana Airlines</b>
 <b>nwa</b> NORTHWEST AIRLINES	 <b>U.S AIRWAYS</b>	 <b>AIR CHINA</b> Flying Future
<b>Alitalia</b>	<i>Alaska Airlines</i>	<b>AEROFLOT</b> Russian Airlines 

<sup>1)</sup> Including not fully consolidated airlines

Source: LSG Holding Sales



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# What is it that we do?

## Beispiel:

Flug.Nr.: **LH462** Strecke: **Frankfurt FRA – Miami MIA** Typ: **B 747-400 (Jumbo Jet)**

<b>Sitzversion:</b>	16 F-Class =		32 Mahlzeiten = 167 Artikel
	64 C-Class =		128 Mahlzeiten = 111 Artikel
	310 M-Class =		620 Mahlzeiten = 37 Artikel

<b>Brötchen:</b>	106 Stck. F/CI		<b>Trolleys:</b>	102 Stck.	
	205 Stck. C/CI		Halfsize	81 Stck.	
	640 Stck. M/CI		Fullsize	21 Stck.	
<b>Sitz- &amp; Toilettenausrüstung</b>			<b>Standardboxen:</b>	103 Stck.	
<b>Lesematerial &amp; Entertainment</b>					

## **Equipment:**

Handling von kundeneigenem Equipment d.h. Bestellung, Inventur, Vereinnahmung, Lagerung, bereichsbezogene Bereitstellung, in- und outbound Balance

## **Gesamtbeladung:**

36.000 Einzelteile

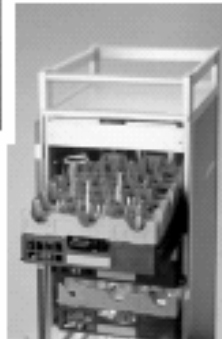
## **Ladegewicht:**

6,2 Tonnen

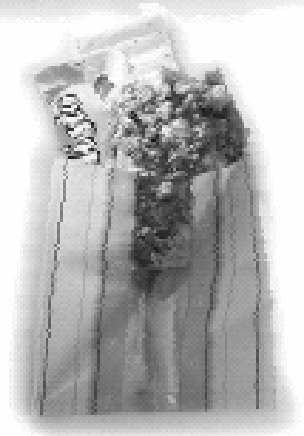


# What is it that we do? Example Frankfurt

- 40 different types of A/C
- 95 different galleys
- 53.000 passengers



# What happens every day in our Frankfurt CSC?



- 150,000 plates,
- 85,000 glasses per day
- 46,000 newspapers, 63,000 Magazines
- 80,000 rolls, 24,000 bottles of beer
- 100 kg king prawns, 400 pc. salmon, 1,500 kg cheese
- load of a 747: 114 containers, 102 trolleys and 18 ovens; comprises 30.000 piece parts and 6.700 kg



**Who is LSG Sky Chefs?**



**What is it that we do?**
















**How did our business change?**



**What will follow next?**

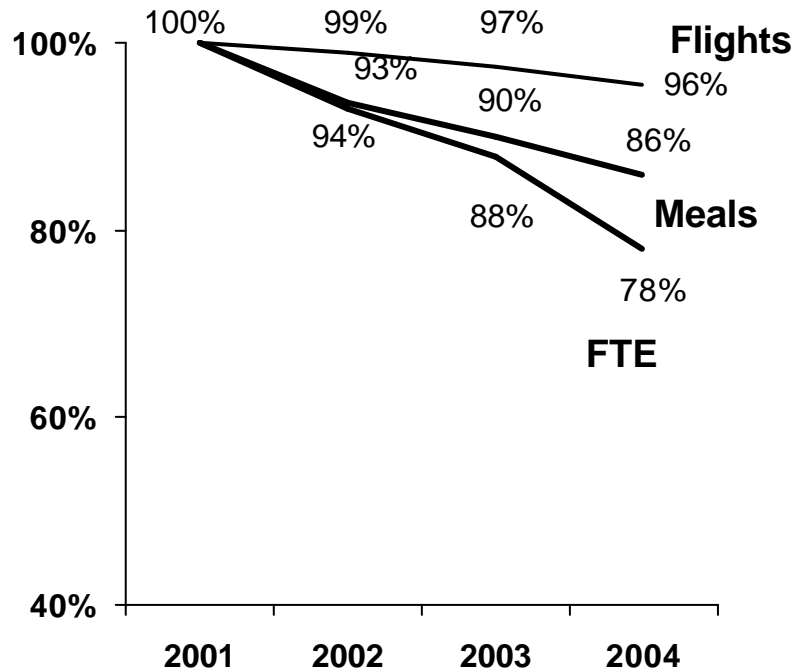
# Significant impact through external developments

