ARGS

AIRLINE ROUTES & GROUND SERVICES

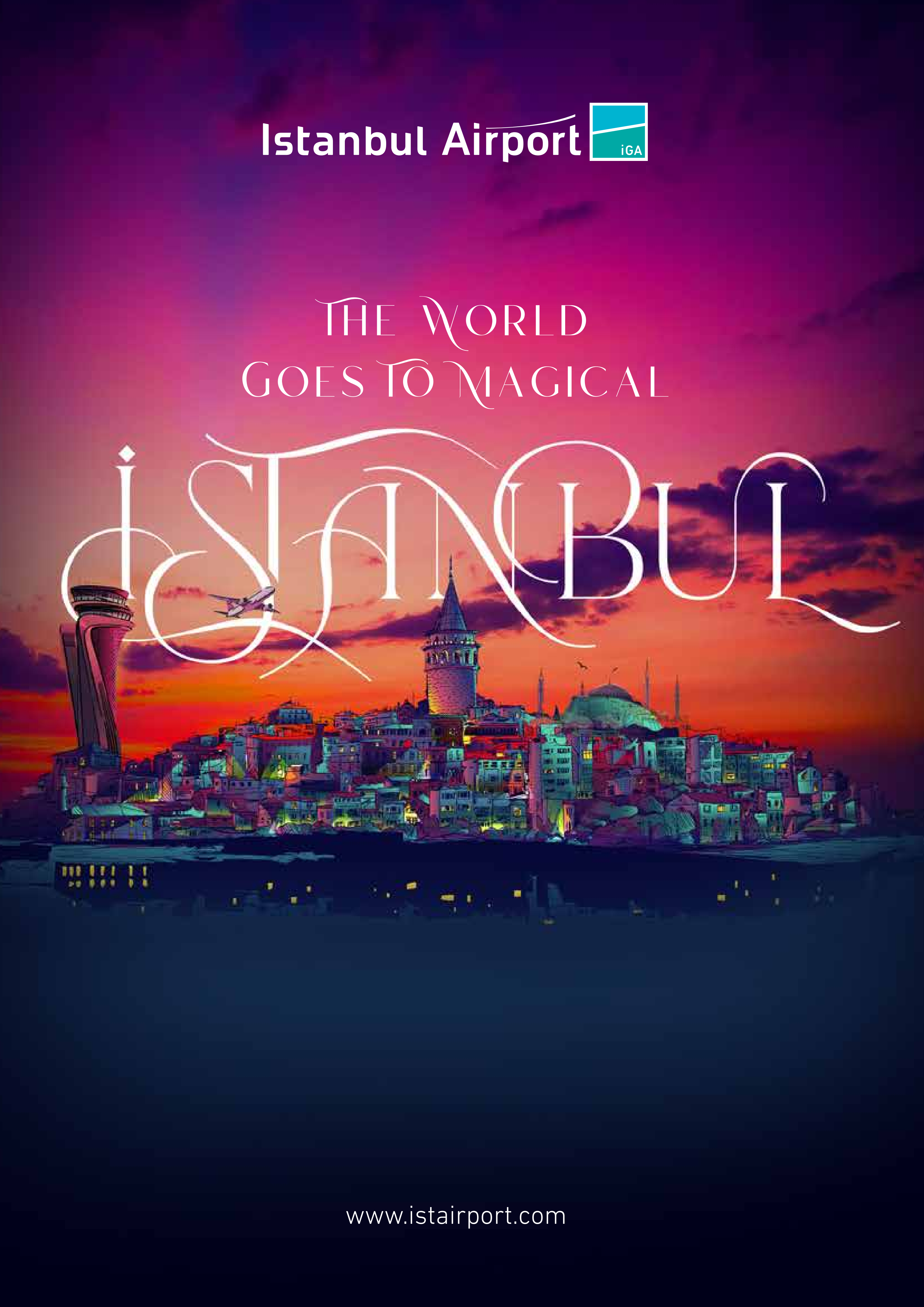
Selahattin Bilgen
Chief Executive Officer, Istanbul Grand Airport
IGA wants to demonstrate its leadership credentials on several fronts beyond its aspirations of becoming Europe's largest hub

Badr Mohammed Al-Meer
Group Chief Executive Officer, Qatar Airlines
New products and renewed enthusiasm for the A380 are just two of the significant shifts in strategy coming at Qatar Airways

Gautam Thakkar
Chief Executive Officer, Unifi
One of the largest ground service providers in the US has laid the foundations for ambitious growth including overseas ventures

Fresh faces

Leading chief executives shape their businesses for market ascendancy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Editor's NOTES

Mark Pilling
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This issue is all about fresh new faces. Some have been promoted to leading roles in the past several months to take on exciting new challenges at both airlines and airports – Badr Mohammed Al-Meer of Qatar Airways and Selahattin Bilgen at Istanbul Grand Airport.

Some are entirely new to the aviation business – Jennifer Aument of the New Terminal One at New York JFK. Others are new to the industry but are a name you may not have previously come across – Gautam Thakkar of Unifi.

Exploring the vision, strategy and aspirations of these leaders in the airline, airport and ground services arena is one of the best parts of my job. Each story is different, but the drive to deliver a legacy of success and growth is etched in each one.

A common theme in their stories is people. Gautam Thakkar of Unifi began our conversation with the stories of Naweed Rahimzada and Olga Borishkevich, both part of the Atlanta-based company's far-sighted refugee hiring programme, launched in 2021 and going from strength to strength.

Badr Mohammed Al-Meer, from the outset of his tenure with the Qatar Airways v2.0, told employees in a personal letter that he wants "a culture of trust and empowerment. My vision as a CEO is to listen to the employees."

All leaders will tell you it's the people that make a company, not the CEO. Creating and sustaining a people-centric culture in these businesses will be a key component of their success as they grow, and expansion is the plan for all of them.

We are pleased to welcome Arpad Szakal of Cormis Partners and Shakeel Adam of Aviado Partners to this issue. Szakal offers his thoughts on how to navigate the future of work in the new world of artificial intelligence, while Adam considers whether the industry's growth party will hit a wall.

It is also that time of year when we are dusting off our travel bags, preparing meetings and presentations for events like Routes World in Bahrain, Aviation Connect in Istanbul, and a batch of airline and airport conferences across the globe.

ARGS will see you at many of them. EVA International's Aviation Connect event gets a special mention. It takes place in Istanbul from 29 to 31 October and features the Airport Services Association (ASA) Leadership Forum, in addition to parallel events covering air cargo and the GSE industry.

ASA recently announced that it has been formally recognised by ICAO as an international association – a major achievement. "ASA has been an influential international trade body for over 25 years, and this recognition by ICAO reinforces its role in the global aviation landscape, in particular in the field of ground handling services," said ASA.

The winter issue of ARGS will round up the stories from all these events and more. Until then, safe travels.

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Istanbul spreads its wings

Istanbul Grand Airport – IGA – is seeking to demonstrate its leadership credentials on several fronts beyond its aspirations of becoming Europe's largest hub. CEO Selahattin Bilgen explains the airport's thinking to ARGS Editor *Mark Pilling*

*"We have been successful thanks to our corporate culture, which allows us to be agile and also resilient to the crisis we have seen," said IGA CEO **Selahattin Bilgen** (all photos: IGA).*

The leadership of Istanbul Grand Airport, the most significant greenfield airport on the continent in recent decades, is convinced that its success story will be judged in many more ways than simply being a huge hub.

"Our image is that of a very large-scale airport, with high growth, but on the technology and sustainability side, for example, there are many things we can talk about," said Bilgen.

Now is the time, five years since it began operating, for IGA to spread its wings and its influence on the global stage.

"We have been behaving as a start-up company," explained Bilgen. Istanbul's air traffic was transferred to IGA in April 2019 from the mega city's existing hub, Atatürk Airport.

A year later Covid decimated air travel, but IGA – alongside Türkiye's air travel market – has stormed back. "We have been successful thanks to our corporate culture, which allows us to be agile and also resilient to the crisis we have seen," said Bilgen.

"But at the same time, we are now a very large-scale corporate company," he noted. "Now we must make an organisation change which will allow us to focus on more sustainability, not only environmental and social aspects, but in general as a management style. We must have our standards when you are managing 12,000 people for a 25-year concession period."

Accordingly, as the business matures, the airport company is undergoing a corporate organisational transformation that is designed to position IGA as a leading enterprise in Türkiye, plus give it the platform to expand internationally as the opportunity arises.

Additionally, IGA aspires to be recognised as a global airport player and partner, as demonstrated by its focus on collaborating widely with international

bodies such as ACI and ICAO both to share its expertise and to enable its teams to learn in the process.

It falls to Bilgen (IGA's former CFO who was made acting CEO in October 2023 following the departure of its first CEO Kadri Samsunlu) to lead the company in this more outward-looking strategy. Bilgen was appointed CEO in April 2024.

Holding company

The new CEO is overseeing the creation this autumn of IGA Holding Company, a corporate structure designed to propel the business forward, to organise its functions more efficiently and give it the ability to strike out of Türkiye.

"The IGA company was an SPV [Special Purpose Vehicle] founded to develop Istanbul Airport," noted Bilgen. It has served that purpose and now is the time to move to the next stage. "That's why we needed another vehicle to be at least structurally able to do more things," said Bilgen.

"One of the potential issues the holding company will focus on will be projects abroad. We have developed a lot of experience which we can use in other places as well," he stated.

"Not every project can have a growth pattern or scale like Istanbul airport but having a team which, for example, did the ORAT (Operational Readiness and Airport Transfer) in house, did the construction in house, had this huge experience and success together, we can now plan projects on various scales.

"We will have the right vehicle to go for other projects, both on the advisory side and also as investors," said Bilgen.

But there is no rush. "We are starting slow. Maybe in the future we will have more aggressive targets, but now we are focused on making the right organisational structure which will allow us to do it," he said.

Today the priority is ensuring Istanbul Airport achieves its targets. "We still have many things to do within our airport," said Bilgen.

The formation of the holding company has various benefits. "There are several reasons, from the tax perspective, to having the correct cost centres enabling better reporting, to positioning ourselves as an education centre," he explained.

Istanbul's gigantic main terminal handled 76 million passengers in 2023.

IGA continues to build

As traffic grows IGA will continue its own expansion. Phase two of this has already started with a fourth main runway, plus an ancillary runway, under construction and scheduled for completion in 2026.

The airport currently operates with three independent runways plus two ancillary runways. From next year simultaneous independent parallel operations will be introduced. Such a luxury of runway capacity is rare anywhere and especially in Europe.

The airport's masterplan involves progressively building more runways up to five independent parallel runways by 2040. This would be a world first.

Developing capacity is critical but there are also significant investments in other areas such as sustainability. "For example, we are trying to position ourselves as a carbon-neutral airport with our solar power plant even taking into account our Scope Three emissions [these encompass emissions that are not produced by the company itself]," said Bilgen.

Driving to be No 1

With 76 million passengers in 2023, IGA now ranks seventh in the world and second in Europe (behind London Heathrow). The ambition is to be number 1, a measure that IGA has achieved on some fronts.

"We are globally number one with respect to connectivity, with more than 315 destinations. With over 106 airlines, and ending the year with 110, this will make us number one with respect to airlines," said Bilgen.

And there is plenty of room to grow. "Passenger-wise we are still under-penetrated in North America and Asia-Pacific," he added.

This year, IGA is hoping to achieve its stretch target of 85 million passengers. "We believe it is achievable. The events in the Middle East decreased flights from Israel and Jordan as the region has been hit by the crisis. It is affecting our numbers, but we are still on track with respect to new airlines coming. We are trying to make up the difference with the newcomers."

Low-cost carriers

There has been tension about the addition of low-cost carriers at IGA, which is dominated by fast-growing Turkish Airlines.

IGA is keen to share its experience in airport operations with players from around the globe.

Acknowledging this issue, Bilgen outlined IGA's approach. "We have been arguing that if we act on a selective basis with respect to LCCs it would benefit, rather than destroy [the market] and the data has proven this up until now.

"Of course, we are not allowing routes which compete with the existing destinations. But we have been making agreements for destinations which are not covered in the current scheme," he explained.

For example, easyJet and Wizz Air have started a handful of routes not served by Turkish Airlines. IGA performed research to examine the traffic impact.

Turkish was concerned the new routes would harm its traffic to nearby cities. But: "It wasn't the case. The growth of Turkish Airlines was not affected," he added. In fact, the connectivity brought by the new routes has benefited Turkish Airlines.

"Actually, this has seen an improvement between Turkish and us," said Bilgen. "We believe Turkish has now seen that connecting Istanbul with other destinations is a benefit because people coming to Istanbul are carried by Turkish to other destinations and it's feeding their flights.

"We have identified that if we go with LCCs on a selective basis, it is not destructive. The idea is not to destroy or cannibalise but contribute [to traffic growth]. When we see this, we want them to come," said Bilgen.

Opportunity in China

Just as it used data to promote LCC route development, IGA has done the same for Chinese route development. "The difficulty in business is often in making informed decisions," said Bilgen.

In the past, the Turkish CAA viewed the Chinese market in a protectionist manner. "Now, both Turkish Airlines and the Civil Aviation Authority are very supportive of newcomers. We have made an agreement with four Chinese carriers and are in discussions with three more," he said.

