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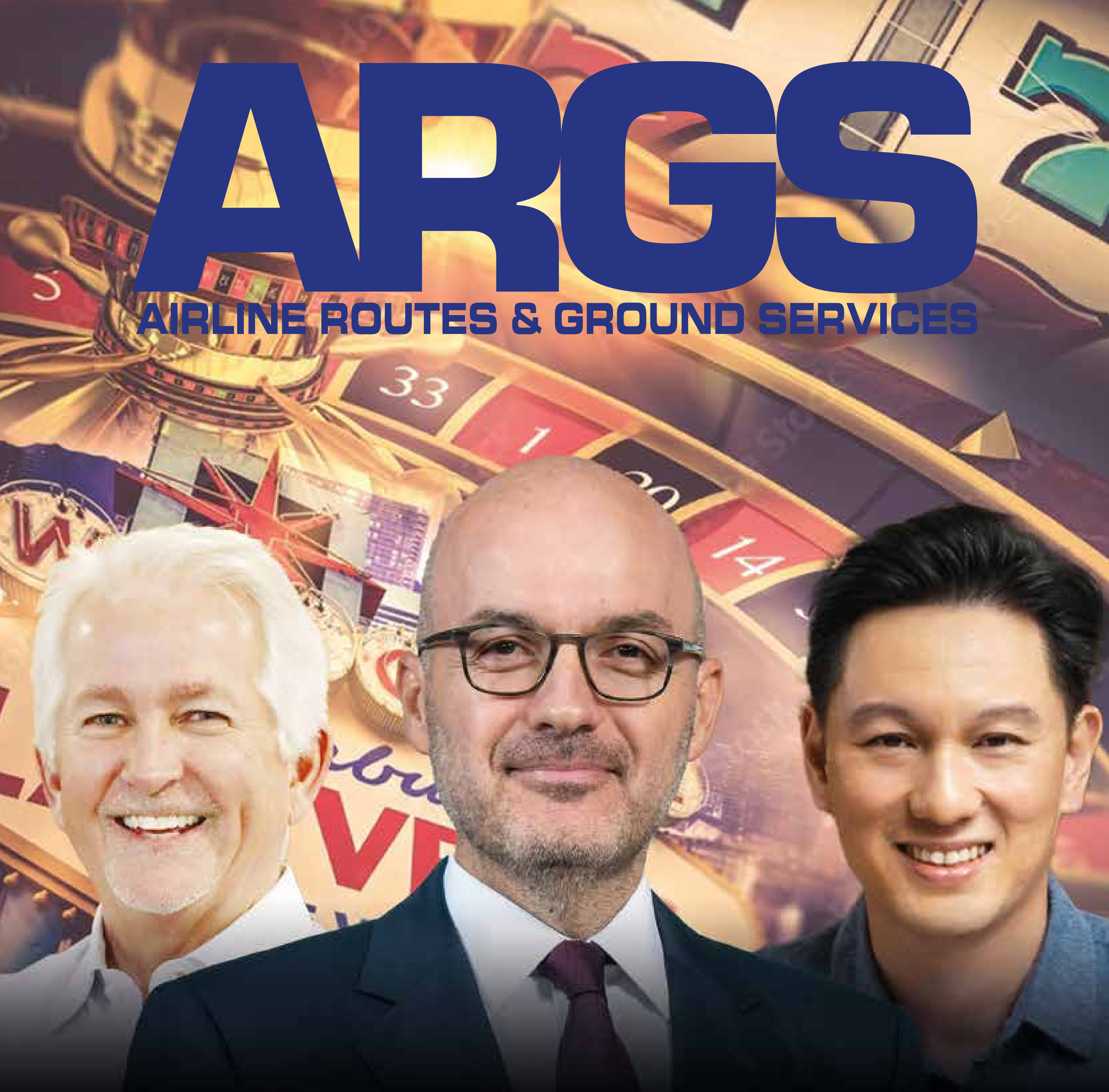

John Redmond
President & Chief Executive Officer, Allegiant Air
Network expansion, an alliance and a new fleet are all on the agenda for America's low-profile major carrier

Kadri Samsunlu
Chief Executive Officer, iGA Istanbul Airport
Turkey's main gateway is storming back from the pandemic with soaring passenger and cargo volumes

Kerry Mok
President & Chief Executive Officer, SATS
Asia's leading services provider SATS is on the acquisition trail with WFS in its sights

Back in business

Despite headwinds revenue and networks are rebuilding

World Routes Report Inside

airlinergs.com — Winter 2022

Editor's NOTES

Mark Pilling
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Cast your mind back to the start of the year. What were your expectations of 2022 at that time? What was your forecast for the year?

It seems fantastic to recall that many parts of the globe were effectively still closed to international travel in the first three months of 2022 as the Omicron variant of the corona virus proliferated. As we made our plans at this time last year, the hope was that a whole 12 months of international travel freedom were in sight.

It was possible to travel in the January-March period, but it was far from easy. It is easy, however, to forget just what a hassle it was to repeatedly test for Covid, complete complex forms and avoid busy places in anticipation of an overseas mission. I vividly recall the inconvenience of testing for Covid daily after visiting the Singapore Air Show in February, in order to be able to attend the next day.

Contrast this draconian experience with that found on entry to the USA in October to attend the Routes World forum in Las Vegas. The Covid requirements there? Zero.

Industry leaders expect further pandemic breakouts but stress the governmental response should not put a halt to travel again. And some regions are lagging, and still suffering because of it. Asia, and particularly China, has been slow to reopen. We deliberately focused a large chunk of our reporting in the 20-page ARGS report from Routes World on that region's airports and tourism bodies to gauge the mood and pace of recovery.

All Asia-Pacific players told us that the slow return of China was holding them back. Speaking at the Association of Asia Pacific Airlines' Assembly of Presidents in Bangkok in November, Conrad Clifford, IATA's Deputy Director General, summed up the industry mood: "We must learn to live, travel and work with Covid-19. We hope the Chinese government will have the confidence to re-open its borders soon and connect with the world."

China's continued closure is one headwind holding the industry back. Others are Russia's invasion of Ukraine, the ongoing war there and the ripple effect that is having on the global economy. Energy prices are spiralling up and recessionary effects abound.