Integration of LSG and Sky Chefs June 2001

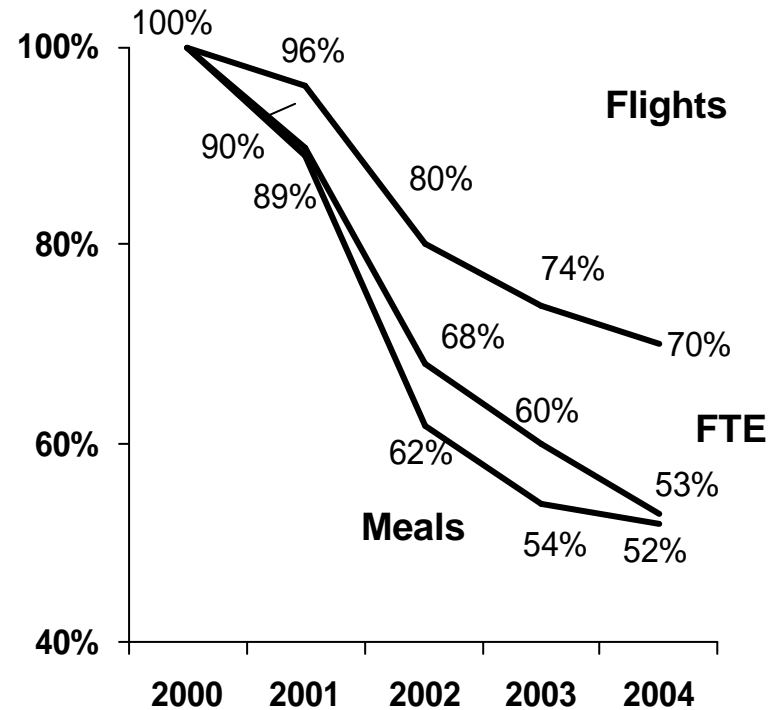
	2001 - 2002	2003 - 2004	2005 - 2006
<b>Geopolitical instability</b>	<ul style="list-style-type: none"> <li>September 11: Terror attacks</li> </ul>	<ul style="list-style-type: none"> <li>Iraq War</li> <li>Madrid bombs</li> </ul>	<ul style="list-style-type: none"> <li>Lebanon war</li> <li>London bombs</li> </ul>
<b>Epidemics</b>	<ul style="list-style-type: none"> <li>Mad cow disease</li> </ul>	<ul style="list-style-type: none"> <li>SARS</li> </ul>	<ul style="list-style-type: none"> <li>Bird flu</li> </ul>
<b>Financial weakness of airlines</b>	<ul style="list-style-type: none"> <li>Bankruptcies:                             <ul style="list-style-type: none"> <li> U.S AIRWAYS</li> <li> UNITED</li> <li> swissair</li> <li> sabena</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Bankruptcies:                             <ul style="list-style-type: none"> <li> U.S AIRWAYS</li> </ul> </li> <li>Threat of Bankruptcy:                             <ul style="list-style-type: none"> <li> Delta</li> <li> NORTHWEST AIRLINES</li> <li> AmericanAirlines</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Bankruptcies:                             <ul style="list-style-type: none"> <li> Delta</li> <li> NORTHWEST AIRLINES</li> <li> VARIG Brasil</li> </ul> </li> </ul>
<b>Expansion LCC</b>	<ul style="list-style-type: none"> <li>Expansion of low cost airlines:                             <ul style="list-style-type: none"> <li> SOUTHWEST AIRLINES</li> <li>jetBlue</li> <li>easyJet</li> <li> RYANAIR ...</li> </ul> </li> </ul>		