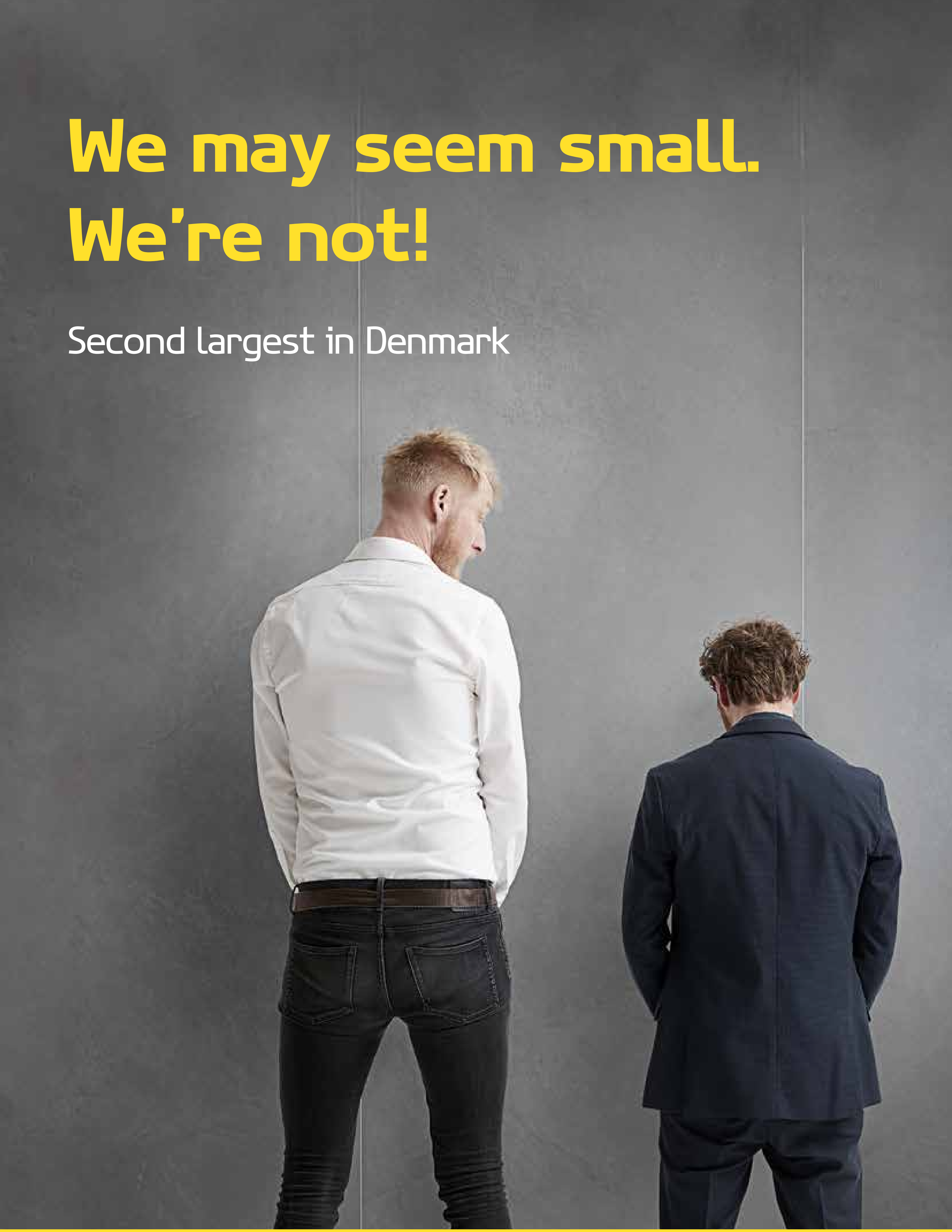
Turkish itself has been expanding into China and now operates to four Chinese destinations with 21 weekly frequencies, and in doing so is capturing traffic that would otherwise have transferred via the Middle East hubs.

"It is much more efficient and cost effective for Chinese travellers to transfer in Istanbul because on average [their journey] is one and a half hours shorter," he said. Istanbul is also able to offer slots at peak times for Chinese carriers.

"We provide a very good fit for Chinese carriers. Instead of making transfers at Dubai or Qatar, if they start to fly to Istanbul more, there is an efficiency gain. And this will potentially increase Chinese traffic to Istanbul dramatically," he said.

Furthermore, as Türkiye positions itself as a destination, the belief is that it can attract more Chinese tourists who would go there rather than other European points. "We have a very rich historical and cultural heritage," said Bilgen.

In 2023, IGA Istanbul Airport hosted 255,000 Chinese passengers. The airport aims to increase the number of Chinese tourists to the pre-pandemic level of 426,000 in 2024 and to reach 1 million later this decade.



Billund Airport

In time, the investment in solar capacity made by IGA will enable the airport to meet its electricity needs using renewable energy.

IGA is helping facilitate talks between the two countries to open more frequencies between them as Turkish and Chinese carriers reach the current 21 weekly service ceiling. "Both sides are very open to increase the frequencies," he said.

One of the latest Chinese carriers to open services to IGA was China Southern Airlines. In June, it began a three-times-weekly service between Istanbul and its Guangzhou hub.

Information sharing

Having the opportunity to build a new-generation airport within the past five years has positioned IGA with experience and technology that few can match, believes Bilgen. And IGA is ready to share its knowledge, he noted, which is essential in a sector where all stakeholders are so integrated.

"We spent huge amounts of money on our technology infrastructure, but we are not currently using even half of it," said Bilgen. "For example, we had to follow the green system infrastructure in the airport, but we are waiting for other stakeholders to be ready for it. We have the infrastructure for contactless journeys but there are legal issues and others that limit us in that respect.

"We have been acting really openly to share our experiences with the sector because we believe more co-operation and collaboration among stakeholders in the system will enhance all of our efficiency and ultimately help all of us to grow. We believe we must share experiences, share data and use more integrated systems," he said.

IGA is well placed when it comes to data and using it to make the informed decisions that Bilgen advocates at an operational level

"While we were developing our own systems, we were lucky enough to structure the system in such a way as to collect data from each operation and turn it into information," he explained.

A good example is the triple runway operation where IGA's experts identified that aircraft spend over 50,000 excess minutes on the ground every week because airport and air traffic design are not matching perfectly. "This could be eliminated if all parties used this data together. We are working with Eurocontrol, Turkish Airlines and the state aviation authority to enhance information sharing and to improve airspace design.

"Although this is a message of enhancing co-operation and collaboration, the differentiating factor here is we have the data, and we have the analysis that proves the benefits," said Bilgen.

IGA is keen to share its experience, but Bilgen is equally keen to ensure there is a results-driven outcome. "We have working groups [with a variety of partners], but we are rarely able to turn those groups into projects," he noted, because they tend to be under-resourced and so remain academic studies.

"Our view is we have to be more practical; we have to be more operational. So collaborative projects should drive efficiency projects, which will enhance the sector's economic parameters going forward," said Bilgen.

He used an example from IGA's experience with baggage handling. "Although we are a very large airport, we are mostly number one in terms of baggage delivery times," he noted, in addition to being number one in terms of lost baggage percentages and often a leader according to Eurocontrol with respect to delays attributable to airports.

According to Bilgen, IGA can achieve this performance as a result of "many issues including our positioning as a technologically advanced and newly developed airport, but at the same time we have been showing a solid success in numbers as well.

"We are trying to be the spokesperson for the sector in general because we believe that overall sector growth is more important than competition amongst various parties," concluded Bilgen. ■

***Gautam Thakkar** was appointed CEO of Unifi in January 2021*

Unifi ready to fly

One of the largest ground service providers in the US has laid the foundations for an ambitious growth journey. Unifi CEO Gautam Thakkar speaks with *ARGS* Editor *Mark Pilling*

Gautam Thakkar began our conversation with the stories of Naweed Rahimzada and Olga Borishkevich, both part of Atlanta-based Unifi's far-sighted refugee hiring programme, launched in 2021 and going from strength to strength.

Earlier this year, Unifi, the former Delta Air Lines ground services unit that went independent in late 2018, made a pledge to hire 500 refugees over the next three years. It already has more than 300 on its books – with its Seattle operation home to one of its largest refugee contingents.

In fact, Thakkar engaged with this part of Unifi's workforce soon after taking on the role of CEO, while visiting Seattle where he met Naweed. "He is from Afghanistan, came here as a refugee and started working for Unifi on his own, and through his network he has since helped bring in more than 150 Afghani refugees to work for us."

Not only are refugee hires important to bolster the Unifi ranks, but they also display an added attribute: "The attrition rate in this group is virtually zero," explained Thakkar.

Seattle is also home to a large group of Ukrainian refugees.

"Olga Borishkevich, who retired last year, was instrumental in hiring over 160 Ukrainian refugees to our company," said Thakkar. As with the Afghani refugee cadre, the attrition rate and attendance record of this group is exemplary.

"At her retirement party, I asked her, how did you ensure these people turn up for work?" said Thakkar. "She said it's very simple. I go to church every Sunday and for those people who have not shown up I call them out in front of their parents to come to work."

This unconventional approach would not work in every environment, but to Thakkar it demonstrates the cultural diversity and business benefits that he is keen to foster.

In fact, Unifi also has a former refugee on its corporate recruiting team in Atlanta, who helps hire and onboard refugee hires at the world's busiest airport.

"We are actually ahead of the curve," Thakkar claimed, when it comes to Unifi's refugee programme. "It was our philosophy that we need to give them an opportunity with a starting job given how their lives were disrupted. As it turns out, they do such a great job that we kept the hiring going."

Putting employees at the top of his agenda was a constant mantra of Thakkar's throughout the interview with *ARGS*.

This experienced CEO, who has led Infosys BPM and SE2 in the technology sphere, joined Unifi in January 2021. His task was to steer the giant aviation services business out of the pandemic and grow the company.

The business was born from the ground services unit of Delta Air Lines. In late 2018, Delta sold a 51% stake in DAL Global Services to the Atlanta-based workforce solutions business Argenbright Holdings. In February 2020, the joint venture company was rebranded as Unifi.

According to Thakkar: "The way I describe the past four years is that 2020 was a year when we had lots of available workers and but very few flights operating; in 2021 we had lots of flights but not very many workers to service those flights; in 2022 we were pumping in a lot of money to get those people to come back to work; and 2023 was the year where we started to figure out how to become more efficient and stabilise our workforce."

When Thakkar joined Unifi, he found a business that posted revenues of about US$480 million in 2020. As traffic has recovered, so too has Unifi. However, the company has easily outpaced the market's revival rate, reaching about $1.2 billion in revenue at the end of 2023 and with more to come this year.

"By the end of this year we are going to be roughly a $1.7 billion business," said Thakkar, buoyed by an acquisition earlier in 2024 but predominantly credited to organic growth.

With its latest acquisition, Unifi has grown to more than 40,000 employees in more than 200 airports across the US, Canada and the UK providing a wide range of aviation services including ground handling, above wing, GSE bussing, unarmed security and facilities maintenance services, and more.

Thakkar breaks down the mission he was given when he joined Unifi into three imperatives: "To make the business scalable; make it predictable; and ensure that our employees and our customers have an exceptional experience of working with us.

"The first thing I had to do was strengthen the foundational infrastructure. We had to build something very strong to grow our business," he said. "It meant having people with the experience necessary to scale the business, and to have processes that are as standardised as possible so that you don't see a different version of Unifi at each station.

"These common processes mean people know exactly what they must do when they must do it. And this all must be underpinned with technology, which is my background."

The data lake

One of the first things Thakkar set about creating when he arrived was a clear understanding of the operational performance of the business, across all stations. "There was a clear need for this. At every station I visited in my first three months I would ask about their attrition number, their overtime number and so on. Many had a hard time coming up with one answer," he noted.

It wasn't a criticism of the stations, but it was something he had to fix. "In my view of the world, information is critical. I should not need to ask those questions… I should have access to that information," he says. "Before going to a station like Des Moines or Minneapolis I need to know how that station is performing.

"We set about building a data lake where we pooled all our information and technology because the one thing missing here was a single source of truth. I think most organisations struggle with that.

"So, through 2021, we invested heavily in building a data lake so that we were able to get information completely visible and transparent to everybody," said Thakkar.

In addition to information consistency available across the business, Thakkar's team has instituted an automated Unifi-wide recruitment and onboarding process. "I now have complete visibility of our recruitment pipeline and the on-boarding process at the station and the enterprise level," he said.

Transparency is not just for the business. Unifi has developed a mobile app that enables employees to obtain information like paid time off or their paycheque at their fingertips. "Getting this information was one of the main questions we received from supervisors and frontline employees," said Thakkar.

Unifi is enhancing this technology with the ability to automate shift swaps, another employee request, and will add on its reward and recognition scheme this year.

The app has been incredibly popular, said Thakkar, with an adoption rate at Unifi of 85% among employees in less than 12 months.

For someone from the tech world, it is not surprising Thakkar is also keen to

In February 2020, the ground services joint venture company between Argenbright Holdings and Delta Air Lines was rebranded as Unifi.

Although the majority of its workforce is US based, Unifi has expanded into Canada and the UK and intends to move further afield in the future.

talk about a safety dashboard Unifi has developed. "Safety is the one thing that keeps me up at night," he noted.

Accordingly, once it had its data lake in place Unifi's tech team, plus external providers and Microsoft, started looking "to see how we could make use of this data to ensure that our employees and the equipment we run for our clients is safe.

"We built a predictive model which takes more than 30 data points and 500 variables that runs on its own twice a week and predicts with a 90 to 95% accuracy as to where there might be a risk of aircraft damage or an employee injury," he said. The data inputs are variables like weather, age of GSE, tenure of the employees, overtime and aircraft load factor.

"The model takes all these variables and builds a predictive model which tells me ahead of time where we are most likely to have a safety issue such as an injury or aircraft damage," he said.

"I know airlines have dabbled with it. I know my competitors have dabbled with it," Thakkar continued. "But this is a capability that is truly unique to Unifi and even if others follow – we were the first.

"Our ability to build something like the safety dashboard is because we've got clean, clear data, that supports our view of how to scale an organisation. I don't want to hire several safety employees who always react to a safety event after it's happened. I would rather they work proactively in identifying where that problem might be and prevent it altogether. That's how you become smarter and more efficient."

This work is part of an evolutionary process that fits with Thakkar's vision of scaling the business. And it's something that never really finishes. "There is a lot of headroom for us to continue improving," he noted.

Focus on training

"A big reason for our growth has been our ability to run operations with predictability by using and leveraging technology. It is also because we invested in strong operational people," said Thakkar.

Fostering that leadership is also critical. Unifi has a monthly three-day training programme, called Leadership Touchdown Training, where 25-30 leaders from across the network assemble in either Atlanta or Salt Lake City

"My entire team of direct reports and I go in and make presentations to this group, talk about the strategic direction of the company and what we are doing in each of the functional areas, and have a meal with them. It is a very conscious effort on our part to ensure that this team is recognised, and hears from us what is important and what my vision is for the company.

"So far, about 1,150 employees have gone through 'Leadership Touchdown Training', as well as our supervisor training programme, 'Mentor Me'," said Thakkar, and it is paying off. "Our retention rate in that cohort has been about 85%.

"The intent is to ensure that these messages filter down to frontline employees," said Thakkar. "And we have succeeded. We have also grown largely because our clients started trusting us a lot because of the work that we do. They tell us that we have ended up outperforming ourselves."

In addition to this initiative, once the foundations were in place, Thakkar discussed ideas with his management team on how to instil an "elevated service level" across Unifi. The key question was how to differentiate Unifi in a service industry that is heavily dependent on labour and where the ability to stand out from the crowd may have been limited.