Despite these headwinds, the mood at Routes in Las Vegas was buoyant. For some it was their first overseas business trip for three years. The competitive edge was there for all to see as airports, tourism bodies and regions jostled for attention. It is all the sharper given that some airlines have capacity constraints, which for many will continue into 2023.

There are structural changes in our industry too. The latest US airline merger is the proposed acquisition of Spirit Airlines by JetBlue Airlines. Tony Harrington reports in this issue of the new-look Indian airline industry with Air India one of those undergoing something of a renaissance as new investors and owners seek to capitalise on a vibrant market.

Consolidation in the ground services industry is also underway. Kuwaiti firm National Aviation Services tied up with Menzies Aviation earlier this year, and in September Singapore's SATS announced a deal to buy Worldwide Flight Services. We talked to SATS head Kerry Mok to understand the rationale behind the move in this issue. And do not expect these changes to be the last: many believe that more consolidation is well overdue in the ground services arena.

As we enter the final few weeks of the year, one of the most frequently heard comments at recently attended events concerns the resilience of the air transport sector.

It is true, we are resilient. And boy have we needed to be. Now, let's get planning for 2023. Bring it on.

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India's new-look airline industry

With new ownership, management and ambitious growth plans, India's air transport industry is going through a remarkable transformation.
Tony Harrington reports

"Welcome to the new era" trumpets Air India on its revamped website, in a bold teaser of big things to come. Having this year been acquired from the Government of India by Mumbai-based industrial group Tata Sons, the freshly re-privatised national carrier is now on a steep flight path to renewal after years of financial and reputational turmoil.

Air India is not just under new management. It is also returning to its ancestral owners, having been established in 1932 by JRD Tata, the first Indian national to achieve a commercial pilot's licence, and a visionary who saw the potential and opportunity of aviation as an economic and social driver for the nation.

Now that vision is evident again, not just for Air India almost 70 years after the transition from Tata Airlines, but also for the nation's entire aviation sector, which is entering a period of extraordinary growth after Covid, seemingly with little concern about the richly turbulent and well-documented history of Indian aviation.

Casualties over the years have included Kingfisher Airlines, Jet Airways and many more, plus a list of struggling survivors headlined by Air India. And yet, airlines old and new are excitedly revealing expansive and expensive plans for their networks, fleets and operations – plans which some believe will inevitably lead to fresh failures, further instability

Mumbai International Airport is welcoming new service from a host of Indian players, both established and start-up players

and a new round of consolidation.

"There's some form there," said one former executive of an Indian airline. "Banks will have long memories from Jet and Kingfisher, and the aircraft lessors won't be taking any chances either. It's a crowded market. It will come down to how they all manage their cost base."

Growth potential

Still, confidence right now is in much greater supply than is caution, and India's air transport industry is laser-focused on long-term growth in the air and on the ground as the national economy reactivates, the middle class continues to grow and spend, and demand for air connectivity soars to new heights.

As well, there's the ever-enormous opportunity presented by the sheer size of the Indian market: 1.47 billion people, of whom it is estimated that just 4% have ever flown. By 2030, India's population is expected to reach 1.515 billion, an increase of 45 million (roughly equivalent to the population of Spain today). The potential just continues to grow.

Air India's full circle of ownership, from private to public and back to private, is illustrative of the revolution occurring across India's air transport industry, and the tailwind of confidence propelling it from a painful past to what its participants hope will be a prosperous future.

There's also excitement on the ground, with airport operators tipping billions of dollars into new infrastructure ahead of the predicted surge in passenger journeys, and government increasing its investment in air traffic management.

Made in India

"The Indian aviation industry has recovered fully from the Covid-19 pandemic shock," proclaimed the India Brand Equity Foundation (IBEF), a marketing vehicle established by the Indian Government to promote the 'Made in India' label to global investors, policy makers and media.

"India has become the third-largest domestic aviation market in the world and is expected to overtake the UK to become the third-largest air passenger market by 2024. Domestic traffic contributes around 69% of the total airline traffic in South Asia, and India's airport capacity is expected to handle 1 billion trips annually by 2023."

Among those with big new plans are the market's current leader, low-cost carrier IndiGo; the reinvented Air India; the Tata-Singapore Airlines-owned full-service carrier Vistara; LCCs Spice Jet, Go First and Air Asia India; the start-up LCC Akasa Air; and a proposed new version of Jet Airways.

IndiGo dominates, with 100 destinations (74 domestic, 26 short-haul international), 1,600 daily flights, and more than 270 aircraft, most of them Airbus A320-family narrowbodies. It also has outstanding orders for around 500 new Airbus A320, A321 and long-range A321 XLR jets, a clear indication that it has both enormous plans to grow its network reach and density, and staggering self-belief.

Atop its passenger flights, IndiGo has also inaugurated dedicated cargo operations, inducting the first of four Airbus A321 P2F aircraft (former passenger jets converted to freighters).

The 16-year-old airline's scale provides not only national passenger and freight linkage within India, but also vital connectivity to and from its international routes, and feed for its growing list of foreign partners, an 'A-list' currently including the world's largest carrier, American Airlines; European stable mates Air France and KLM (the latter's former Chief Executive, Pieter Elbers, is now CEO of IndiGo); Gulf giant Qatar Airways; Turkish Airlines; Australia's Qantas; Jetstar Asia; and most recently Virgin Atlantic.

The official market share figures released by India's Directorate General of Civil Aviation (DGCA) show IndiGo held an extraordinary 56% share of the domestic air travel market after the first three quarters of this calendar year, building on previous strong success – partly enabled by the failure of former number one Jet Airways, and before that the absorption of domestic carrier Indian Airlines into the dysfunctional pre-Tata version of Air India.

But more than that, IndiGo's success rests upon the simplicity of a single class, single type fleet, and a focus on reliability.