# Intense right sizing from 2001 to 2003

## EMEA



## USA

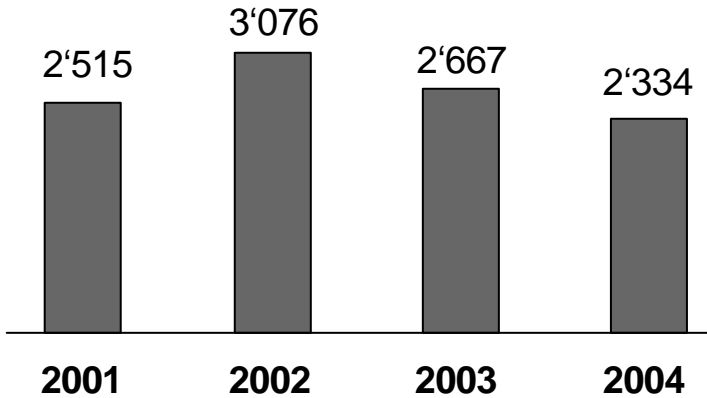




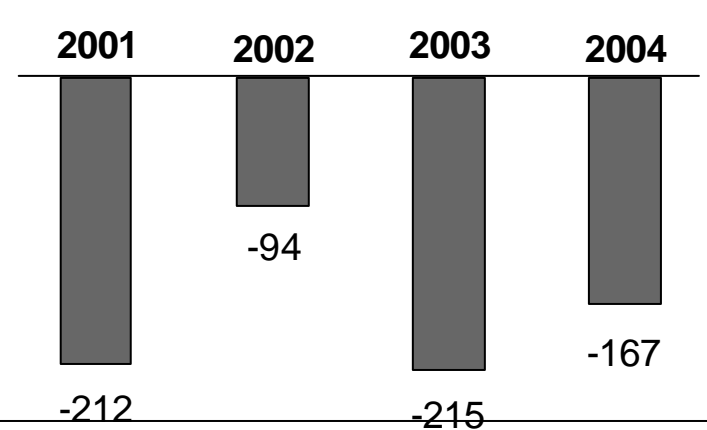
# Even after downsizing, LSG was not able to come back to profitability

[m EUR]

## Revenue



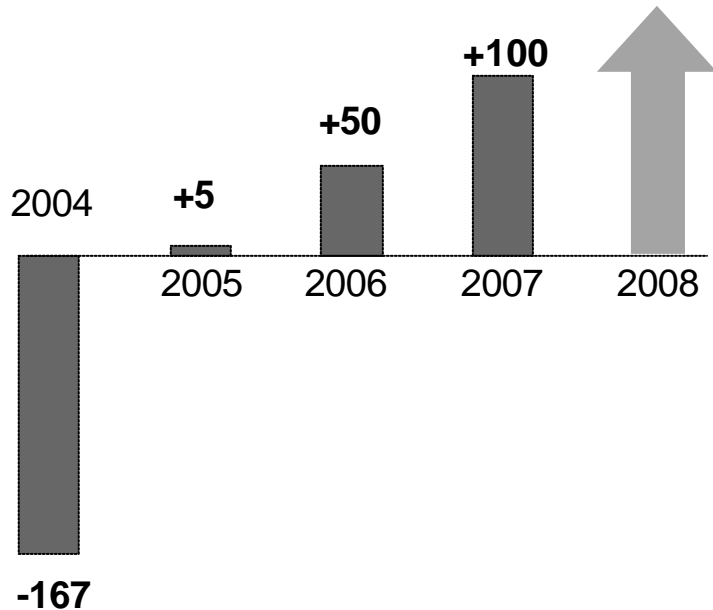
## Operating Result



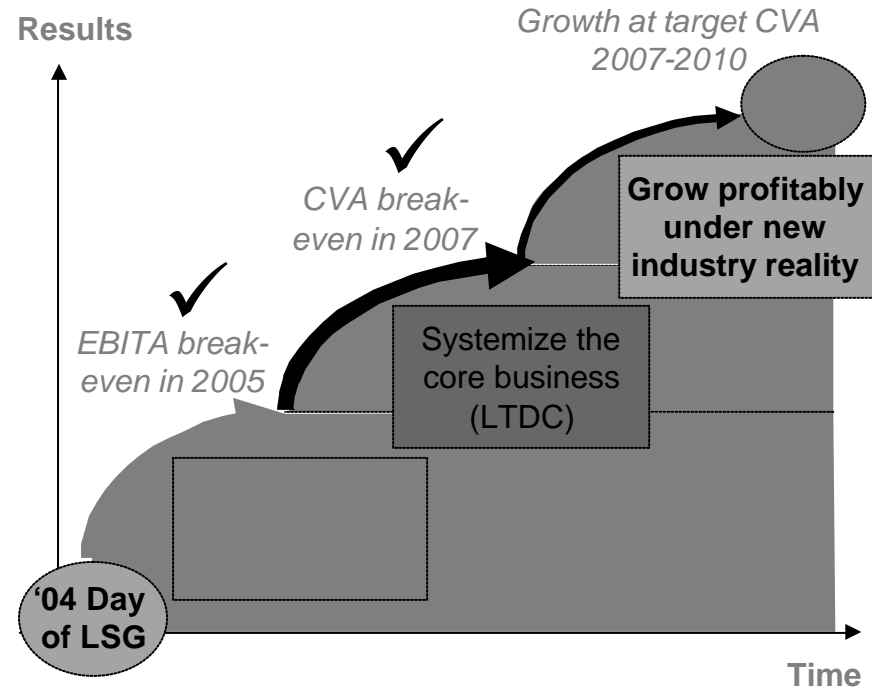
# How did we achieve the turnaround? What will follow next?