The Ritz-Carlton factor

"We wanted to be different and asked ourselves what can set us apart," said Thakkar. Unifi turned to hotel legend Horst Schulze to bring a service "X factor" to Unifi.

Schulze, who led Ritz-Carlton Hotels for 20 years, has worked with Unifi over the last few months. "He travelled to many of our operations talking to our employees about how to further elevate the service level so they can better serve our customers," he said.

"The way that Horst describes it is that it's not about somebody pushing a wheelchair: it's about ladies and gentlemen taking care of ladies and gentlemen – a sentiment he championed while leading the Ritz Carlton brand.

"It is amazing the difference that it has created because it brings a sense of loyalty, in addition to demonstrating how to provide a great level of service," said Thakkar.

This work comes under Thakkar's headline vision of predictability. "I was once told that good work gets more work. We believe that we have reached a place where we are doing a good job. And we are doing a great job in many places, but we want to do an exceptional job for our end customers in every place that we are present."

Growth platform

Although Delta remains a minority shareholder in Unifi it is "completely hands off" in terms of how Unifi is run, said Thakkar. The rebranding to Unifi was designed to reinforce its separation from the airline, which remains, along with other large US carriers such as United and Alaska Airlines, one of Unifi's top customers.

Coming up on four years at the helm of Unifi, Thakkar believes that the foundations of the business are now strong enough not only to "ride the wave" of growth being seen in the industry, but also to make bold moves into new geographies and service sectors.

"My job as a CEO is to ensure that we are creating platforms for growth. If you had asked me in 2021 whether I was interested to go to Canada or the UK the answer would have been – absolutely not," he said. "If I can't stabilise my home base, I'm not going anywhere.

"My strong belief is that unless I had the foundational pieces in place, even if customers had wanted us to support them, we would not have been able to. I can tell you there would be five other fires burning because we've not fixed those problems and for the life of me, I wouldn't know what was causing a problem in the first place."

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Unifi's workforce now stands at over 40,000 people as it expands organically and through recent acquisitions.

Thakkar is convinced that the time and effort that have gone in to making Unifi a predictable and consistent service provider have been essential and are paying off. "I'm not going to deny that there was some sort of recovery wave that we rode upon, but that wave would have been very short had we not made the necessary investments. Our growth has significantly outpaced the market, and in many cases has been at the expense of some of our competitors."

This deliberate plan for scaling the organisation enabled Unifi to open its first operation in Canada, kicking off in November of 2023 when it took over ground handling operations for WestJet at Calgary International Airport.

The Canadian carrier chose Unifi to bring in a fresh service provider to Calgary, and Unifi entered its largest deal with WestJet to date.

"We walked into another country and within 70 days stood up an operation of nearly 900 employees," explained Thakkar. "We would not have been able to do this unless we had the processes, the people and the technology in place."

Another reason Unifi could move quickly in Canada was its joint venture on ground support equipment (GSE) with Alvest Equipment Services and TLD. "We decided that we did not want to be in the business of maintaining GSE, so we rolled all this equipment into this JV where we've got world-class experts.

"We have converted it from what was a pass-through cost-plus model to a revenue-and-profit model. Because of the relationships they [Alvest] have, they were able to get the GSE we needed into Calgary in record time," said Thakkar.

Just prior to the Canada opportunity, Unifi also made its first move into Europe, acquiring Up & Away – a UK-based private jet detailing and aviation services company – expanding its reach to then 13 (now 14) UK airports.

Up & Away provides services including cabin cleaning, de-icing, private jet detailing, technical cleaning and other adjacent aviation services. Unifi aims to grow its business in the UK to more than $100 million in the region over the next three years.

In April Unifi announced its latest acquisition – Prospect Airport Services, which has operations at airports in more than 30 cities, including Chicago, Dallas, and Charlotte. The company provides a range of services, including baggage handling, lost and found, aircraft cleaning and wheelchair assistance.

The wheelchair service is particularly significant and now makes Unifi the largest provider of this service in the US, and one of the largest in the world, delivering up to 20 million pushes a year.

Thakkar paused when asked if he was surprised at the pace of Unifi's growth. "I would have been disappointed if we didn't [grow at this rate]. In the world I come from 10-20% growth is not necessarily scaling the business, that's business as usual."

But growth must be managed. "I know there are organisations who want to be the biggest. Our goal and mission is to be the most respected company, by our employees and our customers. Growth and scale will follow if you're the most respected aviation service provider in the world."

Faster growth would have been welcomed, but he cautioned: "I want to do it in a stable manner that is predictive and ensures we build a model that essentially grows on top of a very secure infrastructure.

"Then we can essentially take it anywhere else and replicate our success," he said. "That's why we believe that we've got a nice base to grow from in Canada, in the UK and we believe that it will be the platform for us to grow to the rest of Europe."

Where next for Unifi?

Unifi is big, developing and clearly has the financial clout of Argenbright behind it to grow more, but it will not seek expansion at any cost.

"There are other markets that we will contemplate," said Thakkar. "Some of it is deliberate and some opportunistic, but we have a very clear view and a vision of how we want to grow, which is aggressively, but also gaining the respect of our customers and our employees while we are growing.

"I would much rather compromise a little on growth than lose credibility with our employees and customers," he stressed, adding: "That growth also allows countless opportunities for our employees to not just have a job but build a career with Unifi."

A pleasing piece of feedback Thakkar receives from customers is that despite Unifi's growth, the service quality and management response time remain consistent. He puts this down to a structure that has not become siloed or geographic in nature.

"I think the teams that we have built and the processes that I talk about are very integrated. So, if anything happens in the UK today, my team and I know about it instantly, and we react accordingly," said Thakkar.

"Somebody once told me this that when you're small, you're a gladiator, and when you're big you become a bureaucrat.

"Our intention is to remain a gladiator even when we are twice the size or even if we reach $5 billion in size. I want us to be a gladiator. I want Unifi to be extraordinarily nimble, incredibly agile and ensure that we are taking care of customers and reacting very quickly to the market." ■

A new era at Qatar Airways

*Prior to being appointed Group CEO of Qatar Airways, **Badr Mohammed Al-Meer** led Doha's Hammad International Airport (photo: Qatar Airways).*

A media roundtable at the Farnborough Air Show in July offered journalists a first-hand opportunity to hear how the new head of Qatar Airways, Engr. Badr Mohammed Al-Meer, intends to shape the airline. *Mark Pilling* reports

The decision to get back into a first-class product, renewed enthusiasm for the A380, an improving relationship with Airbus, and a marked change in the airline's relationship with its employees are among the significant shifts in strategy and approach being made by Engr. Badr Mohammed Al-Meer, the new Group CEO of Qatar Airways.

Al-Meer, who succeeded His Excellency Akbar Al Baker in November 2023, is speedily stamping his own management philosophy and personal values on the Doha-based airline group.

An interesting first move, which Al-Meer revealed was close to being signed, (and now is signed with a 25% stake in South African carrier Airlink) was securing an equity investment in a "southern African" airline.

This move is not a strategy shift in Africa, as Qatar Airways has long been in talks to take a stake in partner RwandAir as it seeks to build its network, traffic and impact on the continent.

Announcing the deal in August, Al-Meer said: "Our investment in Airlink further demonstrates how integral we see Africa being to our business's future. This partnership not only demonstrates our confidence in Airlink, as a company that is resilient, agile, financially robust and governed on sound principles, but also in Africa as a whole, showing huge potential that I am delighted we are able to help start realising."

The investment in Airlink signals the increasing importance Qatar Airways is placing on African traffic connecting via Doha; the carrier serves more than 30 African destinations today, with more to come.

Moreover, airline investments are no stranger to Qatar Airways as it uses minority shareholdings as an influence lever. This began in 2015 with its 9.99% stake in International Airlines Group (IAG) and it has also taken stakes in Cathay Pacific Airways, Meridiana (which ceased operations in 2018), China Southern Airlines and LATAM Airlines Group.

The A380 stays on

Al-Meer was asked about the airline's thinking on the Airbus A380, the question prefaced with the suggestion that Al Baker had once called the decision to buy it a mistake.

"His Excellency, Mr Akbar, maybe he made this comment years ago, based on the situation of the industry at that time. Today, it's different," he said. "We have so many restrictions at so many airports around the world.

"The A380 is the best option to operate to certain airports. For example, the A380 is the best option for us when we are restricted on the number of flights to go to Australia.

"The plan was to exit the A380 from our fleet this year. However, the decision internally between the commercial, finance and the planning team was to extend the operation of the A380," explained Al-Meer.

The carrier had brought five of its 10 A380s back into service late in 2021 to give it capacity following the grounding of its A350 fleet because of the surface degradation issue on that aircraft. It has since been operating seven A380s, with three remaining in storage.

Not only will Qatar Airways stick with A380s: it will upgrade them. "For example, unfortunately, on the A380 that we operate at Qatar Airways, the Wi-Fi is not as fast as on our other aircraft. The first project that we will undertake immediately is to upgrade the Wi-Fi service of the A380," he said, adding that internal discussions are under way about whether to upgrade the cabins, too.

Major widebody order on the cards

While Qatar Airways placed a follow-on order at Farnborough for 20 more Boeing 777-9s, taking its commitments to the type to 94 aircraft, the carrier is still pondering another massive widebody order.

While not revealing how many aircraft it is seeking, saying only it will be a "sizable" order, Al-Meer explained that it issued the tender to Airbus and Boeing in March. It is thought to be looking for up to 200 widebodies.

"We need to take our time to evaluate what we get from both manufacturers," he said. The order announcement will hopefully be made by Q1 2025.

And, he added, the airline does not have to rush a decision. "We are not in a situation that we are so desperate to get a new aircraft. We have orders that are already in place. We are receiving new aircraft every month and will continue to receive our aircraft up to 2027 with the firm orders we have."

Speaking about when Qatar Airways will take delivery of the first of its Boeing 777-9s, Al-Meer said: "We already have a firm commitment from Boeing to deliver on a certain date and we have aligned with the other suppliers – the seat suppliers, the IFE, the galleys – with the goal to make sure that we are still one of the launch customers."

The certain date Boeing has told Al-Meer is Q1 2026. He would not be drawn into criticising Boeing for the long delay to the 777X programme. "What is important now for us is to receive it in the first quarter [of 2026]," he said. "Today, as English people say, let us not cry over spilt milk. Let us focus on the new delivery."

Airbus reset

Looking forward and not back is an emerging theme for Al-Meer. That goes for his airline's work with key OEM Airbus too.

In 2022 and 2023 the carrier was

Qatar Airways, which already operates a fleet of over 250 aircraft, is preparing for another massive widebody order (photo: Qatar Airways).

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At Farnborough Qatar Airways took the wraps off its newly developed business-class Qsuite product (photo: Qatar Airways).

embroiled in a bitter legal dispute with the airframer over skin-paint deterioration on its Airbus A350 fleet. This led the Qatari Civil Aviation Authority to ground several aircraft.

In February 2023, Qatar Airways and Airbus reached an "amicable and mutually agreeable settlement in relation to their legal dispute over A350 surface degradation and the grounding of A350 aircraft".

Al-Meer said at Farnborough: "We have a very good relationship with Airbus. I am meeting Guillaume [Airbus CEO Guillaume Faury] after today and we have continuous discussion with them. And just to prove this, you know the problem of the deliveries and aircraft that everybody is facing, Airbus managed to deliver some of our aircraft earlier than on their committed dates.

"And again, another proof that we have a very strong relationship with Airbus is that they were invited for the RFP that we placed," he said.

First class product

One of the significant changes in direction being steered by Al-Meer is a surprising one – the return of a first-class product. Many carriers have moved away from first-class as it has become superfluous with business class products offering such a good customer experience.

Today the carrier only offers first-class on its A380s, but in March Al-Meer revealed the plan to install a first-class cabin on its newly delivered widebodies, the 777-9 and A350.

Qatar Airways is well advanced on the product development, which is bespoke to the carrier, and Al-Meer said he was going to see the prototype later during the Farnborough week.

"It will be on the new orders," said Al-Meer, but he is cautious about the timeline. "As you know, it's the problem of supply chain, the problem with certification. We are working very closely with suppliers or with manufacturers to see how they can accelerate the certification process."

At Farnborough the carrier took the wraps off its newly developed business-class Qsuite product.

The Qsuite has been exclusively designed by the airline in partnership with its cabin systems supplier Adient Aerospace, a joint venture company between Adient and Boeing. The redesigned product will debut on the 777-9 first and then installed onto new Airbus A350s. The carrier will explore retrofitting the new Qsuite onto its existing A350 fleet.

Competitive pressure

A frequently asked question of all the Gulf carrier CEOs is whether the rise of Saudi carriers, and Riyadh Air in particular, plus a revitalised Air India, poses a threat.

"The market is very big," started Al-Meer. "There are opportunities and there is room for other airlines to come and operate out of this region. For example, the Saudi market is huge, and I am sure when Riyadh Air comes into business, in 2025 or 2026 nobody knows, they will take part of the Saudi market.

"But as Qatar Airways we are not only dependent on the Saudi market. As you know, we are a business hub; we connect way more destinations and cities to Doha. We'll see how things work between Riyadh Air and us, but I don't think there is any risk to our operational model."

In fact, traffic is surging once again this year, he noted. "I've seen the passenger numbers at Hamad Airport; we are up by 24-25% compared with last year. Last year, our total passenger number was 45 million. And we are expecting this year to exceed 52-53 million passengers."

This brings another headache relating to the capacity for growth at Hamad International Airport, be it for the flag carrier or others, but there was not time to explore that issue during the round table.

Al-Meer's comments were carefully worded so as not to dismiss Riyadh Air or anyone else, but he is confident in the product and reputation his carrier has built.

"[We view] everyone as a serious competitor. Competition is there, and we survived competition for the last 27 years. When Qatar Airways came up 27 years, nobody expected it to reach this level and now we are the best in the world," said Al-Meer.

First-class product

One of the significant changes in direction Al-Meer is steering is a surprising one – the return of a first-class product. Many carriers have moved away from first class, as it has become superfluous with business-class products offering such a good customer experience.

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Market outlook

Some carriers in the US and Europe have warned of softening traffic volumes and falling yields as the post-pandemic demand hike weakens.

Asked how his airline is faring, Al-Meer said: "From what we see at Qatar Airways, the demand is there. And it is proved by the numbers that we see, and it continues to go up. In the first quarter of this year the net profit is more than double what we got in the first quarter of last year.

"In July, the numbers look much better than last year," said Al-Meer, noting that in its recently announced annual results it posted record revenues and profits.