Market share

IndiGo's market share eclipses the combined totals of the 10 other Indian airlines assessed by the DGCA from 1 January to 30 September this year, led in distant second position by Go First (previously Go Air) with 9.5%, Spice Jet and full-service airline Vistara each with 9.2%, Air India (8.6%), Air Asia India (5.7%), Alliance Air (1.2%), Fly Big and Star Air (0.2 each%), new LCC Akasa Air (0.18%), and Tru Jet, a regional turboprop airline which suspended flights in Q1 this year and is now looking to resume. Its market share was under 1%.

Not one of these airlines looks remotely like challenging IndiGo. But there's a twist. Not only has Tata acquired Star Alliance member Air India. Agreement has also been reached for Tata to acquire Air Asia India, in which it is currently a joint venture partner with Malaysia-based Air Asia. Tata plans to merge Air Asia India with Air India Express, to create a single and much larger LCC.

Together with Singapore Airlines, Tata also co-owns full-service airline Vistara, which is the subject of further strong speculation regarding a merger with Air India.

Individually, each of these airlines has a negligible market share when compared to IndiGo. But collectively the domestic market shares of airlines either wholly or

Low-cost carrier IndiGo is India's has the largest domestic market share in the country and has a fleet of over 250 aircraft (photo: Airbus).

partly owned by Tata totalled 23.5% for the first three quarters of this year – still well behind IndiGo, but well ahead of all others.

Domestic plans

Air India has announced that it wants to build up to 30% domestic share within five years. It also wants to significantly increase India's international air transport operations, in which the nation's own airlines are woefully under-represented. This is due in large part to the long-term decline and shrinkage of Air India, as well as the collapse of Jet Airways, once India's biggest airline and a major international operator.

"If you look for a national carrier of India, it's Emirates, Singapore Airlines or Qatar. But it's not Air India," said a senior industry analyst.

With the advantage of existing access to international air rights and airport slots, and if it had a larger domestic network for connectivity to, from and within its home market, Air India would be a formidable competitor and valuable partner, he said.

Under Tata, Air India has just released a revival plan titled 'Vihaan.AI', the word 'vihaan' signifying in Sanskrit 'the dawn of a new era'.

"This is the beginning of a historic transformation for Air India," explained Campbell Wilson, the airline's Managing Director and Chief Executive Officer. "We are laying the foundation for a brave new Air India, with a renewed sense of purpose and incredible momentum.

"Vihaan.AI is our transformation plan to make Air India the world-class airline it once was, and that it deserves to be again. We are absolutely focused on being recognised as a world-class airline serving global customers, with a proudly Indian heart."

Initially, Wilson said, Air India will be concentrating on "fixing the basics": refurbishing aircraft cabins, repairing unserviceable seats, improving flight punctuality and returning to service the last of its aircraft still grounded as a result of the Covid pandemic.

Next, from December 2022, will come the first of 30 additional aircraft – five Boeing 777-200LRs for North America flights, and Airbus A320s and A321s for domestic and short- to medium-haul markets.

"After a long time without significant growth, Air India is delighted to resume expanding its fleet and global footprint," said Wilson. "These new aircraft, together with existing aircraft being returned to service, address an immediate need for more capacity and connectivity, and mark a strong step forward. Air India has exciting expansion and renewal plans, of which these new aircraft are just the beginning."

New fleet

Discussions will begin next year with aircraft manufacturers as the company prepares for a major order of new narrowbody and widebody jets to further increase operations on existing routes and expand into new markets through both its full-service and LCC divisions.

While Air India and its partners rebuild, and IndiGo continues to climb, another significant development has been unfolding in the background – the arrival of Akasa Air, a brand-new low-cost operator launched in August with two Boeing 737 Max and plans to grow to 18 planes by the end of March

Low-cost carrier IndiGo has the largest domestic market share in the country and has a fleet of over 250 aircraft (photo: Airbus).

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Start-up Akasa Air ordered 72 Boeing 737s at the Dubai Air Show in November 2021 (photo: Boeing).

2023, and 72 within four years.

Launching the airline's first commercial flight, a service from Mumbai to Ahmedabad, Akasa's Founder and Chief Executive, Vinay Dube, said the company's lift-off was "a testament of India's ongoing economic transformation, and that of the country's rapidly progressing civil aviation landscape.

"We are thrilled to finally begin our commercial journey and bring alive our vision of supporting India's economic progress and building India's greenest, most dependable, and most affordable airline," he said.

Industry observers say Akasa's simple strategy of one aircraft type, one cabin class and low fares – not unlike IndiGo – will give it a real chance to survive in the tough Indian market. So too will its 'clean sheet' start, with no historic costs or legacy obligations.

"As long as he [Dube] doesn't get a rush of blood to the head and bring in business class and widebodies, he should be OK," said one. Another said an uncomplicated business plan and a simple product offering was critical to Akasa's survival. "You can't sell multi-class service in domestic India," he said. "If Akasa is sensibly managed, there's room for it in the market, even with IndiGo sitting on 56%."

It's not just domestic services that are growing. International services, too, are taking off, with Air India preparing to relaunch into multiple markets, with the USA a priority once additional Boeing 777-200LRs start arriving from December. IndiGo has added new routes including Mumbai-Istanbul and Hyderabad-Riyadh, Vistara has started Mumbai-Abu Dhabi flights, and Spice Jet is reportedly preparing to fly 737s between Amritsar and Milan.

In addition, foreign carriers are targeting India with new or renewed services. Among them are UK start-up long-haul carrier Hans Airways, which has announced plans for Airbus A330-200 services to secondary cities in India, starting with Birmingham-Amritsar once regulatory approvals are received, while Australia's Qantas has introduced two new routes to India, Sydney-Bengaluru, and Melbourne-Delhi, also with A330-200s.

New airports

Underpinning the surge in new air services there has also been substantial and intensifying focus on airport and airspace infrastructure, both from the Indian Government and external investors.

"To cater to the rising air traffic, the Government of India has been working towards increasing the number of airports," said the India Brand Equity Foundation. In 2022, it said, India had 129 operational airports. By 2040 it would need 190-200.

Beyond the growth of international and mainline air traffic, the Indian Government is also supporting secondary markets through the Regional Connectivity Scheme - 'Ude Desh Ka Aam Nagrik' (RCS-UDAN), creating more routes and encouraging millions of additional travellers into the air.