## Operating Result

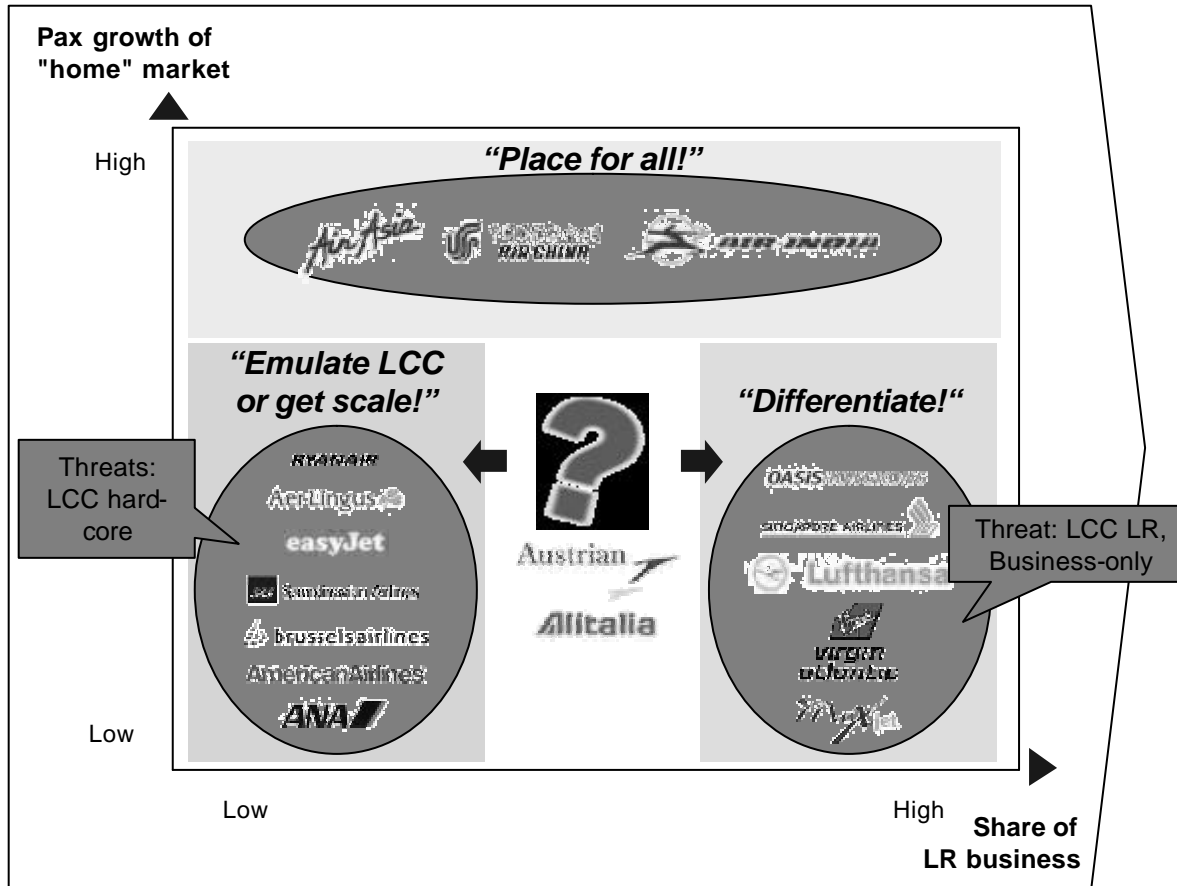
[m EUR]