"So, we continue to see very high demand," he concluded.

Airline investments

A recent media story linked Qatar Airways with the acquisition of a stake in Virgin Australia. Al-Meer would not be drawn: "I will not be able to comment on this."

"But would you be interested?" said the journalist who asked the question. "We're always interested to expand Qatar Airways investments," he added.

Intensifying the influence of Qatar Airways in regions of interest, as proven with its African projects, is a key part of its strategy.

That strategy sees it remaining hands off in terms of its involvement, though, he said. "We don't manage, we don't get involved. For example, at IAG they have their own team, their own management, their own boss, and then they manage the airline, and we deal with them on a commercial basis like any other airline we work with.

Speaking at the Farnborough media roundtable, Al-Meer said: "[Our aim is] to continue to have the best airline in the world and to have the best financial and commercial return in the industry. This is our project." (photo: Mark Pilling).

"And the relationship between us and IAG is like the relationship that we have with American Airlines. It's a win-win situation for both," he said.

Expanding on its relationship with IAG, Al-Meer said: "When it comes to IAG, we realised in the last few months that there is more synergy in working with IAG, and there are way more opportunities.

"For example, when you go to ground handlers it is better to go as IAG and Qatar Airways to negotiate and get better prices than go as Qatar Airways only. This is how we will invest in the relationship between us and those companies."

Is Al-Meer a people person?

Product, airline investments, financial results and new aircraft are the hard side of the Qatar Airways business story and how Al-Meer will get to grips with them. The soft side is no less taxing, and there is intense interest in how he will run the group from a people perspective.

Qatar Airways is indisputably the airline that Al Baker built. Not single-handedly, but this utterly driven, shamelessly meticulous and intensely demanding leader propelled himself, his team, partners and suppliers, to create the five-star airline, airport and business of today.

Al-Meer steps into the hot seat at Qatar Airways as a virtual industry unknown, despite having run Doha's Hammad International Airport since 2014.

Al-Meer has a softer manner. He outlined his brave new world for Qatar Airways v2.0 on day one, telling employees in a personal letter that he wants "a culture of trust and empowerment. My vision as a CEO is to listen to the employees."

And as this new world unfolds, the platform created by Al Baker endures. In early July, the carrier reported its best annual results in its history with a net profit of US$1.7 billion.

At Farnborough, Al-Meer said: "We are talking about a company that has a strategy in place, and whoever takes over should continue the strategy of the company.

"We have different personalities, but at the end of the day the end result should be the same: to continue to have the best airline in the world and to have the best financial and commercial return in the industry. This is our project." ■

New Terminal 1 at JFK welcomes first movers

Carriers are signing up fast to move to New York JFK's New Terminal One, slated to open in June 2026

The first phase of New Terminal 1 at JFK is planned to open in June 2026 (all photos: New Terminal 1).

In sales, the ability to create a feeling of 'get in quick while it's available' is a strong lure to entice customers to sign up.

This was exactly the sense of urgency the team at the New Terminal One at New York's JF Kennedy Airport was seeking to generate at the IATA Annual Meeting, held in Dubai in early June.

And for newly appointed CEO Jennifer Aument and Chief Revenue Officer Carl Schultz it appears time well spent, for in the weeks following the visit to the United Arab Emirates both Air China and SAS put pen to paper on deals to move to the New Terminal One when it opens in 2026.

The New Terminal One is a flagship, dedicated international terminal being constructed in partnership with The Port Authority of New York and New Jersey's US$19 billion redevelopment of JFK Airport.

It is the anchor point of several projects to upgrade and revitalise New York's premier gateway, which has long been criticised for outdated terminals and a poor customer experience.

Other projects at JFK include the newly refurbished Terminal 4 opened by Delta Air Lines in early 2023.

"It has been a great opportunity to spend time with our new partners," said Aument of the IATA event. "People have seen this project as something very conceptual and faraway, but the feedback we have had is that this is real.

"It's moving forward very quickly to opening in June 2026 and partners are thinking now is the time to get on board, make route plans, design facilities and work on world-class lounges," explained Aument.

"Now is the time to make concrete plans to be part of something that's going to be unmatched in the US market," she added.

Aument is aiming to welcome 30-40 airlines into the new terminal by the time it is completed. Already confirmed to operate at the New T1 are Air France-KLM, with the carriers planning to consolidate their JFK operations from the current T1 and T4.

Other carriers already signed up are Korean Air, Air Serbia, Etihad Airways, LOT Polish and EVA Air.

The new terminals give airlines a chance to find new homes at JFK. "We are going to see a reshuffle of airlines across the campus just because there are a lot of redevelopment projects," said Schultz.

"Because we're opening with more

capacity than exists at the current T1, we anticipate that will pull in international carriers from other terminals, especially with the product that we're offering," he stated.

A new JFK

Today there are six terminals at JFK, which is a market dominated by origin and destination traffic (although carriers with their own terminals like American, Delta and JetBlue do have significant transfer flows).

The old T2 and T3, which catered primarily to domestic traffic and were little used, are being demolished to make way for the New Terminal 1. In its first phase, New T1 will have 14 international gates. It is a privately funded $9.5 billion project led by a consortium of labour, operating and financial partners such as Ferrovial, JLC Infrastructure, Ullico and Carlyle.

Aument's team includes colleagues with deep experience of developing and operating some of the world's best airports. "Our aim is to create a new gateway to New York and the US and to be one of the best airports in the world. We want to be SkyTrax top five," she stated.

"The design of the terminal is inspired by Central Park. We have a very strong commitment to creating a sense of place that matches that legacy so travellers can feel that New York buzz and excitement."

Starting with a clean-sheet design has enabled The New Terminal One to be developed with future-looking technologies. The common-use facility will begin operating with all-electric ground support equipment from day one.

"If you look at technology, and how that translates to our operations, whether it's the latest biometric technology, or other solutions, we're providing opportunities for our airline partners to save substantial operating costs," said Aument, noting that her team has seen data that suggests the New T1 will save up to 40% on check-in operations compared to the existing terminals.

"Inefficiency drives cost and we're opening a very efficient operation that is night and day different from what [our carriers] are getting currently," said Schultz.

The terminal will also be partly powered by a microgrid providing electricity from rooftop solar panels, gas fuel cells and battery storage. It will also feature two ground service providers, with airlines complaining at other terminals of a lack of choice where some only have one handler, said Aument.

In addition, the team is putting high customer service levels at the top of its agenda. "We have a very deliberate procurement strategy around this. From day one we want every colleague to share the same vision as us for our customer experience," she noted.

All service providers, including JFK's Transportation Security Administration partners, will go through the same customer service training programme.

*"We are in the unique position to be able to tailor both our operations and our customer offerings for the international customer," said CEO **Jennifer Aument**.*

Construction plan

In the first phase of construction New Terminal One will open with 14 gates. When it opens in June 2026, the second construction phase will have already started. This will end up with a terminal of 23 gates in 2030.

"There will be continuous construction, which has been deliberately designed so we are able to provide an elevated experience with little disruption to operations," said Aument.

While all the new terminal investment at JFK is aimed at delivering a transformed airport overall, as well as significant extra capacity, The New Terminal One team believe they will offer something special.

"We are in the unique position to be able to tailor both our operations and our customer offerings for the international customer," said Aument.

"There's a strong value proposition for customers visiting the terminal relative to not just the JFK campus but relative to anything that we see in the US market," she said, referring to the retail and food and beverage offering that the terminal will feature.

"From an airline partner perspective, you've got an independent terminal, where we have equal partners across the board who can be served at a terminal that is designed specifically for international routes and international customers and avoid the chaos of domestic air travel.

"We are a premium market with the premier terminal – that's what we are striving for," added Aument.

"What we are seeing right now is real momentum where we have airline partners that want to be at the table today," she said. "We are moving very quickly, and we are on time." ■

Fiji Airways became an official member of oneworld at the IATA AGM. CEO ***André Viljoen*** *(second right) celebrates with new oneworld head* ***Nathaniel Pieper*** *(second left, all photos Fiji Airways).*

Fantastic Fiji

Fiji Airways, one of the world's smallest national airlines, is soaring, defying those who doubted its pandemic survival. *Tony Harrington* reports.

André Viljoen wasn't happy. It was August 2020, five months after Covid's deadly transition from novel virus to global pandemic, and rumours were swirling that Fiji Airways, of which he was Chief Executive Officer, was insolvent and might even collapse.

The stories were gathering pace at a time when air travel everywhere was restricted or suspended, many national and internal borders were closed indefinitely, and cities big and small were locked down to limit risks of further infection.

So, it wouldn't have been a huge surprise to learn of an airline failure in a South Pacific island nation reliant upon international tourists, but starved of arrivals for 20 months.

Except the stories were untrue.

Viljoen moved quickly to change the narrative, publicly reassuring Fiji that its national airline, largest bridge to the world, and a major employer and economic driver, was not about to fail. Far from it.

He convened special briefings for the airline's premium customers and the national business community to explain that F$455 million (US$201.8 million) in loan guarantees from the Fiji Government "is not a cash bailout using taxpayer funds," but simply extra security for new borrowings and aircraft lease deferrals until the pandemic passed.

"Fiji Airways is not insolvent by any definition of the word," insisted its CEO, let alone facing liquidation or bankruptcy. "Fiji Airways is ready to reignite tourism and the Fijian economy as soon as it is safe to resume international flying," he declared, defiantly and confidently adding: "We will not only survive. We will thrive."

And that's exactly what is happening.

In May this year, Viljoen announced that after three years of pandemic-driven losses the airline he has led for nearly nine years achieved in 2023 a record pre-tax profit of F$131.8 million (US$58.46 million) and operating revenues of F$1.8 billion (US$800 million).

Not only did Fiji Airways defy the doubters (and there were many) by restoring its pre-Covid scale. It came back even stronger and more ambitious.

Focus markets

Beyond resetting its network, the airline piled on significant growth, adding destinations in its key source markets of North America, Australia and the Pacific Islands, doubling from two to four its fleet of ultra long-haul Airbus A350-900s, and expanding deployment of its widebody A330s, narrowbody Boeing 737-800s and MAX-8s, and turboprop ATR and Twin Otter commuter planes.

Total flights operated increased by 40% over 2022, capacity went up 47% to 2.8 million seats, the number of passenger journeys jumped by 57%, and the employee count rose by 37%.

Earnings before interest, tax, depreciation and abnormal costs (EBITDA) rose by 171% to F$370.6 million (US$164.2 million), debts of F$100 million (US$44.3 million) were repaid, borrowings totalling F$94.9 million (US$42.08 million) were refinanced, and the airline's equity grew back to F$265.7 million (US $117.82 million), 50% of pre-pandemic levels.

The carrier's board approved an interim dividend of F$15 million (US$6.65 million) to its shareholders – the Fiji Government (51%), the Fiji National Provident Fund (30.02%), Australia's Qantas (16.45%), and the Unit Trust of Fiji (1.58%), with the last sub-1% shared between Air New Zealand and the governments of neighbouring Kiribati, Tonga, Nauru and Samoa.

As well, the board approved a profit share payment of F$5,000 (US$2,213) to eligible non-management employees in recognition of their work to progress the airline from Covid during a time of critical and worsening skills shortages across the global aviation sector, and an exodus of Fijians emigrating in worrying numbers to seek fresh opportunities elsewhere.

The International Monetary Fund (IMF) said almost 34,000 Fiji nationals, or 4% of the population, moved to other countries in 2022-23, a shift which not only impacted the local economy, but also threatened potential staffing of the airline and broader tourism sector while reducing the base of local travellers.

To appreciate the scale of that outflow, a 4% reduction of the US populace would equate to the combined departures of everyone from the three biggest cities, New York, Los Angeles and Chicago, while in the UK it would be on par with emptying Manchester.

Reliance on tourism

Tourism is Fiji's largest industry, directly and indirectly contributing around 40% to gross domestic product. The government quantifies that the sector provides or supports around 120,000 jobs, or 36.5% of the national workforce.

Of total visitor arrivals last year, 70% flew on Fiji Airways.

"I want to put into perspective exactly what these financial results mean, not just to the national airline, but to the country," said Deputy Prime Minister Biman Prasad, who also serves as Fiji's Minister for Finance, Strategic Planning, National Development and Statistics.

"The F$1.8 billion revenue – earnings – is a direct injection into the economy. It spurs activity not just in the tourism sector but across the national economic landscape by way of salaries, the purchases of goods and services, payment of utilities, new investments and countless other daily transactions, all of which collectively fuel the engine of growth."

But in a sobering parallel development on the same day as the carrier's jubilant profit announcement, neighbouring Air Vanuatu collapsed, an event soon followed by the eruption of serious civil unrest in the nearby French Pacific territory of New Caledonia, critically impacting its airline, Air Calédonie.

While Air Vanuatu has since relaunched limited domestic flying with ATRs, its overarching failure and the uprising in New Caledonia both served as sharp reminders that in the South Pacific progress can be fragile and easily disrupted or destroyed.

It also recalled many previous crises across the region, including in Fiji, all of which impacted national airlines and by extension national economies.

In 2011 Fiji was smashed by Cyclone Yasi, part of a continuing pattern of severe and damaging Pacific weather events, of which this nation of 332 islands – 110 of them inhabited – is a constant casualty.

Since 1987, Fiji has also endured significant political unrest of its own, with four military coups – the latest in 2006 – imperilling tourism, destabilising the national economy, and upending the global reputation that Fiji wants and needs as a picture-perfect Pacific Island paradise.

Fiji Airways, then branded Air Pacific, was badly impacted by the political chaos, though that's not obvious right now after its reconstruction, repositioning and robust emergence from Covid and the resurgence of tourism.

"The economic recovery post pandemic, and recent economic growth, has been primarily driven by the tourism industry. This industry reduces poverty, promotes citizen wellbeing and social welfare development," said the Fiji Government's Department of Finance in its recent draft of a new National Development Plan.

"The rapid restoration of air travel and robust tourism demand, including during the off season, helped 2023 tourist arrivals reach 104% of 2019 levels," observed the IMF. "With GDP growth at an estimated 8%, output surpassed pre-pandemic levels in 2023, witnessing a faster recovery than other tourism-based Pacific Island countries."

Plus, by extending its network in the key markets of Australia and North America, Fiji Airways flagged even broader ambitions, not just to increase tourism purely bound for Fiji, but also to secure a slice of the lucrative traffic flowing across the Pacific between Australia, New Zealand, the US and Canada, and to convince travellers between these markets to break their journeys with short stays in Fiji.