And then there is air freight, Between FY16 and FY22, the IBEF reports a rise in India's air freight traffic from 2.7 million tonnes to 3.14 million tonnes, a compound annual growth rate of 2.5%. "Freight traffic at airports in India has the potential to reach 17 million tonnes by 2040," it said.In the next four years, India's aviation sector is expected to attract almost US$5 billion in investment, including $1.83 billion committed by the Government of India to develop airport infrastructure and improve air navigation services.

This year, said the IBEF, $1 billion was raised by two of India's biggest airport operators: $750 million by Mumbai International Airport Limited through a private placement by US-based asset manager Apollo Global, and $250 million by Adani Airport Holdings to fund the development of six airports it manages.

Additionally, the Airports Authority of India (AAI) and other airport developers have committed to outlay a combined total of almost $12.1 billion to help develop the airport sector in India, with AAI planning to spend $3.58 billion in the next five years.

After decades of instability, capped off by Covid, this is, indeed, a new era for Indian aviation.

Whether it manages to avoid fresh turbulence remains to be seen. ■


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Istanbul's airport grand master

iGA (Istanbul Grand Airport) is storming back from the pandemic with soaring passenger and cargo volumes and a leader determined his airport will be a shining representative of Turkey on the world aviation stage. iGA's Chief Executive Officer Kadri Samsunlu talked to *Mark Pilling*

Kadri Samsunlu's business life over the past few years has been a roller coaster ride. It began with the achievement of being recruited into his first CEO role in 2017, then flying high in 2019 with the opening of iGA, followed by the collapse in traffic less than a year later as the Covid virus hit.

He acknowledges the difficulty of opening iGA and effectively closing the airport a year later as the pandemic struck. "That was incredible bad luck," Samsunlu told delegates at the recent Routes World event in Las Vegas. An understatement if ever there was one.

However, this urbane Turkish leader also recognises that despite this setback, he holds cards that many of his airport peers do not. He can consider himself lucky because he is running possibly one of Europe's last-ever major greenfield airports with a masterplan to keep on expanding. He can rely on a government that supports the development of air transport as a key economic and geopolitical tool for the betterment of the state. He can also count on a virile flag carrier – Turkish Airlines, with its 400-strong aircraft fleet and rapidly blossoming hub at iGA.

Samsunlu visibly shivers when he thinks about the implications of building iGA in today's higher cost environment. "I consider us very lucky to have completed this investment when interest rates were low and there were low energy costs," he said.

The iGA company was formed in July 2013, with the first foundation stone for the new airport laid in June 2014. The US$7.6 billion project was built, financed and opened pre-Covid, in the benign economic climate of the 2010s. "Money

iGA Istanbul Airport's CEO Kadri Samsunlu (photo: iGA).

was cheap, commodities [such as steel and cement] were cheap. Labour was abundant... If we had done it now the cost would have been at least 80% more and made it unviable," he explained.

The owners of iGA will have to raise more money to complete the masterplan for the airport and they will be subject to the prevailing costs of material and labour, but as Samsunlu observed: "The core of the investment is done."

Masterplan

The next phase for iGA is on a grand scale, matching Turkey's ambitious travel and tourism goals. The first phase was completed with the full transfer of commercial passenger flights from Istanbul's existing hub, Atatürk Airport, to iGA taking place on 6 April 2019.

The airport, which is located 35km from the city centre on the 'European' side of Turkey, began 24/7 operations with three runways and a huge single terminal with a passenger capacity of 90 million. Once complete, the target is for iGA to have a capacity of 200 million passengers and handle 3,600 flights a day across six runways.

According to Samsunlu, the 200 million passenger mark will be reached around 2035, with the current thinking that the milestone of 100 million will be achieved in 2026 at the latest. This year, iGA will handle 60 million passengers, with 73 million predicted for 2023.

It will be in 2023 that the airport regains 2019 traffic levels, demonstrating a swift return to growth for Turkey's air transport sector – aided by a government that secured a fast reopening of the country's borders and encouraged Turkish Airlines and others to restore their networks at pace.

Restart

The flag carrier and Turkey's second-largest carrier Pegasus (which operates from Istanbul's second airport, Sabiha Gökçen, located east across the Bosporus Strait in the 'Asian' side of the country) were able to restore their networks speedily because they were banned from firing employees during the pandemic and received state support to make that happen. iGA was in the same position. "We had full employment in place, which meant we were able to handle the growing business volume and demand in our business segments," said Samsunlu.

Samsunlu, who was recruited in 2017 to complete the airport's construction and bring it smoothly into service, took iGA into survival mode in March 2020 as Covid hit. He established a new relationship with stakeholders as traffic fell to a trickle, worked to ensure the safety of passengers and staff, conserved cashflow and managed the airport's undertakings with its banks.

"Turkey had a very limited lockdown, and we hardly ever closed our borders," said Samsunlu. "Also, Turkish Airlines is a big success factor as it tried to recommence flights as soon as possible."

Dr Ahmet Bolat, Chairman of Turkish told delegates at the IATA Wings of Change conference in Istanbul in early November that his carrier "was a fast learner in extreme conditions". As noted above, the carrier did not lay off any of its 65,000 employees, so it was able to respond quickly to the uptick in demand. This has "paid off spectacularly" and the airline is nearing its pre-pandemic traffic level faster than it had previously forecast.

Turkish and iGA have reaped the dividends of a transportation ministry prepared to stand up to its colleagues in the health ministry. Each state department has its own priority, but as ACI World Director General Luis Felipe de Oliveira observed at the Routes World event, during the pandemic it was usually the health ministries that prevailed.

"The biggest responsibility [to help the aviation industry] rests with policy-makers," Dr Ömer Fatih Sayan, Turkey's Deputy Minister of Transport and Infrastructure, told the IATA Wings of Change event. "Turkey was among the countries to reach the fastest normalisation after Covid-19. Recovery can be strong with the right policies and strong public-private co-operation."

"We [Turkey] left as little as possible to the responsibility of the health minister and I am very grateful to the deputy minister of transport for his efforts," said Samsunlu.