## 3 phases of LSG Sky Chefs strategy



# Shaping the supply chain to the needs of each of our airline customers

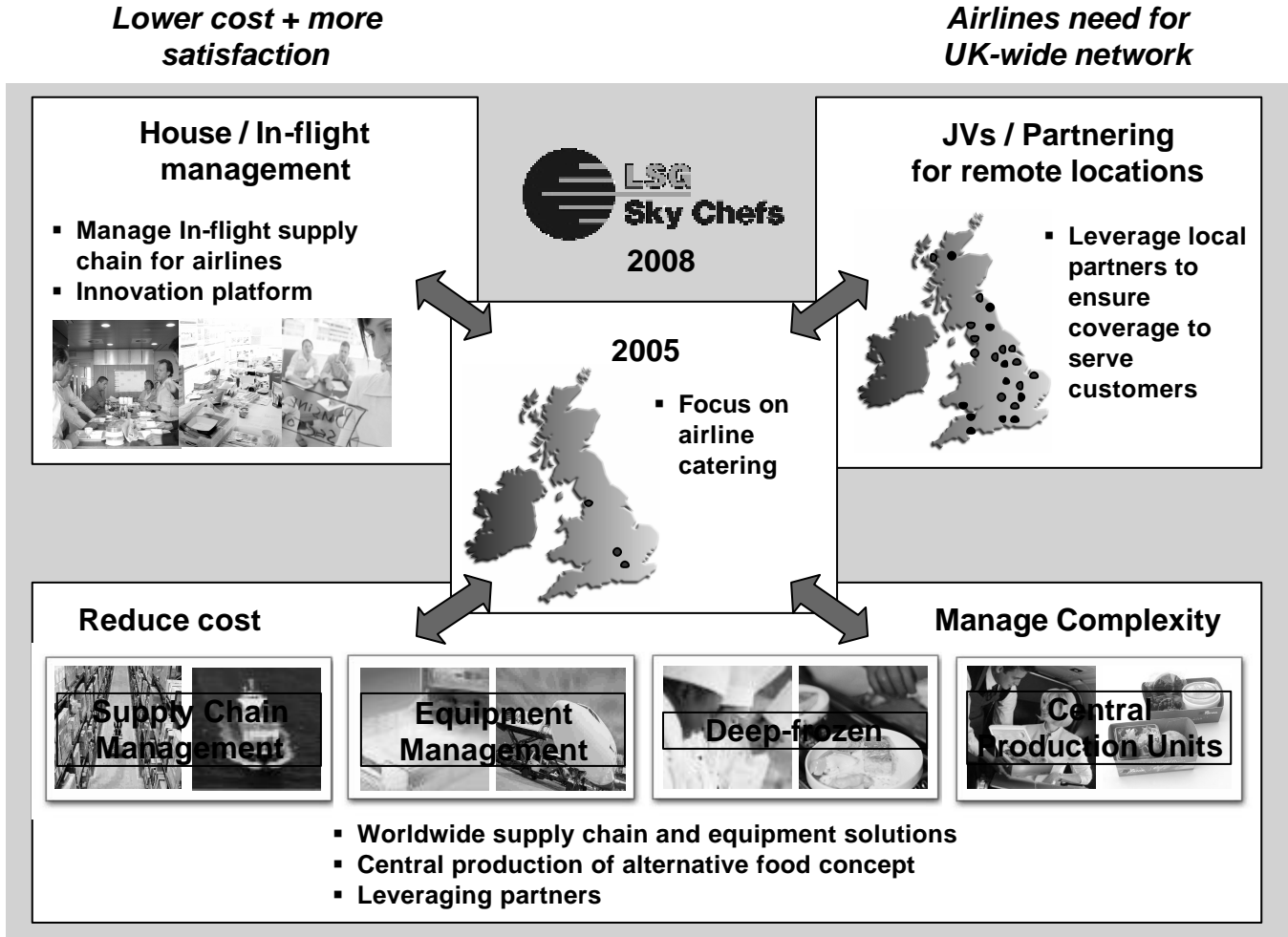


- Bidding on request for proposals



1. What are the key challenges the Airline is facing?
2. What position for their brand do they aim at?
3. How can we help them get there?

# Combining catering and services in an effective new operating model – example UK



# The consequence...



## Online Survey: Unprompted Responses

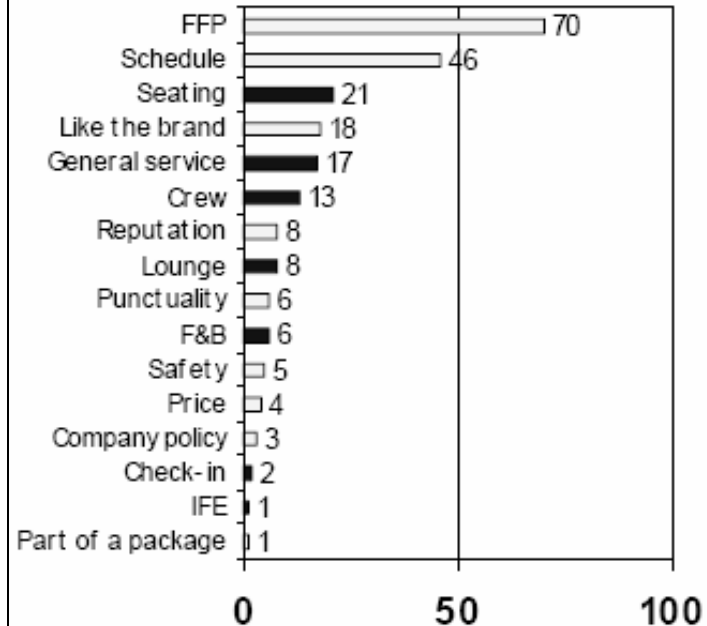
Why do you prefer VAA / British Airways?