In July 2022, when the Fiji National Provident Fund (FNPF) bought its 30% stake in Fiji Airways, the fund's CEO, Viliame Vodonaivalu, highlighted not just its optimism of a healthy return on investment but also the betterment of the nation which a strong airline could deliver.

"Fiji Airways has always been on our radar," he said. "We saw this as an opportunity and believe that there will be full recovery of our investment, given

Fiji Airways now operates a fleet of four Airbus A350s for its longer-haul services.

that this strategic national asset has high return potential both in interest income and capital appreciation, apart from the obvious tourism synergies."

More than that, it was "an enabler to other investment opportunities such as medical tourism, aged-care and commercial agriculture ventures for export, whilst also having a synergistic relationship with FNPF's substantial hotel portfolio", Vodonaivalu added.

Fiji Airways has also vertically integrated into the accommodation sector, increasing to over 50% its stake in the company which operates Fiji's Sofitel Resort and Spa, and investing in Vatu Talei Pte Limited, a new 190-room resort development expected to open late in 2026.

In doing so, the airline has sought to help address a long-term impediment to its own and the nation's growth: a shortage of quality accommodation.

In addition, it has secured a contract to manage Fiji's airports, cementing its role not just as the national airline or even a primary tourism driver, but also a significant provider or manager of key and complementary national infrastructure.

Viljoen arrives

Viljoen joined Fiji Airways in 2015 after more than six years with a not-dissimilar small-nation airline, Air Mauritius, where, after starting as Chief Financial Officer and Chief Information Officer, he became CEO. He previously held key roles with three carriers in South Africa, including CEO of South African Airways.

Beneath the generic aspiration of growth, a key metric for Viljoen and his team at Fiji Airways is to build global awareness of the nation through its airline, initially via the profile afforded by global awards programmes as well as the word 'Fiji' in giant letters on its planes.

"We made a decision in 2016 that the national carrier was not going to be just another small airline, and that we would never be satisfied with the status quo," said Viljoen.

In June, for the second consecutive year, Fiji Airways was named 'Best Airline in Australia and the South Pacific' in the global Skytrax awards for excellence, as well as claiming its fourth award for 'Best Airline Staff in Australia and Pacific,' and last year achieved its ambition to be recognised as a Five Star Major Airline in the annual ratings programme of the US-based Airline Passenger Experience Association.

Beyond profile-building accolades, Viljoen also committed to embedding his airline in a major commercial alliance to achieve global connectivity and broader product access for customers.

The oneworld partnership was chosen, and in 2019 Fiji Airways was admitted as the first oneworld Connect partner – a kind of alliance-Lite category as it built up to full membership.

That bigger target was reached in Dubai in June this year during IATA's annual general meeting where Fiji Airways was officially named as the 15th member of the alliance, its 21-aircraft/26-port operation to be integrated into oneworld within 12 months.

Its regional division, Fiji Link, was added as an affiliate member, further extending oneworld's collective global reach to include destinations within Fiji and in the neighbouring nations of Tonga, Samoa, Tuvalu and Vanuatu.

"This milestone will have far-reaching benefits for Fijians, including enhanced domestic services via Fiji Link and increased global connectivity, drawing more international tourists to our islands," said Viljoen.

Even before its oneworld acceptance, Fiji Airways was planning significant growth, boosted last year by the arrival of its two latest A350s, taking the fleet of these planes


MAKE
THE RIGHT
MOVE
ATHENS
INTERNATIONAL AIRPORT
ELEFTHERIOS VENIZELOS

*Fiji Airways CEO **André Viljoen**, sporting the traditional Fijian Bula shirt, shows off his airline's acclaimed business class product.*

to four and enhancing the carrier's ability to extend long-haul operations.

It flagged potential targets including additional destinations in the US, plus Beijing and Shanghai in China, and Seoul in South Korea.

As well, it increased focus on operational self-reliance by progressing expansion of the Fiji Airways Aviation Academy, near the airline's Nadi Airport hub, installing full-flight CAE pilot training simulators for A350s and ATRs alongside its existing A330 and B737 units.

Sustainability strategy

But with increased flights come increased carbon emissions, contributing to climate change – a huge threat to Fiji and surrounding Pacific nations.

The World Bank says Fiji faces "significant disaster risk levels" and has ranked it 124 out of 191 countries based on exposure to coastal flooding and tropical storms, which it says are "of major economic significance in Fiji", and cost the equivalent of 5% of annual GDP.

Viljoen needs no convincing on climate.

"As the national carrier of a small island developing state, we are acutely aware of the need for urgent action to combat climate change," he said. "As an airline, most of our carbon emissions are generated by using jet fuel, so to meaningfully reduce our carbon footprint we must embrace using a blend of sustainable fuels."

The carrier is progressively upgrading its fleet, not only with its more fuel-efficient A350s but also the 737 MAX-8s, seven of which are currently deployed on routes to Australia, New Zealand, Hawaii and Pacific islands, alongside older 737-800s and larger A330s.

Last year, the airline performed its first flight using blended SAF, part-powering its newest A350 from Singapore to Fiji, the last leg of its delivery flight.

"Many larger airlines with more resources have already bought up significant quantities of future SAF capacity, making it somewhat challenging to secure supply," said Viljoen.

"As demand for sustainable fuel increases, we will see investment and production ramp up, and it will become much easier and more affordable for airlines to acquire SAF. We are exploring all options, including the potential for SAF production in Fiji."

The airline is also preparing a global fuel supply tender to secure access to SAF, and as a member of oneworld it is likely to be bound by the alliance's commitment to use SAF on flights from California, where it serves both Los Angeles and San Francisco with A350s.

But how successful it is at decarbonising remains to be seen, particularly given the recent abandonment by minor shareholder and major competitor Air New Zealand of its own 2030 carbon reduction targets, citing delays and uncertainty in deliveries of new, more efficient aircraft, and concerns about government and regulatory commitment to facilitating affordable supplies of SAF.

While it shapes its carbon reduction strategy, Fiji Airways continues to expand its network and flight frequencies to increase the number of visitors it can fly to its home.

Since its acceptance into oneworld, participation in which will formally begin next year, Fiji Airways has joined the frequent flyer programme of American Airlines, the world's biggest carrier and a founding member of the alliance.

Building on that partnership, the carrier has just announced that from December, it will introduce three nonstop A350 flights per week between Nadi and American's primary hub at Dallas Fort Worth, the third-busiest airport in the US, the fourth busiest in the world, and the airline's fourth US gateway.

As well as connecting Fiji directly to American's giant hub, the new route will also enable Fiji Airways to pitch for passengers and freight between the US and Australia and New Zealand, flying via Nadi, and competing against other US carriers and two of its own shareholders, Qantas and Air New Zealand – a risky but huge opportunity.

Although it is progressing strongly, Fiji Airways has cautioned that "2024 will be a very different year to 2023", given the impact of increased competition and geopolitical tensions. The challenge of sustaining continuity is huge.

But for now, André Viljoen could not be happier. ■

*Seen at the inauguration ceremony for Air Canada's new flights to Montreal and Toronto are **Jason LaTorre**, Ambassador of Canada to Sweden (left); **Rocky Lo**, Managing Director, International Sales, of Air Canada (centre); and **Jonas Abrahamsson**, President and CEO at Swedavia (photo: Swedavia).*

Swedavia makes new connections

Even though the outlook for traffic growth is improving in Sweden, the country's airport operator Swedavia is not satisfied and is working hard to improve its connectivity options, both east and west. *Mark Pilling* reports

It's a great feeling for an airport marketing team to see years of work come to fruition when a major carrier announces new service. That was the case for Swedavia in July, when Star Alliance carrier All Nippon Airways declared it would open a direct route between its home base at Tokyo Haneda and Stockholm Arlanda Airport.

"There is great confidence in the Swedish air travel market and ANA's investment in a direct route from Stockholm Arlanda to Tokyo Haneda is a clear sign of this," said Jonas Abrahamsson, President and CEO of Swedavia.

Formed in 2010, and wholly owned by the Swedish State, Swedavia's mission is to own, operate and develop the gateways that make up the country's airport infrastructure. Swedavia owns all 10, and while Ronneby and Luleå Airports are partly owned by the Swedish Air Forces, Swedavia is responsible for commercial air traffic there.

Adding an Asian flag carrier to its overall offer is a show of strength for Swedavia, which has had a somewhat challenging time with its Asia-Pacific network following the ravages of the pandemic, the closure of Russian airspace making routings to the east uneconomic, and the strategic reformation of SAS.

ANA will serve Stockholm three times a week with Boeing 787s from 31 January 2025. "It is a big win for us," said

Elizabeth Axtelius, Director Aviation Business at Swedavia.

The Japanese carrier had been planning to begin service to Stockholm in time for the 2020 Tokyo Olympics, but this was shelved when the pandemic hit.

Now, though: "The timing is absolutely right," said Axtelius. "We used to have a lot of inbound traffic from Japan, most of the passengers travelling via Helsinki, but now outbound traffic to Japan is increasing and there is a large business market too. Traffic to and from Japan is over pre-pandemic levels today."

As traffic grows, the business ties between the two countries bolster the case for the route. Japan is Sweden's second-largest trading partner in Asia, with close to 150 Swedish companies – both major corporations and start-up companies – operating in Japan, the world's third-largest economy.

Sweden in turn is the largest Nordic export market for Japan, and roughly 180 Japanese companies have operations in Sweden.

The route will not only serve as an important connection to the Japanese capital but also as an important connection via ANA's network to Asia and the South Pacific. A desire to bring routes that offer strong onward connections is a persistent theme of Swedavia's story as it seeks to strengthen the Arlanda offering.

Increasingly, Swedavia is having to attract carriers other than its largest customer SAS for such long-haul routes. There is further change in the air that affects airport networks: SAS is leaving the Lufthansa- and United Airlines-dominated Star Alliance and shifting to SkyTeam, which includes Air France-KLM and Delta Air Lines as predominant members.

Encouragingly for Swedavia, ANA, a member of Star, wants to serve Stockholm even without the benefit of having SAS as the Star hub carrier.

Canadian arrival

The departure of SAS from SkyTeam played a role in another Star member, Air Canada, inaugurating new routes to Stockholm. "Air Canada was another big win this summer. They noticed the challenges that we had with SAS leaving Star and less capacity to North America, so they took advantage of the market situation," said Axtelius.

In mid-June, Air Canada launched a twice-weekly service to Toronto and a three-times-weekly service to Montreal. "Both routes have done really well since launch," said Axtelius.

The success of the Air Canada routes echoes the rebound Swedavia has seen across its international markets. "When we look at the international traffic from our airports, there is a strong demand," said Axtelius.

"And the demand is maybe stronger than what the figures show, because there is not enough capacity in the market to cater for the demand that we see," she added. In July, international traffic at Arlanda returned to pre-pandemic levels for the first time.

The SAS factor

ARGS interviewed Swedavia's Axtelius on 28 August – the day SAS officially emerged from US Chapter 11 proceedings, just over two years after filing to restructure under bankruptcy protection.

It comes with a variety of strategic implications, such as SAS moving to SkyTeam, and airports understandably worry about network changes. Axtelius summarised how Swedavia sees the situation of its largest customer in the largest market in Scandinavia.

"SAS is an extremely important customer for us. They are important both for European traffic, but also for domestic traffic," she explained. "They will continue to play an important role in Sweden.

"They might change some of the destinations, such as perhaps not operate as much as they do [now] into Germany [because of less emphasis on feeding Lufthansa/Star hubs there]. But in terms of European and domestic traffic I think in total it will have little impact.

"Having said that, they are focusing more on Copenhagen," noted Axtelius, with an increased effort to feed the Danish hub. "For us, that is a challenge." SAS, for example, began operating a new service this June from Copenhagen to Delta's Atlanta hub as it shifts its priorities to SkyTeam.

Swedavia is concerned about retaining its North American links as SAS reduces its point-to-point services out of Stockholm. "We need better connectivity to a large North American hub and now there is a great opportunity for many carriers to establish themselves in the Swedish market," she said.

*"When we look at the international traffic from our airports, there is a strong demand," said **Elizabeth Axtelius**, Director Aviation Business at Swedavia.*

When SAS flew to Chicago from Stockholm, Swedish travellers could reach most destinations in the US with just one stop. That increases to two stops if the SAS Atlanta service is chosen. "For us that is a headache. Limited North American connectivity is something that the business community in Sweden talks a lot about today," said Axtelius.

This is a challenge, but also a chance to serve new carriers and reach more US hubs. New York JFK is an obvious target for year-round service, but Chicago, Washington DC and Philadelphia are also strong opportunities, she said.

And SAS, too, could reinstate some Stockholm links. "From an SAS point of view, they need to look after the Swedish market. They also need to rethink how they will be serving the Swedish market in the future, not only focusing on Copenhagen," she explained.

Looking east

In terms of services to the Gulf, Emirates and Qatar Airways serve Stockholm, albeit not back at pre-pandemic capacity levels due to their capacity constraints. One target destination is Abu Dhabi, with Swedavia keen to attract Etihad Airways to inaugurate a direct service to Stockholm. A direct route to Stockholm would meet some of the strong demand for additional connections

Recent developments at Stockholm include the new Marketplace in Terminal 5 providing the heart for Arlanda's commercial offering.

to the Middle East.

With Stockholm's Asian connectivity somewhat lacking after the pandemic, the ability to offer services via the Middle East hubs is a good option. Another one could be Riyadh or Jeddah in the future.

"In a couple of years' time traffic into Saudi Arabia would make sense. Sweden is a large market, and we have a large Muslim community and a lot of VFR traffic. Considering what's happening in Saudi I think it would make sense," said Axtelius.

Further east, Air China served Stockholm daily from Beijing this summer and Thai Airways operates daily to Bangkok. However, Stockholm has no direct service to Shanghai, Hong Kong or Singapore at present and all are on Swedavia's radar.

"Our connectivity to a hub in Southeast Asia is not as good as it was before the pandemic," said Axtelius. "We need a big hub in Southeast Asia, or somewhere in Asia, while India and a long-haul leisure route are definitely something we're looking at."

Europe and domestic markets

Closer to home, Swedavia's European network has grown again this summer with 25 new routes launched – 17 from Arlanda and 8 from Göteborg Landvetter Airport.

LCCs Ryanair and Norwegian have grown strongly in Sweden in recent years. "We would like to see Ryanair grow more in both Stockholm and Göteborg; there is room for additional growth from these carriers," said Axtelius. Meanwhile: "Eurowings is doing well serving the German market. It has been good for us and for the business community," she added.

