Running a responsible business continued

During the year we continued to build on our sponsorship strategy for London 2012.

during the year. The innovative, all-business class service from London City to New York was launched in September and was an instant success with customers.

We also introduced our stylish new First cabin, offering our customers a sophisticated environment in which to work, sleep, eat and be entertained.

ba.com
Our website has become a significant and integrated part of the British Airways travel experience. We are constantly improving our online offering to make it easier for customers to find the best offers, make the right travel choices and purchase more extensive travel packages in one seamless booking.

Nearly one-third of our bookings are made through ba.com, accounting for 20 per cent of our revenue. ba.com has also become an invaluable medium for communication with our customers, becoming their first point of call for up-to-date information especially during periods of disruption.

In 2009, improvements included the introduction of the value calculator, allowing customers to see the extra value they receive when they choose to fly with British Airways rather than with one of our competitors.

Cargo
BAWC has a reputation for tremendous innovation. During the year we once again led the field by introducing the next generation of cool chain airfreight logistics products, under the brand name Constant Climate. We have also started developing our express airfreight proposition, Prioritise, which will be relaunched during 2010.

Our Boeing 747 freighter programme, operating cargo-only flights to 16 destinations on key global trade lanes, continues to be successful and we have now reaffirmed our strategic commitment to this market.

Our loyalty programme, offering small and medium sized businesses the opportunity to earn loyalty points to use on flights and hotels, has proven its worth in the downturn, winning continued support from this important and valuable customer segment.

Overseas branches
We fly to a number of destinations around the world (see pages 2 and 3). In addition to the overseas branches we have established in many of these countries, we have branches in countries to which we do not fly.

Suppliers
Each year we spend some £5.2 billion purchasing goods and services from our suppliers. We are determined to build strong and trusted relationships with our supply partners but also to boost the efficiency of our procurement process.

Efficient procurement
We procure goods and services through a strategic sourcing process, using benchmarking to make sure we achieve maximum value both at the point of purchase and over the life of a supply contract.

During the year, our procurement team reviewed our spending with our top 500 suppliers who account for some 94 per cent of total annual external spend. The structure of our commercial deals and the specification of the goods and services being bought were fully investigated, resulting in considerable savings over the year.

Corporate responsibility in the supplier base
As we describe in more detail in our annual CR report we have taken a fresh look at our supplier CR strategy. Called ‘Responsible Procurement’, the new multi-faceted approach allows us to understand much more clearly if the CR credentials of our suppliers match up with our own ‘One Destination’ corporate goals.

Supplier risk
We have overhauled our supplier risk assessment and monitoring process in favour of a less subjective approach, using external company data and analytics.

Payment performance
We continue to maintain supplier payment performance around our target of 90 per cent of suppliers paid in accordance with mutually agreed terms. The number of days’ purchases in creditors at 31 March 2010 is calculated in accordance with the provisions of the Companies Act 2006 and was 33 days (2009: 32 days).