Loyalty and service

The ability of iGA and other air transport firms in Turkey to retain staff will surely have made leaders in other countries, who did not have such a luxury, green with envy. "The biggest asset is your people. You cannot expect loyalty when you do not back people," said Samsunlu. "Relations with unions are also important. You cannot just contact them when you have a strike."

However, Samsunlu confirmed that keeping staff on during the pandemic was critical to iGA's restart efforts, and in future airport bosses will have little choice but to increase wages. "It is key to retaining staff. We must be more generous going forward," he said.

Today Samsunlu oversees an enterprise that employs 13,000 people (including subcontractors), having mushroomed since he joined when there were just 90 on board. His leadership style is firmly 'hands on', dictated by a passion for customer service and to ensure he is personally involved in face-to-face meetings with important partners and customers.

Samsunlu's desire to instil a customer service ethos in his staff goes to the length of his reading every customer complaint email – all of which are forwarded directly to his inbox. This keeps him intimately in touch with how his service

The vast terminal at iGA means the entire airport is under one roof (photo: iGA).

mantra is being implemented at ground level. Additionally, his colleagues know he reads the complaints and respond to issues with appropriate speed.

Personal approach

This is the obsessive side of Samsunlu, as he transmits his wishes across iGA's staff. He also takes care of business personally where he judges it essential to demonstrate his commitment to furthering a relationship of high strategic value.

"I believe in personal contact a lot. I want to let them see me, with the naked eye," he said. "What kind of person is running iGA Istanbul Airport? What is going on in his mind, is it sincere? Is he candid? Is he really thinking for the benefit of the institutions? That's what I'm doing on your behalf in Turkey. Help me on this subject? And I am available 24/7 for anything coming out of my operations. Where you say, 'Look, I want to do business with you,' I'm a reliable partner. Count on me."

A recent example is Samsunlu's attendance in early November at the Transportation Security Administration's (TSA) International Design Symposium in Las Vegas, just two weeks after speaking at the Routes World event in the same city.

There he met with TSA Administrator David Pekoske to "exchange views to increase co-operation and collaboration between iGA and his administration", said Samsunlu in a LinkedIn post. His motivation is to ensure the iGA relationship with the TSA grows stronger as business ties between Turkey and the USA grow, and for him, face-to-face is the best way to achieve a close bond and partnership.

Growth story

A critical element of Samsunlu's mission is to grow iGA. "With the existing [traffic] volumes, meeting all our undertakings is hard. We have a huge debt because of the investment [in building the airport] and there is the annual concession payment to the state," he noted.

Samsunlu's task is to deliver a great hub product for Turkish and to diversify iGA's offer, with the desire to attract more low-cost carriers a top priority. "My main competition is the Gulf, mainly Dubai for passengers and Qatar for passengers and cargo," he explained. Having a sole terminal on a single level is a big plus for iGA.

"Every airport must have a proposition to the passengers. Our proposition is a big terminal, connecting under one roof, where you can connect to your next departure, domestic or international, and enjoy the entire retail mix," said Samsunlu. "This means customers cannot use the wrong terminal because there's only one... And it is the correct provision also operationally because all the ground handlers are managing all the processes under one roof," he added.

To compete with Dubai, Doha, and to an extent Frankfurt, Samsunlu stresses the need to deliver a high-quality service, which means changing how iGA thinks about passengers. "We must differentiate ourselves with our speed and our care, with our proposition to passengers in the front of our mind. We must change the mindset of [our] people," he said.

"If you consider yourself a piece of infrastructure for transportation and don't worry about passengers, yes, they will find their way around – but they hate you, they curse you," he said. "They still get on the plane, but then it comes to a point, and they ask which connection they should use. And that choice could mean turning away from iGA to another connecting hub.

"My responsibility is to ensure the quality is high. If the service on the ground right after leaving the aircraft is clumsy then the passenger starts hating the experience," Samsunlu said.

"I am obsessed with customers," he went on. "I'm trying to make everybody customer centric. You cannot imagine how many meetings I am doing every week, just talking about customers. Some of them are a waste of time. But I'm just sitting there so people discuss the importance of customers, why we should value them, why without


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them we are useless.

"In hub airports you need to provide a personalised journey for every single passenger journey," he explained. "First, technologically, passengers must be able to choose what they want to do in the airport. By using your app, you must put all the options in front of them; then they tick the boxes. And that would be the guide for them while they're at the airport. That's what we are doing. The second important thing is you must put plenty of options and amenities in front of them. So, they will find something fitting their expectations."

Turkish Airlines marches on

"If growth continues, then we will continue to invest," explained Samsunlu, speaking about the next phases of iGA's masterplan. That seems inevitable given the success of Turkish Airlines, which represents about 80% of the gateway's traffic today.

However, Samsunlu is not complacent about iGA's success riding on the flag carrier. "This is a hub basically built for them, but if we lost the hub business then this airport is going to be extremely empty." Turkish and iGA have a "very healthy" relationship today and Samsunlu acknowledges how lucky he and iGA are to have that.

"We should be and are working on reducing the dominance of Turkish [at iGA]," explained Samsunlu. "Turkish is my organic growth, but we need inorganic growth in passenger and cargo [operations] too, which is basically bringing in new airlines or existing airlines increasing their frequencies and destinations. If I'm able to achieve both targets at the same time, then I'm very successful.

"Another important target for me is to increase connectivity [at iGA]," he said, by encouraging more short-haul routes either from Turkish or others. That growth is unhindered by capacity constraints as iGA benefits from 24/7 operation and room to grow.

Today, iGA is virtually devoid of LCCs, with Sabiha Gökçen taking pole position as Istanbul's main LCC airport and putting the city on the map for city-breaks. Fast-growing Pegasus Airlines and Turkish LCC Anadolujet are based there. "Our target is to add the European side [of Turkey] by putting Istanbul iGA onto the LCC map," said Samsunlu.

He recognises it is not entirely an easy sell because iGA cannot offer an incentive scheme and Sabiha Gökçen's passenger fees and landing charges are cheaper. The airport will not offer incentives because its banks do not approve of them, as its debt repayments must be serviced, he noted.