While the European and international traffic picture is strengthening, Swedavia's mood is tempered somewhat by a tough domestic market, the SAS situation and airline capacity constraints caused by late aircraft deliveries.

"What we are struggling with, and I think there are several markets in Europe that see the same trend, is that domestic traffic is still lagging behind, and especially domestic traffic to the southern parts of Sweden," said Axtelius.

Services to northern Sweden where there is no alternative to air travel are less affected, but good road links to the south provide a competitive option. Customer behaviour has changed too, with the shift away from business travel to remote digital meetings becoming a trend that Swedavia does not see reversing.

Market outlook

However, Axtelius is hopeful that Sweden's economy, which is showing signs of stronger growth, will drive an expansion of the domestic network from both Norwegian and SAS.

A lack of capacity has driven fares up and depressed demand. But Swedavia is expecting traffic growth this year and next on the back of the economic upswing. The airport operator also welcomes the government's proposal to abolish Sweden's air travel tax, which has been in place since 2018. "This travel tax is something we think has a negative impact on our traffic, and it doesn't have a positive impact on the economy or the environment," she said.

In 2023, 32.1 million passengers flew to and from Swedavia's airports, compared to 27.6 million in 2022. This is up to 80% of pre-pandemic levels.

Sustainability

A field in which Swedavia is an undoubted pioneer is sustainability. Since 2020 the operator has been "fossil-free" at all its 10 airports.

"The next step is to work together with the ground handlers to become fossil-free with all the ground operations," said Axtelius. Swedavia is also working with a variety of partners on biofuel, electrification and hydrogen technologies.

An interesting scheme now in its fifth year at Swedavia is the Sustainable Aviation Fuel (SAF) Incentive Programme. This initiative, which has a pot of SEK 40 million (US$3.9 million) in 2024, sees Swedavia offering airlines and other industry players a discount of up to 50% of the premium cost when they refuel with SAF.

Airlines such as SAS and Aegean, plus DHL, have taken advantage of the programme.

Airport developments

Swedavia took the opportunity of the pandemic, when traffic was at a standstill, to undertake some important developments at Stockholm Arlanda, explained Axtelius.

In September 2023 the airport opened its new Marketplace in Terminal 5. This 11,000 sq m space provides the heart for Arlanda's commercial offering with a variety of new food and beverage and shopping options. A significantly expanded security checkpoint zone has also been inaugurated. ■

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QAS ramps up its ambitions

Murat Nursel, Senior Vice President of Qatar Aviation Services, who has led the company for over a decade, outlines the company's next phase of growth and its strategic thinking around people, sustainability and customer service, in this question-and-answer style article with ARGS

1. ARGS: Explain the QAS business strategy and specifically your plans for expansion on geographic, organic, consolidation or acquisition lines?

MN: Before talking about QAS expansion strategy, I would like to talk about what we do understand from expansion. Globalisation has intensified the companies' expansion appetite. This appetite for growth encourages companies to expand into new geographies with existing products or penetrating into new market segments with new products. By the nature of it, every move seems logical when made but when we talk about expansion specifically without focus it only lasts with disappointments. I do mostly prefer to use "sustainable growth" instead of "expansion". Sustainable growth is not an aim that we could get to overnight. It entails serious effort and continuity.

Being a member of the World's Best Airline Company Group, we did consider and formulated our long-term strategy which for sure contains "sustainable growth" targets. For us, growth does not only mean to have more stations served and increase revenue. We do believe that we could only have sustainable growth once we export our service quality and be able to control our quality in other markets. That is why we are not looking to have massive international portfolio.

If you put sustainable growth as a main pillar in your strategy instead of fast expansion there are other factors that come into the equation such as "growth potential" of the market. As it is said it takes two to tango! For the Ground Handling Services, as a part of Qatar Airways Group, we do see rising opportunities in Africa. [see related story on page 16 regarding the investment of Qatar Airways in South African carrier Airlink]. We are getting ready to be a part of this bright vision Qatar Airways has for Africa. I would say Rwanda is going to be the first step also for Qatar Aviation Services and there would be other following steps in next three years in Africa.

Mehmet Murat Nursel
Senior Vice President - QAS

Speaking of growth, as I emphasized, apart from penetrating into the new geographies with existing product, there is also other way to enhance growth strategy thanks to having ability to offer new product/services to new market segment. Central Load Control service is the other service in our portfolio that we are now ready to offer to new Airline Customers. This initiative started 5 years ago when we opened QAS Delhi CLC office which was our first CLC location outside of Qatar.

Based on the experience we have both in Doha and Delhi office now and with proven assurance in our service quality, I do proudly say that we are going to open our third office in Manila in coming months. The fourth office would most probably be launched in coming years.

2. ARGS: Discuss the new brand strategy and mission statement for QAS and how you hope this will translate to business, customer, and employee benefits.

I am proud to announce that a new era awaits QAS. We are planning to launch very soon our new QAS Brand strategy, redefined Vision and Mission and QAS DNA.

We have developed a bold new strategy to transform ourselves for long-term success in rapidly changing industry.

Growth & expansion, Customer experience and Employee experience are among our strategical pillars and are the key foundational elements that we have built the overall strategy upon. The pillars represent the critical areas of focus and the guiding principles that drive our long-term goals and objectives.
At the same time, they provide a clear framework for aligning efforts, resources and decision making to achieve our overall strategic goals.

I am confident that the synergies between our talented, diversified and dedicated teams will drive QAS in a unified purpose to strive for excellence.

We are aiming to be dynamic and adaptable, collaborating with respect and inclusiveness at all time, this is our DNA.

People are, and will always be our most valuable assets therefore we are passionately committed to invest in our people while building a highly engaged, talented and motivated workforce, fueled by opportunities to thrive.

Our strategy lays out an ambitious vision for the years ahead – one that will require a business-wide commitment to execution and innovation. Our reliability, trustworthiness and customer – centricity is unsurpassed, which put us in a category of one; we don't want to be the first choice, we aim to be the ONLY choice for those seeking Ground service excellence

As a team we are united in our determination to bring the strategy to life.

3. ARGS: What does QAS see as the main issues facing the ground services business, such as operational integrity, recruitment/retention, sustainability?

As a people business, we care deeply about what we do, who we do it for and who we do it with. It's well known that attracting the right talents, keeping them within the business and making them committed to work in ground handling industry is becoming very challenging in last few years. With a new generation's expectations and multicultural presence, we needed to reshape our People programs and to invest more in initiatives that will create a skilled, diverse and engaged workforce. Leadership success frameworks, QAS Academy and robust talent success planning are just some of the initiatives to support our intention to keep the talents within our organization.

Moreover, we are committed to relentlessly elevating operational excellence through an unwavering focus on sustainability improvements in quality, technology, innovations, protecting the wellbeing of our people and reducing the environmental impact.

We are constantly encouraging a culture of innovation and continuous improvement, leveraging technology, automation and process improvement to boost efficiency, build resilient and secure business continuity without jeopardizing our integrity.

4. ARGS: Your home base in Doha, Hamad International Airport, is seeing significant growth. How is QAS managing?

We have proven successful achievements in last few years by hosting the international events such as FIFA 2022, Arab Cup and adopting the way we are operating towards introductions of new airport infrastructure developments and increased traffic growth. We achieved successful performance results during a time of greater passenger movement in last few years and increased cargo/ tonnage movement by 20% during the pandemic sessions.

Hamad International Airport recently announced that July 2024 has become the busiest month in its operational history, serving a remarkable 4.73MIL passengers which represents 10.2% increase compared to July 2023. Those customers, both Qatar Airways and Other Airline Carriers were served by our committed workforce while delivering exceptional safety and operational performance.

We do have challenges that are linked to multiple factors well known within ground handling industry, such as increased traffic, availability of resources, infrastructural changes, new baggage facility, additional cargo facilities, etc. Still as I mentioned at the beginning, we want to be only choice for those seeking the ground service excellence and this is only made possible through the passion, effort, courage and expertise of our people. That is why QAS is focusing on the employee experience following Qatar Airways Group 2.0 strategy pillars. Ensuring the wellbeing of our staff to increase retention and offering a great place to work for attracting talent is a priority.

5. ARGS: What advances is QAS bringing in when it comes to its ground services infrastructure?

Traditionally, the Ground Support Equipment (GSE) sector, as a niche, has really struggled in driving technical innovations into the ground handling field as the margins and volumes in our sector are far from others such as civil construction, mining machinery or automotive.

This fact has changed drastically as technological transfer was boosted between sectors in the last 10-12 years. Thus, the OEMs [Original Equipment Manufacturers] are providing us with a huge variety of solutions and options.

The challenge now is to make the right decisions. Which of these solutions will be the standard in the future? Is there any liability on the new technological advantages of the new features we are seeing, especially when you talk about software-based ones? These questions are not easily answered.

This also applies to our thinking when it comes to the sustainability part of GSE. We need to make decisions now on how to invest in our GSE fleet. And there are multiples options for us to consider, such as electrical equipment, vehicles based on lead acid or lithium batteries.

Moreover, should we convert our assets into electrical power or not? Are there hybrid models? Another innovation is the possibility of autonomous equipment.

If you focus on the data, the cost of acquiring on-board data has reduced drastically in the last years. Couple this with the rise of IoT [Internet of things] technology and this opens a big field for us to explore and take advantage of.

How these technologies are adopted and how they are used to support business decisions will set, in good part, the health and the profitability of our business going forward.

There are many questions here to answer; not only in the technological side, but also in how the managers and decision makers adopt the information captured on the tarmac.

Nevertheless, I am constantly encouraging my team to drive innovation, explore technological opportunities, and use the data while creating the solutions that can help us to boost service efficiency.

6. ARGS: Please outline how QAS views the vitally important of sustainability?

QAS in particular has made a sustainable commitment towards environment, people, financial stability, Innovation and Technology and Process improvement.

You may know that QAS is the first ground handler globally to go through the IATA's Environmental Assessment Programme certification for Ground and Cargo Handling Organizations.

We at QAS believe in our responsibility to care for the environment. To achieve this goal, QAS aims to

- Achieve lower, more efficient greenhouse gas emissions

- Prevent pollution, reduce waste and minimize the consumption of resources

- Educate, train and motivate workforce to carry out tasks in an environmentally responsible manner

We are aiming to build a deep bench strength of high performing talent, create and leverage the employee brand to position QAS as an employer of choice and to create a highly engaged workforce where employees and QAS mutually thrive.

Our plans expand further to attract, retain and hire top talent to build a skilled and diverse workforce.

And in line with Qatar 2030 vision, we thrive to bring significant initiatives to boost local talents presence through Qatari National Development Programs to support readiness for future progression.

7. ARGS: What solutions or approaches does QAS have that makes it a strong ground services partner?

First and foremost, our biggest asset is our people. We have 8,917 dedicated employees from 51 nationalities, always ready to serve our customers to the highest standard.

We offer a wide array of services that include redefined customer experience throughout their journey, airside operations, precise engineering services, centralized load control, timely travel and tours, reliable cargo warehouse handling, and premium executive aviation along with dependable support services.

Our GSE is treated as an important part of our company's strategy which allows us to strategically plan our fleet movements and investment thinking in the long run. All maintenance activities and fleet supervision are done in-house by our own personnel. We have full control of all our suppliers, which parts are installed in the equipment, how the preventive inspections are taking place, the training of our technicians, etc. This ensures control of the full value chain when talking about the maintenance of our GSE fleet and is an important driver to assure the quality, safety and reliability of our equipment while supporting the airside operation.

This is why we care about keeping the highest standards in the industry while talking about GSE preventive inspection compliance, promoting the latest technological advantages and other operational KPIs that drive us to hold certifications such as IATA's ISAGO and its Enhanced GSE Certification. As QAS' business portfolio keeps growing, this certification will enable new airline customers to easily recognize those ground handling companies who have made significant efforts to reduce risks and ground damage.

I am confident that in this new era QAS will exceed every expectation by constantly redefining excellence in everything we do.

QAS operations at a glance

251,000+
Aircraft movements handled per year

45+ Million
Passengers handled per year

877,000+
passengers with disabilities handled per year

59+ Million
Baggage handled per year

2.4+ Million
tonnes of cargo handled per year

*Yearly statistics based on 2023 calendar year

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Airlines and airports are increasingly leaning on data analytics to streamline operations, elevate passenger experiences, and uncover new revenue opportunities (photo: Adobe).

***Arpad Szakal** leads the Aviation & Aerospace practice at London-based boutique executive search firm, Cormis Partners (photo: Cormis).*

The new normal in the world of AI

How should we navigate the future of work in the aviation sector in the age of artificial intelligence? *Arpad Szakal* of executive search firm Cormis Partners examines the trends and offers some strategies

The pandemic has fast-tracked digital transformation across numerous industries, and aviation is no exception. Airlines and airports are increasingly leaning on data analytics to streamline operations, elevate passenger experiences, and uncover new revenue opportunities.

This shift to a data-centric approach has spurred a growing demand for a wide range of roles such as data analysts, business intelligence specialists and revenue management experts.

Around the world, airlines and airports are pouring resources into advanced analytics platforms to fine-tune flight schedules and enhance customer service. Some industry players are also integrating data analytics with sustainability initiatives.

The aviation industry is amid a significant transformation as artificial intelligence (AI) and predictive analytics become integral to operations.

From optimising flight routes to enhancing customer experiences, AI is fundamentally changing how airlines and airports operate. For mid- to senior-level professionals, this evolution brings both challenges and opportunities. Understanding these changes and strategically positioning oneself for the future is crucial.

Opportunities and career strategies

AI's growing presence in aviation is reshaping traditional roles. Tasks that once required manual input are now being automated, making operations more efficient.

For example, predictive maintenance systems powered by AI can foresee equipment failures, reducing downtime and improving safety. Similarly, AI-driven data analytics are optimising flight schedules, cutting fuel consumption and boosting passenger satisfaction.

But this shift doesn't mean roles are disappearing – they're evolving.

The focus is moving from day-to-day operations to strategic decision-making. Professionals are now expected to leverage AI tools to make more informed decisions, manage AI-driven systems and interpret data insights that drive business outcomes.

As a result, there's a growing need for leaders who not only grasp the technical aspects of AI but also understand how to integrate these technologies into broader business strategies.

The emergence of new roles

As AI continues to become ingrained in the aviation industry, it's not just improving existing processes: it is creating entirely new roles designed to harness its potential. These roles are becoming essential as airlines and airports aim to stay competitive in an increasingly data- and technology-driven landscape.