Number of mentions of a specific product or service feature

Darker colours = tangible product components

Virgin preferers

BA preferers



# Virgin Atlantic – How the new approach is changing the way we work with airlines



## Virgin Atlantic

In-flight spend

100%

Total spend on In-flight

Other, external suppliers  
LSG SC companies & partners

Before THE HOUSE

THE HOUSE (June 05- June 06)



### Key account manager

- Manage relationship
- Increase customer profitability for LSG SC
- VAA In-flight management team



### THE HOUSE

- Manage the whole in-flight supply chain with significantly less FTE
- Generate savings and quality for airline and ensure LSG SC profit
- Only four FTE remain in VAA for In-flight contract mgmt.



**Who is LSG Sky Chefs?**



**What is it that we do?**



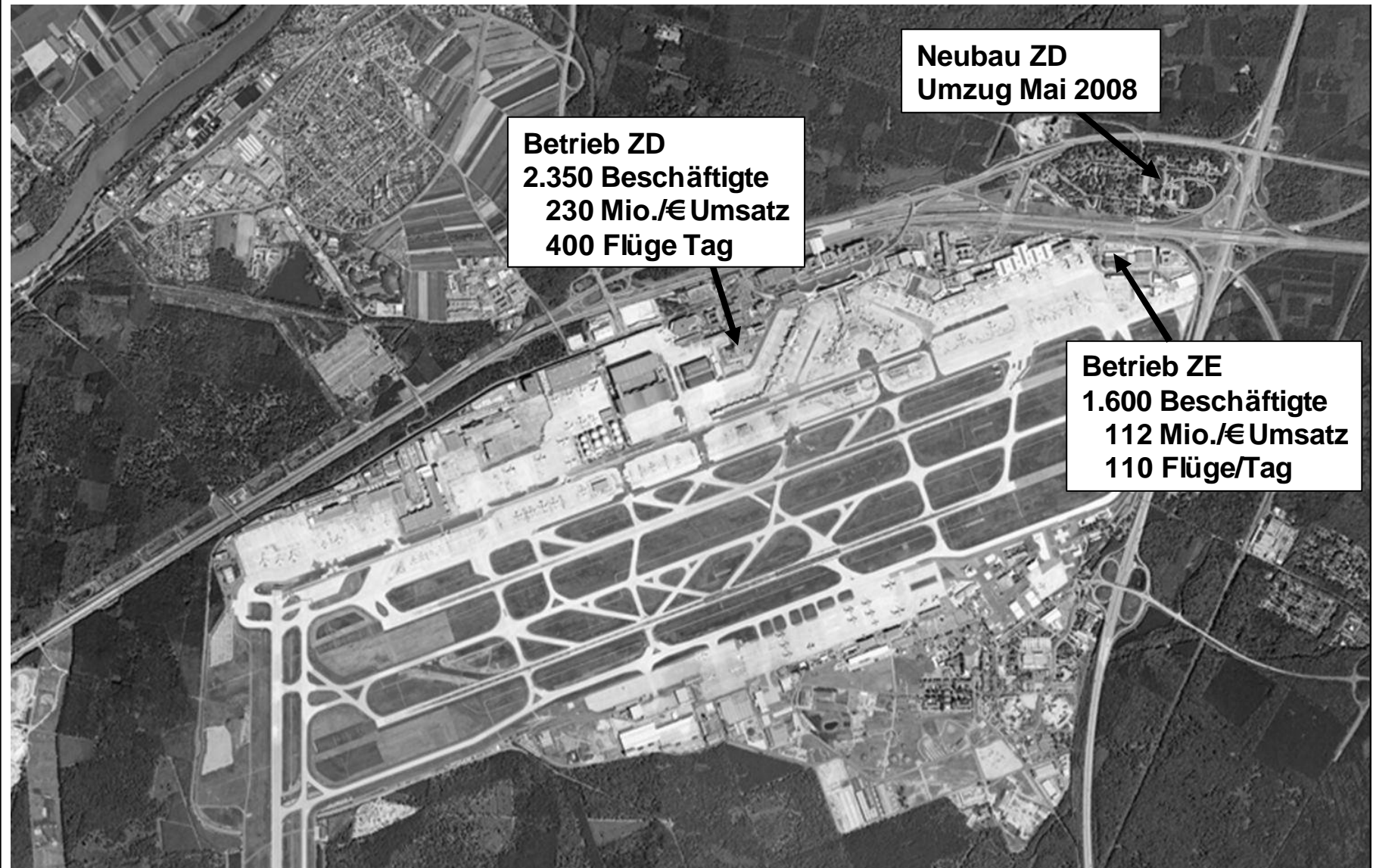
**How did our business change?**



**What will follow next?**



# How is this changing our CSCs?



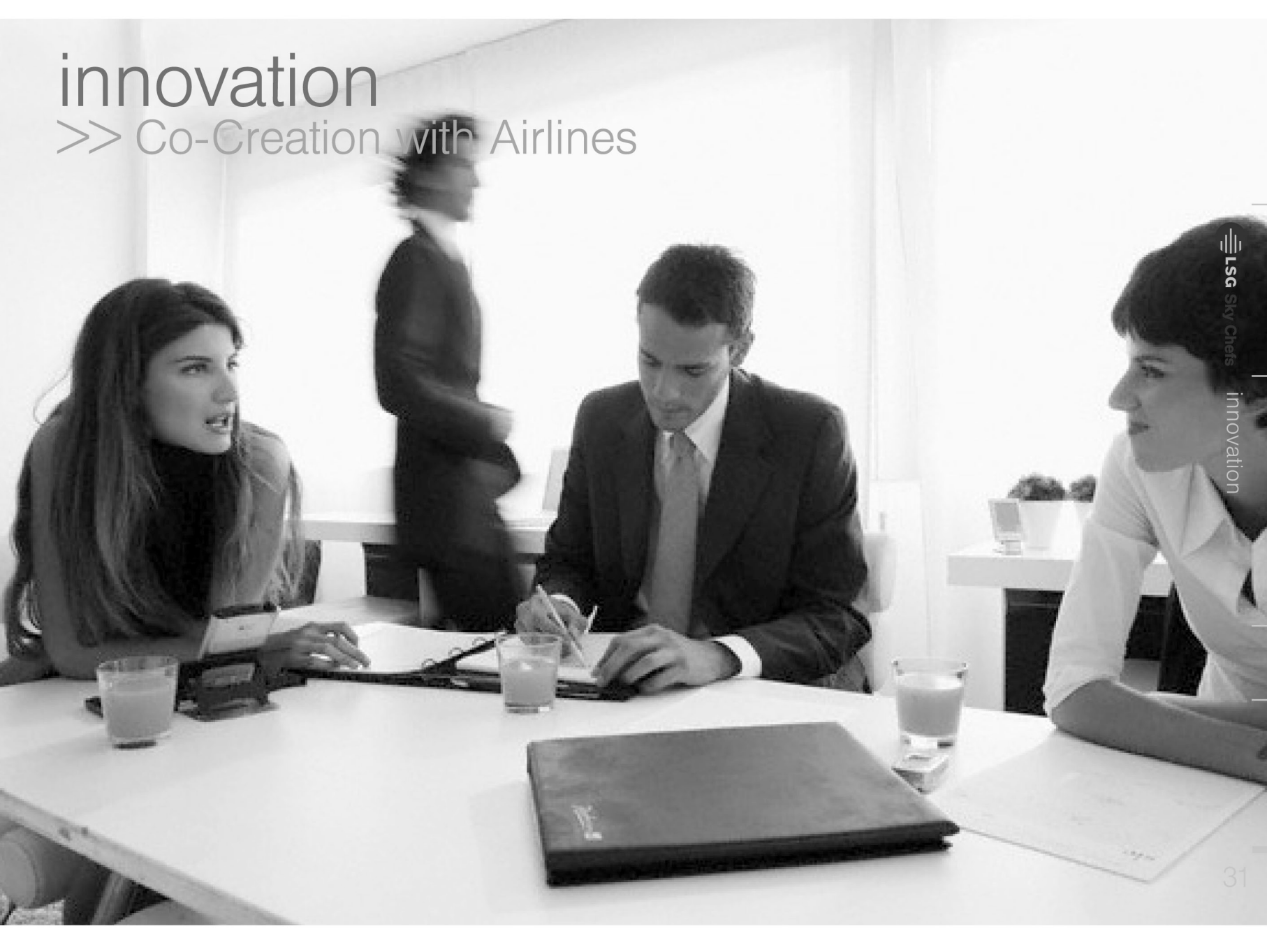
## LSG Sky Chefs Neubau Cateringbetrieb Frankfurt



Bauvolumen:	200 Mio. €
Fertigstellung:	Mai 2008
Gesamtfläche:	36.000qm
Personal:	ca.2350 Mitarbeiter
Geplantes Volumen im Jahr 2012:	
Flüge	160.724 / Jahr
Passagiere	24,2 Mio. / Jahr

