

**Specification of Competency Standards**  
**for the Logistics Industry**  
**Unit of Competency**

Functional Area - Operations Management

Title	Formulate revenue management for air freight
Code	LOCUOM521B
Range	This unit of competency is applicable to air freight operators including airlines and freight forwarders which provide various services and products. Practitioners should be capable to formulate the management system to manage the revenues of the company according to its operation strategies.
Level	5
Credit	9 (For Reference Only)
Competency	<p>Performance Requirements</p> <p>1. Knowledge of air freight revenues</p> <ul style="list-style-type: none"> <li>• Understand the characteristics and time limit of air freight services</li> <li>• Understand the market structure of air freight services and the trend</li> <li>• Understand the flexibility of customers' needs</li> <li>• Understand the concepts of revenue management</li> <li>• Understand revenue analysis such as break-even point and targeted profits analysis, etc.</li> <li>• Understand the impact of undercooking and overbooking of cargo spaces on the revenues of the company</li> <li>• Understand the revenue concepts relevant to standby cargo space, quota control, profit allocation, free market and on-spot market</li> </ul> <p>2. Formulate the revenue management system for sea freight</p> <ul style="list-style-type: none"> <li>• Apply the concepts of probability, statistical projection or games theory to analyse freight revenues</li> <li>• Analyse the market prices, corporate revenues and market share of different freight services of and their effects on the company</li> <li>• Analyse the market competition faced by the company in different economic environment</li> <li>• Analyse the status of the market, customers and co-loading and make projections</li> <li>• Base on different market demand assumptions to forecast the situation</li> <li>• Apply the probability to project different scenarios of revenue-and-profit change</li> <li>• Analyse the results as well as the advantages and disadvantages of the strategies, and recommend appropriate decision-making guidelines</li> <li>• Design the revenue management system</li> <li>• Compile reports to illustrate the application of decision-making guidelines and its values to revenue management</li> <li>• Solicit feedback and views for improving the revenue management system and decision-making guidelines</li> </ul>
Assessment Criteria	<p>The integrated outcome requirements of this unit of competency are:</p> <ul style="list-style-type: none"> <li>• Capable to analyse the relationship among different services, market conditions and revenues systematically;</li> <li>• Capable to design effective management system and decision-making guidelines for revenue management; and</li> <li>• Capable to compile reports to illustrate the use of decision-making guidelines.</li> </ul>
Remark	