One of the most critical new roles is that of the AI integration specialist. These professionals ensure that AI systems are seamlessly incorporated into existing aviation operations, working closely with IT and operations teams to tailor AI tools to specific business needs.

For example, at Delta Air Lines, AI integration specialists have played a key role in implementing AI-driven baggage tracking systems, significantly reducing lost luggage incidents. By customising AI solutions that align with the airline's operational goals, these specialists are crucial in boosting efficiency

Southwest Airlines employs data scientists to examine customer data and optimise flight schedules (photo: Adobe).

and customer satisfaction.

Data scientists and analysts have also become indispensable in the aviation sector. With AI systems generating vast amounts of data, there's a growing need for experts who can analyse this data and extract actionable insights.

For instance, Southwest Airlines employs data scientists to examine customer data and optimise flight schedules. By understanding booking patterns and passenger preferences, these professionals help the airline improve load factors and reduce operational costs, driving both innovation and efficiency.

As AI becomes more widespread, the need for ethical oversight and governance has led to the creation of roles such as AI ethics and governance officers. These professionals ensure that AI systems are used responsibly, addressing critical issues like data privacy, algorithmic bias and regulatory compliance.

At London's Heathrow Airport, AI ethics officers oversee AI systems used in security screening, ensuring that these technologies operate fairly and without bias. This role is essential in maintaining public trust and ensuring that AI contributes positively to the industry.

The adoption of AI in predictive maintenance has given rise to the role of predictive maintenance managers. These professionals oversee AI-driven systems that predict equipment failures before they happen, ensuring that maintenance activities are timely and effective.

At Lufthansa, predictive maintenance managers use AI to monitor aircraft engines, allowing the airline to schedule maintenance only when necessary, rather than following a fixed timetable. This approach not only reduces costs but also minimises aircraft downtime, significantly improving operational efficiency.

Finally, the role of customer experience managers is evolving as AI plays a bigger part in personalising and enhancing passenger experiences.

These professionals focus on leveraging AI to tailor services to individual passengers, enhancing satisfaction and building loyalty. For example, Emirates Airlines uses AI to analyse customer feedback and personalise in-flight services, such as meal preferences and entertainment options.

By aligning AI initiatives with customer-centric strategies, customer experience managers help airlines stand out in a competitive market.

These emerging roles require a unique mix of technical expertise, industry knowledge and strategic thinking. Professionals who can navigate this intersection are well positioned to lead the aviation industry into its AI-driven future, turning technological advancements into opportunities for growth and innovation.

Upskilling and staying relevant

To stay relevant in this AI-driven world, aviation professionals need to be proactive about upskilling. While technical know-how in AI and data science is crucial, it's equally important to develop skills in AI governance, ethical considerations and change management.

Understanding how AI algorithms work, the data they require and their potential biases will enable professionals to oversee AI implementations effectively.

A practical approach is to pursue continuous education through online courses, certifications and industry workshops that focus on AI and data analytics. Many reputable institutions offer specialised programmes tailored to industry needs, providing a solid foundation in AI technologies and their applications in aviation.

Another key area is developing leadership skills that are adaptable to the new digital environment. This includes fostering a culture of innovation within teams, encouraging cross-functional collaboration, and staying informed about the latest AI trends and their implications for the industry. Networking with peers and participating in industry forums can also provide valuable insights and opportunities to share best practices.

Turning AI into an opportunity

Rather than seeing AI as a threat, aviation professionals can use it to advance their careers. One effective strategy is to become an AI champion within your organisation.

By leading AI initiatives or advocating for AI adoption in specific areas, you can position yourself as a forward-thinking leader. This not only increases your value to the organisation but also opens new career opportunities.

Mentorship and reverse mentorship programmes can also be beneficial. Senior professionals can mentor younger colleagues on industry knowledge and leadership, while learning from them about digital trends and AI innovations. This exchange fosters a more dynamic and resilient workforce, capable of navigating the complexities of AI integration.

Furthermore, professionals should focus on gaining a well-rounded understanding of AI's role in aviation, beyond just the technical aspects.

This involves recognising how AI can enhance customer experiences, streamline operations and contribute to sustainable practices. By aligning AI initiatives with broader business goals, professionals can demonstrate the strategic value of AI to their organisations.

Embracing the new digital era

The rise of AI in aviation isn't just a technological shift – it's a fundamental change in how the industry operates.

For mid- to senior-level professionals, this presents a unique opportunity to redefine their roles, contribute to innovation and lead the industry into the future.

By embracing AI as a tool for enhancing business outcomes, upskilling strategically and adopting proactive career management strategies, aviation professionals can ensure they remain at the forefront of this exciting evolution.

AI is shaping the future of aviation, and those who adapt and grow with it will find themselves not just surviving but thriving in a rapidly changing industry.

The key is recognising AI as a driver of progress and positioning yourself as a leader in this new digital era. ■

About the Author

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Icelandair launched service to Faroe Islands in May offering the country a connection via Iceland to its North American network (photos: Icelandair).

Icelandic expansion

As Icelandair anticipates a post-pandemic boom in tourism, CEO Bogi Nils Bogason reveals the flag carrier's growth plans. With a strong foothold in North America and Europe, Bogason hints at eastward expansion. *William Hallowell* reports

This year Icelandair added three new routes to its transatlantic network with the introduction of flights to Pittsburgh and the Faroe Islands – and a return to Halifax in Canada.

According to Bogason, these destinations are part of the airline's strategy to increase its network with new routes every year on both sides of the Atlantic. But there are no decisions yet on where Icelandair will fly to next from 2025.

He said: "Pittsburgh is a growing area with not very strong connections to Europe. By providing our service to Pittsburgh, people in that catchment area will have the opportunity to travel to Iceland and our wide network of European destinations.

"We will offer very efficient, one-stop connections from Pittsburgh to Europe and vice versa – and the route has [already] been well received.

"And on the Faroe Islands, we look at the Arctic as our core market. It's an integral part of our long-term fleet strategy to connect the Arctic, the Faroes, to Iceland and our North American destinations with the strong network we have in Keflavik.

"By our service to the Faroes, we are offering tourists from North America very smooth and easy connections and vice versa."

Bogason added that Icelandair has a strong foothold in the Arctic, and that the addition of the Faroe Islands to its network is "just a logical step in our strategy".

The national flag carrier will fly a 160-seat Boeing 737 MAX, predominantly a MAX 8, to Pittsburgh and Halifax, while operating a 76-seat Bombardier Q400 to the Faroe Islands.

Fleet expansion

But to continue the company's route expansion, Icelandair needs more aircraft. The carrier has an order with Airbus for A321XLRs and LRs and will receive new LRs from lessors later this year. These aircraft will replace the 757s in the airline's current fleet.

Bogason explained: "LRs can do the same as the 57 can in our current network, but when the XLRs are brought into our fleet we can begin to fly narrowbody aircraft to destinations further away than we are flying today with the 57.

"That opens up new opportunities to connect new dots, shall we say, to our current network – whether it is down the West coast of the US or to the East to Dubai."

The airline received three MAX aircraft in May and has up to 25 orders for new Airbuses (13 firm orders and 12 options), the first of which will be delivered in 2029.

And it has already secured eight LRs from lessors. The first will be delivered by the end of this year and Icelandair expects an additional four deliveries by spring 2025. A further three are expected by summer 2026.

*Icelandair CEO **Bogi Nils Bogason** at the launch of its seasonal route to Pittsburgh in May.*

Bogason added: "That's how it looks now, but we won't be placing any more orders for the time being."

At the beginning of June, Icelandair signed a codeshare agreement with Emirates, and with the new aircraft in its fleet, this "opens up a lot of opportunities for us to develop our network", the CEO outlined.

"Of course, we have not made any decisions [yet]. It's a dynamic environment and things change – so when we get closer, we will make a decision on exactly which new destinations to add and at what time."

Market forecasts

Part of the airline's rationalisation for fleet expansion now is its forecast for a boom in tourism to Iceland in the next few years. Iceland has witnessed "extremely strong" demand for travel post-pandemic.

Bogason said: "We believe that Iceland, as a tourist destination, has a great future and there are a lot of opportunities [for us] with the exciting and interesting nature and vibrant culture here.

"And the demand into Iceland post Covid has been extremely strong, especially from North America. Last year we saw very strong demand and capacity was above pre-Covid levels.

"But as we announced [at the end of May] we are seeing a little less demand into Iceland now than last year. This year it has been a little bit weaker, and we have been shifting our focus to having a more flexible network, which is a great position to be in.

"As I say, though, long term we firmly believe Iceland has a very bright future as a tourist destination."

Since the end of the pandemic, Icelandair has seen demand return from Europe, particularly in the UK, which is important for business during winter. Even demand from Asia is back up.

With its codeshare agreements with Emirates and Turkish Airlines, Bogason outlined that the airline has a strong foothold into Asia and the Middle East, which Icelandair operates in even if it doesn't fly directly to these markets.

"We will see a strong flow from those areas into Iceland going forward," he said.

Growth plans

What of Icelandair's market expansion plans, though? The airline already has a significant presence in North America and Europe, with intentions to increase its transatlantic route network. The CEO also hints at possible expansion towards the East.

Bogason told *ARGS*: "In the near future, we'll only be focusing on growing into Europe and North America and gradually building our destinations in the coming years on both sides of the Atlantic.

"At the same time, we're going to increase frequency to existing routes and develop the back structure here in Keflavik. That's our growth plan for the coming years.

"And with the codeshare agreements that I mentioned, we have a very strong platform [to use] before we can fly there directly ourselves."

With the expansion of its fleet from now up to 2029, Bogason hints at opportunities to fly directly to Middle Eastern destinations.

Last year, Icelandair set out its plans for the next 13 years. In 2037, the airline will be marking its 100th anniversary, by which time it expects to be operating up to 100 aircraft – more than double the roughly 40 aircraft it flies today.

"However, the annual growth we're forecasting for the next 13 years is slower than what we saw in the last 13 years. We're assuming 5 to 7% annual growth for the next decade or so. That's how we're building our plans," said Bogason.

Moving forward: "We are focusing on our core markets in North America and Europe, and we will continue to do so. This is where we see the main growth for our business.

"But by developing partnership agreements with the airlines in Asia and the Middle East we will have a stronger foothold there and for growth there in the future."

Financial results

In July, Icelandair reported encouraging financial results for the second quarter, with earnings before interest and taxes (EBIT) at US$3.3 million and net profit at $0.6 million on a capacity increase of 8%.

According to aviation analytics company Cirium, Icelandair was the most punctual carrier in Europe in June. It carried 1.2 million passengers through Q2 2024, despite witnessing a decrease in passenger unit revenue due to softer demand for air travel to Iceland and increased competition in the transatlantic market, the airline said.

Commenting on the results, Bogason said: "Our flight operations are performing well, on-time performance has been outstanding for five months in a row and Icelandair was named the most punctual airline in Europe in June.

"It is great to see that our focus on increased efficiencies is already paying off, as reflected in decreased unit cost in the second quarter, despite high inflation and cost increases.

"We have also continued improving the performance of our cargo operation, and the leasing business continues to perform well, as well as our domestic operation. This success is thanks to the united effort of our employees across all divisions."

He added: "Demand in the tourist market to Iceland has not been as strong as last year but we have been successful in leveraging the flexibility of our route network to maintain an acceptable load factor by placing a stronger emphasis on the transatlantic market.

"This change in the passenger mix, however, impacted yields and therefore our unit revenue in the second quarter." ■

Safety first

*Speaking on the CEO panel at the IGHC, from left to right: Icelandair CEO **Bogi Nils Bogason**; **Philipp Joeinig**, CEO of Menzies Aviation; and **Atilla Korkmazoğlu**, President of Ground Handling and Cargo at Çelebi (all photos: IATA).*

The International Air Transport Association capitalised on the importance of safety and training on the ramp at IGHC 2024. *William Hallowell* reports from Reykjavík

The 36th IATA Ground Handling Conference (IGHC) – this year hosted in Reykjavík, Iceland – was centred around what the association identified as the three main priorities for the ground handling industry today: safety, global standards and sustainability.

Monika Mejstrikova, IATA's Director of Ground Operations, told delegates that "to ensure the industry's growth is supported through safe, efficient and sustainable ground operations ... we must continue to focus on improving safety through reducing operational risk, harmonising the implementation of global standards and putting sustainability, people, planet and prosperity at the heart of what we do". Safety "is our top priority", she added.

IATA's 'top priority'

In her opening speech, Mejstrikova outlined three areas where IATA is working to reduce risk in ground operations.

First is the association's Enhanced GSE Recognition Program, launched in Reykjavík, which aims to bring an end to ground damage through the adoption of anti-collision and inching technologies to improve vehicle control and increase docking accuracy for ground support equipment (GSE).

"If we don't act fast," said Mejstrikova, "ground damage costs could skyrocket to almost US$10 billion by 2035". Enhanced GSE is the "solution" to mitigate this.

Through adoption of the Enhanced GSE Recognition Program, IATA predicts the ramp will become a safer place for people and aircraft – and reduce ground damage costs by 42%.

Second is injury prevention: "Leveraging insights from the IATA Global Incident Data eXchange (IDX), we have identified the most common injuries in ground handling: slips, trips, falls and impacts from objects," explains Mejstrikova. "To combat these, we have launched a safety campaign, underscoring the importance of following industry standards."

And third: mitigating loading errors. According to IATA, the primary causes of loading errors include nets being improperly deployed or completely absent (25%), cargo or baggage not being secured adequately (24%), discrepancies between load sheets and Load Instruction Reports (LIR – 21%) and loading checklists being omitted (19%).

The association is therefore working with industry stakeholders to reduce these errors by digitalising communication between load control and loading teams to ensure data is entered into the system, including digital load reconciliation.

Members who have already adopted these digital solutions have achieved a reduction in loading errors of up to 80%, decreased loading delays by 30% and significantly reduced the use of paper documents, according to Mejstrikova.

Standardising processes

Perhaps the biggest news in terms of industry standardisation this year will be EASA's proposal for ground handling regulation at EU airports. In January, this proposal was well received by several major ground services providers, including Swissport and dnata, as *ARGS* covered in the Spring 2024 edition.

But IATA wants industry standardisation to go further. Mejstrikova told IGHC delegates in Iceland that IGOM (the IATA Ground Operations Manual) defines the efficiency and safety requirements for global standardisation of operational processes.