# innovation

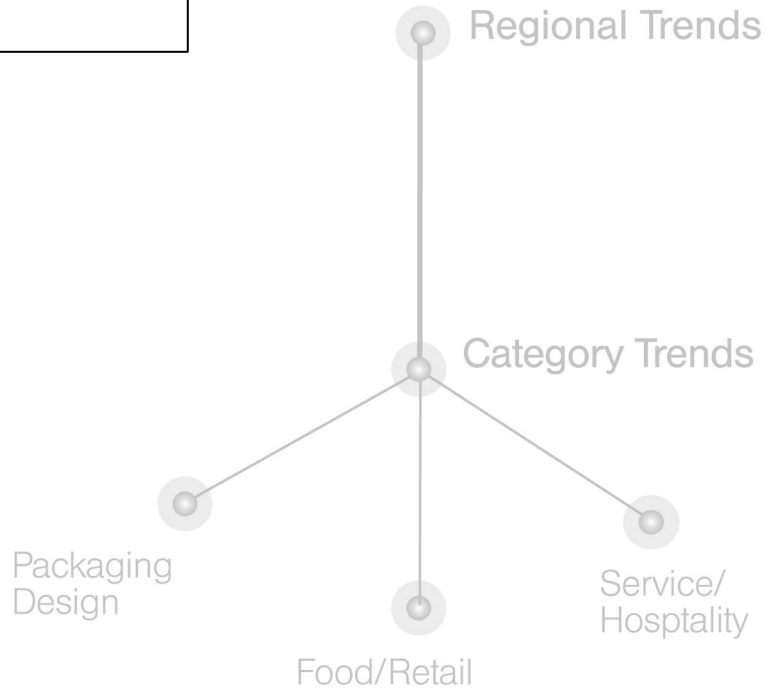
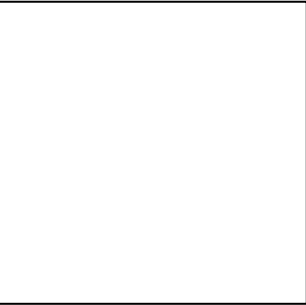
>> Co-Creation with Airlines



trendscouting  
>> the team



# trendscouting >> process



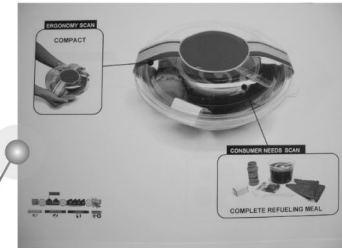
# vision

>> how to interpret the trends?

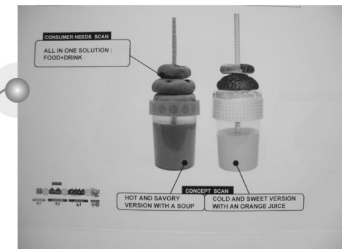
Themes and vision boards for packaging, interpretation of one trend



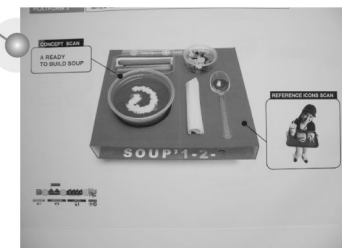
Examples second service long haul



Vision 1 - big bowl



Vision 2 - healthy fun



Vision 3 - soup choices

vision  
 >> brand and product fit

COCA COLA



STARBUCKS



BERTOLLI





# scenarios

>> develop the concrete product scenario

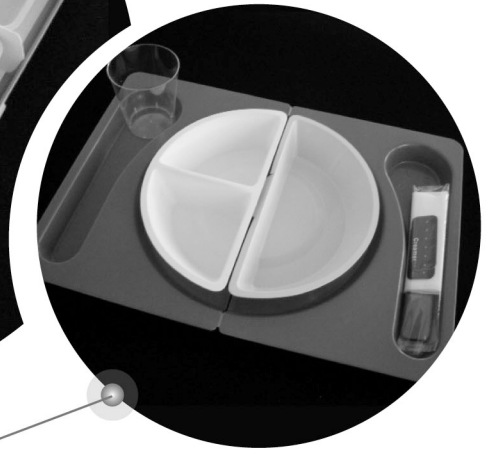


For example Nike-welcome-kit

Snackbox with integrated cup holder



Snackbox with integrated cup- and cutlery holder





scenarios

>> Unilever, new service concepts

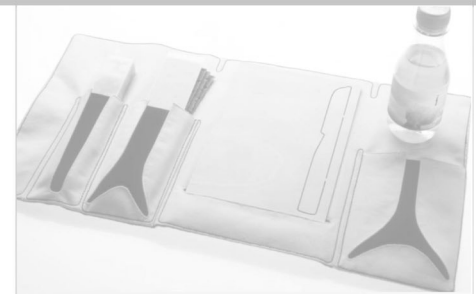


Unilever



# scenarios

>> Swissair, new service concepts



scenarios

>> SAS, new service concepts

