請閱讀下列兩篇英文個案內容後，就 Case Questions 作答。

1. Fast Forward Air Freight

Mr. John Klinker, president of Fast Forward Air Freight, has just hung up the phone after a two-hour conversation with Carol Burdinski, vice president of Cargo Marketing for Fly Right Air Lines. Burdinski informed Fast Forward that, effective at the end of the current contract, Fly Right would not extend the current guaranteed space and rate agreement. In other words, after the contract expires, Fast Forward will have to pay the tariff rate in effect for the commodity, shipment size, and destination at the time of the shipment and will be subject to space availability. This is bad news, because for the past 10 years, Fast Forward has been able to contract with Fly Right for a guaranteed amount of space on particular flights with appropriate volume rate discounts.

Fast Forward is an air freight forwarder formed by John Klinker in 1978, following deregulation of the airline industry. Klinker was a cargo marketing manager for Fly Right prior to 1978 and saw the opportunity presented by deregulation to provide a value-added service to air cargo shippers. From its inception, Fast Forward provided guaranteed pickup and delivery service to the shippers and, by contracting for space on flights, guaranteed overall transit times.

The Fast Forward-Fly Right alliance prospered. Fast Forward concentrated on the marketing of air cargo service and developed a strong reputation among shippers for being able to deliver the service promised. In addition, Fast Forward developed state-of-the-art material-handling systems and vehicle-routing techniques, which enhanced the level of service provided. The Fast Forward cargo enabled Fly Right to reduce empty capacity and generate additional revenue without the marketing, freight handling, and pickup and delivery expense.

However, during the past two years, Fly Right has been experiencing a sizable growth in air cargo. A number of large consumer products shippers increased the freight volume tendered to Fly Right, as did Fast Forward. During the past six months, this increased demand resulted in 20 percent of the flights leaving the airport with cargo sitting on the tarmac waiting for available space on another flight. The waiting time exceeded three days on more than 50 percent of the delayed shipments. Given the contract Fly Right had with Fast Forward, the Fast Forward cargo had to be shipped on the first flight, causing the shipment delays to fall exclusively on the Fly Right's direct customers. The large consumer-products-shippers were threatening to pull all of their business from Fly Right if service delays continued.

The Fly Right board of directors denied a request by management to purchase additional aircraft specifically to haul cargo, reminding management that Fly Right is a passenger airline first and foremost, and an air cargo line last.

Given the constraints on cargo capacity and the increased demand, Burdinski concluded that the only prudent strategy to follow was to allocate the cargo capacity on the basis of price. It made no economic sense to haul Fast Forward cargo at rates below those charged with large consumer products shippers. Because Fast Forward did not pass on the discounted rate to its shippers, Fly Right felt it could bypass Freight Forward and service those shippers directly, thereby increasing revenues and profits.

(背面仍有題目,請繼續作答)

Case Questions:

(1) Discuss the advantages and disadvantages of the current Fast Forward-Fly Right alliance. Who has benefited the most? The least? (15%)

(2) Analyze the strategy developed by Fly Right to allocate available space. What are the short-run and long-run results of the strategy to eliminate the Fast Forward space contract? (15%)

(3) What actions would your recommend for John Klinker? (20%)

2. Medical Supply Company

Carol Parsons, vice president of International Logistics for Medical Supply Company (MSC), recently returned from a series of negotiating sessions with the Trans-Atlantic Conference Agreement (TACA) conference carriers. The negotiations resulted in Parson signing a service contract with the TAA for a 20 percent increase in ocean rates for MSC shipments to the EU from the United States. In addition, the ocean rates do not include the ground transportation costs to and from the ports. This rate increase will place a great strain on MSC's ability to compete effectively in the EU market with European manufacturers of medical supplies and equipment.

MSC, which is located in Allentown, Pennsylvania, ships approximately 2,500 FEU containers per year from the East Coast ports of Philadelphia and Baltimore, with the majority moving through Philadelphia. The 1996 service agreement Parson negotiated with the TACA established a through rate from Allentown through the two ports to final inland destinations in Europe; the rate included ground transportation costs. Now, not only is the TACA charging MSC a 20 percent higher rate and excluding ground transportation, it is also excluding Philadelphia as a port of call, which means MSC containers will now move through either Baltimore or New York. This will increase the ground transportation costs from what they would have been via Philadelphia.

During the negotiations, Parsons emphasized the large block of business MSC shipped with TACA in 1996, but the TACA did not retreat from its position of increasing the rate and excluding the ground transportation portion. To fortify its position, the TACA members agreed to reduce ship capacity by approximately 20 percent over eight years and establish stiff penalties for TACA members who independently offer capacity above the agreed-upon levels.

Before signing the 1998 TACA agreement, Parsons contacted the non-TACA carriers to establish a rate agreement for the 2,500 FEU containers. But the TACA capacity reduction strategy caused most large and medium-sized shippers to seek space on these four carriers, thereby increasing the pressure on rates. The demand for space on the non-TACA carriers was so great that Parsons could not secure guaranteed space for the first three months of 1998, which excluded this as a viable option.

Parson also explored the possibility of shipping to Europe via Canada. The containers would move by rail to Montreal, and then be transloaded to a Canadian vessel for the ocean voyage to Europe. However, seeing the increased demand for space and the higher rates charged by the TACA carriers serving the United States, the Canadian carriers adjusted their rates to conform to those charged by TACA.

Faced with these cost increases in 1998, Parsons is attempting to develop a strategy to deal with the TACA in 1999, in part because she believes similar actions will be taken by the U.S.–Asia conferences in 1999 and that the TACA superconference strategy signals a trend for all major trade routes.

Case Questions:

(4) What is the economic rationale for the TACA actions and the short- and long-run implications of them? (15%)

(5) Discuss the legality of the TACA actions. (15%)

(6) What possible course of action would you recommend for Carol Parsons for 1999? For the next eight years? (20%)