She outlines: "IGOM has proven to be effective, and supporting its global adoption is the IATA Safety Audit for Ground Operations (ISAGO). In 2023 ISAGO expanded, we conducted 303 audits – an 18% increase over last year. Another 300-plus audits are expected this year."

And baggage is another area of operations that would "benefit from greater standardisation". According to Mejstrikova: "The first significant stride in this direction is the implementation of IATA Resolution 753, which mandates the tracking of bags at four key points during the baggage travel journey. As of today, 44% of airlines have implemented this resolution, and 56% are either in the process or planning to adopt it."

Second for IATA's standardisation campaign is the need for greater digitalisation, she said. To increase standardisation, ground handlers must accelerate the adoption of modern baggage messaging standards as the current infrastructure relies on "legacy technologies" using "costly" Type B messaging – which negatively affects Resolution 753 and contributes to issues with message quality, increasing baggage mishandling, Mejstrikova highlighted.

'People, planet and prosperity'

Conversations around sustainability in aviation may often resort to fixations with sustainable aviation fuel or GSE electrification. But according to IATA, it's not just about reducing the industry's environmental impact. It's also about people and economic sustainability.

For people, this means promoting career development that rewards training and skills – such as the Ground Operations Training Passport launched by IATA last year to recognise training and skills across ground handlers, airlines and airports. For economic sustainability, it's about reducing turnaround costs, minimising operational delays, decreasing ground damage and driving digitalisation and automation.

"All [are] areas we are working on," declares Mejstrikova.

Traffic recovery

Speaking at the opening session, IATA Director General Willie Walsh declared: "We're fortunate to be meeting at a time when the industry is showing strong recovery from the depths of the Covid crisis. If we look at the latest traffic statistics, I'm pleased to say we're now trending above where we were in 2019.

"We just recently released in March our statistics which show [that] passenger traffic at a global level is 1.2% ahead of where we were in 2019 – and if you split that into domestic and international flying, obviously it's a very strong performance from domestic flying which recovered quite quickly through the crisis because it wasn't affected by border closures.

"But domestic flying is now about 6% ahead of where it was in 2019. International travel still lags slightly behind, down by 1.2% – and that's principally off the back of the Asia-Pacific region which, as you know, had extensive border closures which were well beyond the period for most other countries that opened [back up].

*"Recruiting and retaining talent is something that is going to be challenging us for some considerable time," said IATA Director General, **Willie Walsh**.*

"I think everybody in this room knows there's a disproportionate focus on the airline industry. We represent 2% of manmade CO_2, but the media focus on our industry would suggest that our contribution is well above that."

In the period from 2000 to 2019, passenger numbers increased by 117%, while CO_2 emissions grew by only 54% in comparison, according to Walsh, despite what he identified as an assumption that more passengers mean more emissions.

But "there is a complete disconnect between passenger growth and CO_2 growth," the Director General added.

IATA reaffirms SAF role

On sustainability, Walsh reiterated IATA's commitment to the Fly Net Zero initiative, which aims to ensure aviation is carbon neutral by 2050. A vital route to hit this target is sustainable aviation fuel (SAF).

IATA predicts SAF will represent around 65% of the abatement to meet the deadline. But it's "absolutely critical", said Walsh, that aviation ramp up SAF production. He stated that governments, globally, must work with the aviation industry to ensure it can do its fair share to decarbonise.

"That transition is going to be expensive, and is going to be challenging, but it is one that we must face up to – and one that I believe passionately we can achieve," Walsh continued.

Ground challenges

But what barriers do ground handlers face today? It has been recognised that the pandemic changed a lot for aviation – from recruitment and retainment challenges to improved safety through the adoption of new technologies like enhanced ground support equipment.

As Atilla Korkmazoğlu, President of Ground Handling and Cargo at Çelebi, outlined: "We lost a lot of blood during Covid and we lost a lot of experienced staff from the industry. [They're not] coming back."

And stakeholders have continued to highlight post pandemic that the loss of experience has impacted safety levels for the worse - because with that experience comes much knowledge.

However, Walsh declared: "We've got to reflect on the fact that, at an industry level, last year was the safest year for our business and we achieved that because we work very hard on safety.

"It's not something we take for granted... It's important that we continue to strive to improve safety. We [did] go through some significant challenges during the Covid period where we lost a lot of talent and not all that talent returned to the industry.

"Recruiting and retaining talent is something that is going to be challenging us for some considerable time."

New technologies

Despite the industry's challenges, however, operational enhancements are being made with the adoption of new technologies, including automation, artificial intelligence (AI) and machine learning, and robotics.

As Philipp Joeinig, CEO of Menzies Aviation, put it: "There has been quite an investment made in the last 20 years in terms of adopting technology. You may not see a big difference when you look at an aircraft turnaround, but there are differences.

"You have a far greater level of transparency today. You have information, data, that you can work with and that you can share with your customers. You have a much greater influence on customer experience than you used to have.

"Operational efficiency, ground handling costs and turnaround times have been reduced because of technology and, on the safety side, [because of] investments in the technology arena we are much safer despite having a larger concession at airports and a higher number of peaks."

He continued: "All in all, investments have been made and there is more to come. And obviously we always need to consider the return on investment [with these new technologies]."

When questioned on what he would invest in first if Menzies had an infinite pool of money, Joeinig answered that one of the biggest impacts on ground handling operations was the role of both electric and enhanced GSE. New IT software and applications would also be high on the Menzies CEO's list.

And, according to Walsh: "AI is going to change everything. Whether it changes everything for the good or the bad I'm not so sure yet. I think there are definitely opportunities with AI and I think it'll bring some challenges and threats as well."

Where he thinks AI can help the industry is in processing the huge amounts of data stakeholders are collecting.

"Analysing that data in a more efficient way to help us eliminate problems is going to be significant," he said. ■

Menzies' new businesses

Juliet Thomson, Chief People Officer at Menzies Aviation (photo: Menzies).

ARGS caught up with Juliet Thomson, Chief People Officer at Menzies, on the IGHC sidelines to learn more about Menzies' business expansion. In the last few years, the ground services provider has completed several acquisitions in the ground handling sector globally.

In August 2022, the company was acquired by Agility and combined with National Aviation Services (NAS). Since then, Menzies has launched operations in Serbia and Chile, bringing on new staff, and acquired 50.1% and 50% stakes in Groundforce Portugal and Jardine Aviation Services Group (now rebranded Menzies CNAC), respectively.

But how will the company tackle the challenges facing ground handling today, including post-pandemic labour shortages, wage inflation and attrition?

"We were obviously severely hit by the pandemic in the same way that lots of other companies were," said Thomson.

Pre-Covid, Menzies had around 32,000 workers globally. At the height of the pandemic, that went down to 18,000 active employees.

"We're now sitting at 46,000 colleagues globally, so recruitment is something we know a thing or two about, I'd say, and we have focused very heavily on that over the last several years," she added.

But the ground services provider still identifies labour challenges in the East. According to Thomson, countries that were slower to ease pandemic restrictions are harder to recruit in today. Namely, that includes Australia, New Zealand and the wider Asia-Pacific region.

There's still a "huge appetite" to work in aviation, though, Thomson highlighted. "In the developing markets, we'll get lots and lots of applicants for any single job... It's a lot easier to recruit [in these markets]."

However, the pandemic has changed the way Menzies, and its competitors, recruit. The company now drives recruitment through social media channels to reach younger audiences. And it also streamlines the process for the next generation "who don't just want to sit down at a computer to fill in a long, complex application form".

Wage inflation has also impacted the business post Covid. "What's key for us," explained Thomson, "is staying close with our trade unions and working closely with the airlines as well to understand the importance of making sure we've got competitive wages".

She added: "It goes back to staff retention. It's in nobody's interest to have a high staff turnover, and one piece of the puzzle is making sure the wages are competitive and the wages are right.

"We know that if we can have competitive wages, people will stick with us for longer, it makes our operations safer and improves performance with our customers."

When Menzies combined with NAS, the company's workforce increased by around 4,000 people. And since starting up in Serbia, the company has taken on 900 more employees, in addition to the 1,600 it took on as part of its new joint venture with CNAC and 700 new colleagues in Chile.

ARGS asked Thomson whether any more acquisitions are on the cards for 2024 and 2025. She said: "It's no secret that our strategy continues to focus on developing markets. We'll be continuing to focus on South America, Asia and the Middle East. No specifics, but there's a big group focus for Menzies as a business.

"We've got big ambitions to continue to grow, so hopefully more to report on that soon."

Demand in Asia is expected to remain strong as much of Asia reopened later after Covid, and revenge travel is still not exhausted (photo of Singapore Changi Jewel by Mark Pilling).

Is the party over?

There are worrying signs that demand is falling in some markets – and with higher costs baked in for many airlines, this could be a tough winter, argues *Shakeel Adam*

The past two-and-a-half years have been good for airlines around the world, and lately carriers from United to Etihad to Cathay Pacific have reported exceptional second-quarter results.

Airlines with significant capacity to East Asia continue to see excellent growth as much of Asia reopened later after Covid, and revenge travel is still not exhausted. Demand to Japan is also booming, with the currency devalued some 40% to its lowest level in 35 years.

Although passenger numbers and revenue reached record highs in some markets, this is not consistently translating to record profits for the sector. American, Southwest and Spirit in the US, Spicejet in India and Rex in Australia, amongst others, aren't enjoying the party.

And looking ahead, the outlook across the sector is more tempered; United and Air Canada have been the most vocal about overcapacity.

There seem to be two reasons why some airlines are doing well, and others aren't. First, demand quality is falling. The second reason is self-inflicted injury, with many leading airlines having structurally increased their cost base.

Demand normalisation

Major airlines including United, Delta, American, Southwest and Lufthansa have signalled the second half of 2024 will be challenging. Turkish Airlines, which has outpaced most airlines of late, reported a weaker second quarter.

It is not just that growth is slowing: demand is clearly falling. Executives talk of 'normalisation' to make 'softening/falling demand' sound more palatable.

By the end of 2023, many airlines remained defiant, claiming capacity constraints were limiting their ability to meet demand. But aircraft remain full, and demand appeared artificially robust due to constrained aircraft availability.

Yet with slight increases in capacity in 2024, airlines are finding it near impossible to sustain high fares or to fill additional seats, even with steep discounts. The Pratt & Whitney GTF-powered fleet grounding of some 600 aircraft is the best gift to airlines, forcing capacity discipline which has been lacking since the Covid era of governments backstopping losses.

Demand has been declining since early 2023 in Canada and the US, where fares fell double-digits most months. In November 2023 Canadian domestic fares dropped 17%

Air Canada is among several carriers warning of slowing demand (photo: Air Canada)

and in January 2024 they fell 14%.

For Q2 2024, Delta reported that system-wide yields fell 2.6% while unit costs rose 2%. A major Japanese aircraft lessor confirmed, "Airlines aren't fighting for new capacity as they were six months ago."

Capacity discipline

Post-Covid revenge travellers have been far less price sensitive and shifted away from LCCs, forcing them to pivot and constrain capacity.

This will lead to higher fares for the majors in the short term, but the global consumer spending boom is simply not sustainable, and a fall in broader consumer demand is overdue. Customers do not fundamentally change their sensitivities in the long term, and leisure travellers are already demonstrating price sensitivity again.

Considering the travel boom was led by the premium leisure segment, an economic downturn will pressure both passenger numbers and fares going forward. Free markets dictate higher prices and capacity constraints will incentivise new entrants.

As households tighten their belts, price sensitivity will increase. A look at Europe's largest market, Germany, shows Europeans are reining in spending as household savings are on the rise.

While reporting Q2 2024 results, Air Canada confirmed corporate travel remains 25-30% below 2019 levels – consistent with studies indicating corporate travel would structurally have a new base after Covid – some 30% lower overall, and up to 50% lower in the premium segments such as professional services.

Structurally higher costs

The second cause for profit weakness is one that I predicted early in 2023. Airlines rightly shared their windfall with staff.

Emirates and Singapore Airlines issued significant ad hoc profit share bonuses. In other markets, including the US and Europe, labour groups negotiated significant pay and benefits improvements.

Both approaches put more money in the pockets of employees. One rewarded all employees equally and the company maintains the flexibility to absorb economic downturns.

In contrast, collective agreements institutionalise a higher cost base for many years to come, erasing two decades of progress which increased the robustness and sustainability of airlines. Many airlines have returned to a harmful framework from the 1990s where labour groups look after their own short-term interests at the expense of the long-term sustainability of the company.

US carriers agreed to well out-of-market pay rises that have now structurally increased the cost base for these airlines and are being used by staff at other airlines to demand pay parity.

While US corporates can fall back on Chapter 11, such cost increases represent an existential threat for airlines in other jurisdictions.

Air Canada and its staff may come out the big winners. Negotiations with pilots have stalled. The delay now allows both sides to take into account the impact a downturn will have on the industry and Air Canada's ability to compete.

While in the short term the most senior Air Canada pilots close to retirement lose out on cashing in one last major increase as their American counterparts did, taking the current economic conditions into account will probably save jobs in the medium term and is good for the overall sustainability of the pilot cadre jobs and the company's long-term existence. It is too late for the US carriers, some of which may need to take a serious look at Chapter 11 (again) if the market deteriorates as predicted.

Rough skies ahead

Demand is falling off a cliff, both in numbers and yield quality. Concurrently, negotiated pay rises really started coming into full effect only in 2024. Therefore, unless something changes, the industry is facing some dark days. We could see 20-30 bankruptcies during this winter, rising to 50 by the end of 2025.

There are positive signs, though. As Europe's strongest economy, Germany's household debt to income ratio was trending down until the pandemic, reaching 82.23% in 2018, but rose to a record 106.63% in 2000 before falling to record lows of 81.91% in 2023 and holding steady in 2024.

In Asia and Africa, demand figures are providing some balance to the weaknesses in other regions, but the drops in those regions cannot be far behind.

Airlines must move to reduce their cost base now before the cost of capital rises further and before options are reduced.

Cathay Pacific is probably the furthest ahead in this manner, having used the pandemic to rethink its business, emerging conservatively and growing with discipline.

Lufthansa Group started a full-scale reorganisation of leadership in 2023, and albeit there is more to do, changes to its operating model are already showing signs of tempering the negative impacts of market softness.

Post 9/11, airlines showed they could be resilient. They faced challenges head on.

That leadership talent has largely retired, but those behaviours need to be brought back into airlines quickly. Neither AI nor new modes of planning will save airlines now.

And further government backstops represent illegal state aid.

Cost discipline and focussing on revenue quality are the way forward. ■

About the author

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