Samsunlu will keep knocking on the door of LCCs and he is confident iGA will prove attractive to this market segment, as it is to many who have arrived at the airport. When iGA opened in 2019 it was served by 60 airlines. Today this number has jumped to 79. Cargo is a strong point for iGA, with 10 carriers operating there in 2019 and 21 today.

The vast terminal at iGA means the entire airport is under one roof (photo: iGA).

Headwinds

Samsunlu listed global recession, energy costs, interest rate rises and the lockdown in China as potential headwinds for iGA and air transport in general. The absence of Chinese links means part of Istanbul's hub business is eroded and "if it remains locked down next year it would really be an issue," he said.

The Russian invasion of Ukraine has produced huge instability in Europe and while some carriers do fly to Moscow and a few other Russian cities, the market has declined significantly. "Russia could be a much bigger market for Istanbul and Turkey, but we cannot grow it," said Samsunlu.

Sustainability

When it comes to the topic of sustainability, Samsunlu's view is that governments must step in to provide incentives to industry to make the transformation, especially to support emerging economies. He has heard his European airport peers express concerns about the impact of sustainability measures on their businesses, especially if such steps put them at a disadvantage compared with their competitors outside Europe.

"Decarbonisation is a must, but the cost may really damage the industry a lot... I'm saying it should not be left to consumers to bear the cost. That will be detriment," he said.

"As an airport leader the things I need to do are relatively easy to leverage," he said, and iGA, naturally, has a comprehensive sustainability plan and reporting regime. "I'm not generating a lot of carbon emissions myself as an airport. And I'll be net zero way before 2050."

After two visits to Las Vegas in less than a month, I didn't ask him, but I doubt Kadri Samsunlu bothered throwing dice on the roulette wheel or rode the Big Apple rollercoaster at the famous New York New York hotel.

His mission is to rely not on luck but on hard work. And he is intensely focused on his quest to do the right thing for the sake of his country, his shareholders, his employees – and not forgetting, for an instant, his customers. ■

Kadri Samsunlu has years of experience in senior management in the Turkish business environment (photo: iGA).

Dream job

Kadri Samsunlu was in the middle of a major transaction in the early part of 2017 when he got a call out of the blue from one of the founders of iGA. For nearly nine years he had been Chief Financial Officer of Akfen Holding, a huge Turkish infrastructure investment group.

Ten minutes into the call, Samsunlu was sounded out about the iGA CEO position. Although he had never held a CEO job up until that point, he was a vastly experienced finance head, with a Turkish university degree and an MBA from the University of Missouri-St Louis in the US.

The iGA role was exciting and demanding on various levels. Firstly, the airport was scheduled to open just 14 months after Samsunlu would start work and he would be responsible for its operational readiness and ensuring a smooth opening. The owners stressed the need for iGA, which is one of Turkey's highest-profile national infrastructure projects, to open without any of the problems seen at other airports in the past.

Samsunlu's lack of airport management experience was no impediment: the founders wanted someone who could deliver and someone they could trust. Additionally, they wanted someone who could skilfully manage the expectations and represent the business interests of the five family-owned shareholder firms that are among the largest corporations in Turkey.

From the business point of view, the aim was to grow the enterprise, generate enough cash flow to meet its financial obligations, and create a world-leading airport in terms of quality of service and customer experience.

On a personal level, Samsunlu is a driven individual, who is single- and clear-minded about his mission and how to accomplish it. "If I know what I need to achieve, I can go on forever. I sideline every other thing in my life and focus on my target. And until I get my target done, I don't give up. I don't stop." ■

Allegiant breaks cover

Las Vegas-based Allegiant Air is an airline with a difference. Its President John Redmond made a rare conference appearance at Routes World to discuss the travel company's strategy and his outlook for the business. *Mark Pilling* reports.

John Redmond, President and Chief Executive Officer of Allegiant Air (left), interviewed at Routes World by Michael Bell of Korn Ferry (photo: Mark Pilling).

John Redmond may have been the President and Chief Executive Officer of Allegiant Air since 2016 but for the delegates of Routes World this was for many the first time they had seen or heard of him. Allegiant Air, and its Founder and Chairman Maurice Gallagher, like their business to fly under the radar and mostly avoid public engagements.

It is remarkable that a company with annual revenue of US$1.7 billion can retain such a low profile. But Allegiant Travel Company, the parent of Allegiant Air and Allegiant Vacations, is different. As Redmond told delegates, although Allegiant flies to a lot of airports, "a lot of people still don't know who we are".

Allegiant, which is based in Las Vegas, is happy not to attract attention and stick to a business model that has served it well since it was founded in 1997. "We will stay with what we've been doing [since the late 1990s]," Redmond told interviewer Michael Bell of the Korn Ferry executive search firm.

Allegiant offers an air service, but it is basically an integrated travel company. "Since our inception the idea is we've always been about having other travel in our offer," said Redmond. It includes hotels and car rental in its travel packages in addition to the flight.

For example, in Allegiant's Las Vegas homeland, 12% of everyone who books a vacation in the city books a hotel in conjunction with their air fare, he noted. "Our packaging is better than anyone else can offer," he said. "One of the reasons why is we have brand trust because we deal one-to-one with the consumer – we do not deal with OTAs (online travel agencies." There is another benefit too, said Redmond: this approach means Allegiant can "most definitely" achieve higher margins.

Fleet growth

Allegiant Air has grown to become a large carrier in North America. Today it has a fleet of 124 Airbus A319s and A320s and has 50 Boeing 737 Max narrowbodies on order for delivery beginning in August 2023. Its large fleet and widespread North American network made it an attractive target for many airports attending Routes.

The carrier will continue its policy of looking out for attractive deals on the second-hand aircraft market. "We have always been an opportunistic airline and that won't change," said Redmond. "But as we grow, we need a pipeline of aircraft coming in [explaining the need for the Boeing order of new 737s]. This ensures our ability to continue to grow and retire aircraft when we need to."

The airline serves what Redmond described as 100 origination cities and 30 leisure destination cities, with the originating cities mostly secondary airports. "You are not going to see us flying into Miami or San Francisco [International]. We serve those areas, but not hub airports, and will stick with that strategy," he explained. Allegiant does not want the expense of serving hub airports, preferring lower cost alternatives.

And Redmond sees plenty of opportunities to expand its point-to-point network and business reach. "We have 1,400 domestic route opportunities and even more on the international side. There are routes we have not even touched yet," he explained.

Allegiant has seen a strong rebound in traffic and revenues in the past two quarters as domestic travel has returned with a vengeance. In its 2 November third-quarter results announcement Redmond said: "Demand continues to outpace 2019. Forward bookings into the upcoming holiday season are tracking at higher loads and significantly higher yields than at this point in 2019."

This is despite the carrier being negatively impacted by Hurricane Iain, which caused disruption and damage to the eastern USA in August. Recovery is underway, said Redmond.

Partnerships

Redmond described Allegiant's transborder alliance with Mexican low-cost carrier Viva Aerobus as an "incredibly symbiotic relationship (see box story for more details). However, asked if it will seek other partnerships Redmond is typically blunt: "We haven't given it a thought. We are concentrating on the Viva partnership."

In North America, the topic of airline consolidation is in the news again with the acquisition of Spirit Airlines by JetBlue Airways. What is Redmond's view of this move? "Our business model is incredibly unique. We concentrate all our efforts to run our airline the best way we can. I don't look at merger and acquisition activity at all," he explained.

"[My job is] to make Allegiant even better and differentiate the business model of Allegiant from the rest of the pack," he said. "We are so unique there is no-one else like us out there."

Where Allegiant is looking to diversify is in the creation of its first destination resort. The 785-room Sunseeker Resort Charlotte Harbor on the west coast of Florida, south of Tampa, is scheduled to open in May 2023.

Moving into the hotel game may seem a bold move, but for Redmond this is familiar territory with his background in hospitality, hotels and casinos. ""As airlines, we go to incredible lengths to get 10% of people's total holiday spend."," he explained. "The strip properties [hotels on the famous Las Vegas Boulevard] take [the rest of their] dollars," he said, referring to the other 90% of consumer spending. "I was on the receiving end of all that benefit," he noted.

"The south-west Florida market is under-served. The Sunseeker will be one of the largest hotels [in that area] and allows us to grow that other 90% of the leisure customer spend," Redmond said.

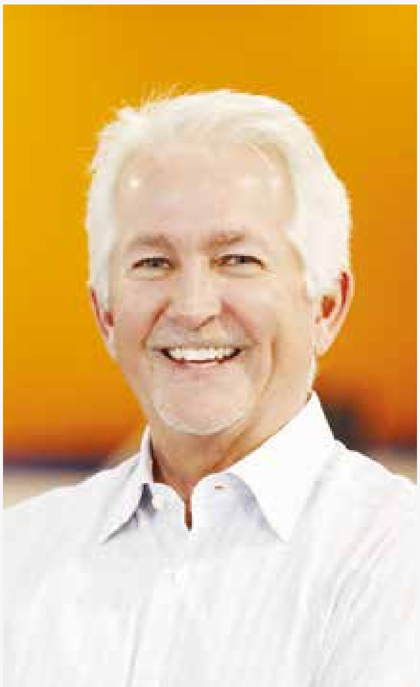
Allegiant will not stop with just one Sunseeker property. "That resort will establish the credibility of the Sunseeker brand and enable Allegiant to go and manage or brand 10, 20 or 30 of them. That would be tremendous," said Redmond. The expansion could be in the USA or in Mexico.

Pilot pipeline

Asked about how the pilot shortage in North America is impacting Allegiant, Redmond said the carrier has a simple answer. "Our business model always allowed our pilots and flight attendants to start and end their day in their hometown. We believe that is a big positive," he explained.

The carrier was in the middle of negotiations with the pilots at the time of Routes in October. "There is an aura of uncertainty out there as negotiations are ongoing but we feel very comfortable the

About John Redmond



John Redmond's career in the hospitality industry spans three decades. He most recently served as Managing Director and Chief Executive Officer of Echo Entertainment Group Ltd, a publicly traded company based in Australia. He served as President and Chief Executive Officer of MGM Grand Resorts and a Director of its parent company, MGM Mirage Inc, from 2001 to 2007.

Prior to that, he served as a Co-chief Executive Officer and a Director for MGM Grand Inc, as well as various other executive level positions with MGM Grand Inc. Before joining MGM Grand, Redmond held various senior level executive positions with Caesars World Inc.

Redmond was originally elected to Allegiant's Board of Directors in 2007 and served until June 2013, when he resigned to assume a full-time commitment in Australia. He was once again designated to serve on the board in April 2014. ■

pilot pipeline will be able to match our network development plan," he said.

Redmond exudes the confidence of an executive who has been in a business for years, with a tried and tested model and the trust of his boss. In fact, Redmond and Gallagher are clearly peers and friends. "Maury and I we think alike. I've been on the Allegiant board for 15 years. We have lunch several times a week. The only difference between us is our [management] styles."

Routes afforded delegates the chance to get to know Allegiant and its reclusive leader a little more. ■

Allegiant and Viva forge new ties

Javier Suarez of Viva Aerobus (left) and John Pepper of Allegiant presenting market share statistics at the airline briefing stage at World Routes (photo: Routes).

Typically, joint ventures between large legacy airlines aim at reducing costs for each player and boost their ability to capture connecting passengers, but the Allegiant and Viva Aerobus tie-up has a different aim, according to John Pepper, Vice-President Corporate Development at Allegiant, speaking during an Airline Briefing at Routes World.

The goal is to extend their business models, whilst still serving the underserved communities they already fly to and lowering ticket prices with non-stop routes, said Pepper. "It is the first of its kind, metal neutral joint venture," he claimed. The leads of the JV are optimistic about the partnership, with their agile and similar business models complementing each other like a "marriage of two airlines", with it already easy to make joint decisions, said Javier Suarez, Chief Network & Alliances Officer at Viva Aerobus.

This "fully-integrated" agreement will enable Allegiant and Viva Aerobus to have cross-functionality between their respective loyalty programs, codesharing, sales systems and route networks to operate flights together with all the benefits and advantages of both airlines.

As Allegiant currently does not serve Mexico, it will be able to rapidly enter and expand in this market, said Pepper. It will serve a mixture of small, medium- and large airports, especially those where passengers are in a highly concentrated market, he added. For example, where a flight from Nashville to Cabo San Lucas can typically cost $595 return on a 12-hour trip with a stopover, a new non-stop route served by Allegiant, will drop the ticket price by half and will reduce travel time, said Pepper.

Benefits also arise from the trends from each company's seasonality, in which Allegiant has a strong first quarter, and a weaker third quarter. Viva on the other hand had a weak first quarter and strong third quarter, commented Pepper and Suarez.

The US-Mexico market has grown rapidly post-pandemic, but the leisure component of US travellers heading for Mexican beach destinations has been hard for Mexican carriers to target. "This process is a game changer" in terms of accessing this traffic, said Suarez. "[The JV] has so much potential and could change Viva Aerobus in a drastic way," he added.

The companies are dividing the network planning, with Allegiant planning the majority of leisure routes and Viva Aerobus planning most business markets and less frequently served routes. Eventually, they hope to make all decisions jointly. Currently the JV is operating with eight working groups ranging from fleet planning to IT and customer experience groups which have already been working closely together for the last 10 months. The executive working group meets on a quarterly basis for business monitoring and decision making.

During the World Routes event the Mexican government approved the Joint venture. However, antitrust immunity has not yet been approved by the US Department of Transportation. Both companies expect this to be a slow process in the USA and are currently reaching out to airports and stakeholders seeking support for the alliance. The JV partners hope to be granted US antitrust immunity in the next six months, which may be helped if Mexico has its FAA Category 1 status re-approved. ■

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Kerry Mok took over the role of Chief Executive Officer at SATS in December 2021 (photo: SATS).

SATS lines up WFS

Singapore's premier ground services and food solutions player SATS is preparing a major move into cargo logistics with the acquisition of Worldwide Flight Services. Chief Executive Kerry Mok explains the plan to *Mark Pilling*

At the top of Kerry Mok's to-do list when promoted to the role of President and Chief Executive Officer of SATS in mid-December 2021 was one item: execute the acquisition of Worldwide Flight Services (WFS).

Mok explained the thinking behind the proposed purchase, announced on 28 September, and how it came about, to *ARGS* in a November interview. The acquisition will be another major consolidation move in the global ground services industry. It comes hot on the heels of the finalisation in August of the acquisition of handler Menzies Aviation by Kuwait's large logistics and infrastructure group Agility, which also owns National Aviation Services.

As a member of the SATS executive team and Chief Executive Officer of its Food Solutions business for two years, Mok was up to speed with the due diligence process and management focus on whether SATS should proceed with the WFS acquisition.

Bringing the SATS and WFS businesses under one roof gives the Singaporean company the opportunity to significantly strengthen its global cargo footprint. WFS is rated as the world's largest air cargo handling firm with revenues of €1.72 billion (US$1.8 billion) for the year ending 31 March 2022. It has a different business mix compared to other global handlers because its primary focus is cargo, with passenger handling a secondary concern. "About 80% of our business is cargo and it takes up about 90% of our effort," said WFS Chief Executive Craig Smyth when interviewed by *ARGS* earlier this year.

Mok was aware that Smyth had been to Singapore to pitch a possible sale around 2017-2018. "He approached SATS and wanted to partner with us to grow," Mok said. At that time, WFS was owned by private equity player Platinum Equity. But SATS was not ready for a deal back then, and Platinum went on to sell WFS for €1.2 billion ($1.4 billion) to global investment firm Cerberus Capital Management in 2018.

"At that time our strategy was much

more Asia focused," said Mok. "And frankly, the size and portfolio of the business was not where WFS is today. So, we looked at it and said, no, I do not think we are ready for that."

The importance of air cargo during the pandemic sharpened the SATS focus on this sector though, Mok explained. "When we look at our previous expansion overseas, most of our investments were in the Asia-Pacific region. But during the pandemic we had a very deep look at our strategy, and we decided if we are going to go big and we are going to go big on cargo, we need to be global.

"We have seen how cargo is a very resilient sector; no matter what happens, although there could be a dip, it always comes back. So, we are quite confident that cargo is a segment where there are a lot of structural tail winds," said Mok.

Acquisition talks

The renewed focus on cargo led SATS back to WFS, and the two started bilateral discussions about an acquisition in November 2021, building on the relationship established a few years before. As Mok recalled, WFS owner Cerberus Capital was not necessarily looking to exit at the point SATS came back into the frame. WFS had completed a major debt refinancing early in 2022. It was also integrating three businesses it had acquired and Smyth's management team was working hard on its recovery and growth plan.

SATS has a significant inflight catering business in locations across the Asia-Pacific region (photo: SATS).

In addition, the outlook for 2022 at that time did not include headwinds like the impact of Russia's invasion of Ukraine and the prospect of global economic recession. These are now taken into account, but have not put SATS or WFS off course with the renewed deal discussions.

Mok, who has extensive experience in major corporate deals and was the M&A (merger and acquisitions) lead for DHL's Exel Singapore business, has a definite sense of what SATS is looking for with the WFS deal. "We were very clear about the initial value [the deal will bring] before we went to the detailed due diligence. We wanted to make sure that we were talking to a company that could bring value to us and that's why we did an initial 'outside-in analysis'."

This homed in on what had changed at WFS from the first engagement four years ago, and how Smyth had built the business, organisation and team. "We asked how this could actually help us transform," said Mok.

From his long experience at DHL in logistics and supply chain management, Mok readily understands the benefits that consolidation can bring in this sector, both for providers and customers, with new operating models borne out of M&A activity.

SATS has completed numerous acquisitions in the Asia-Pacific and follows a deal template. "As a Singapore-based company, we're very detailed in how we look at things. Maybe that's just the way we are brought up as well as in our DNA," said Mok. With the help of external consultants, SATS undertook 10 months of due diligence. "That gave us a lot of comfort that we have done our homework in understanding WFS as a company," he added.

Timeline

The deal was officially announced in September, with SATS to acquire WFS for a cash consideration of €1.18 billion. SATS was poised to unveil a clear funding plan for the transaction as *ARGS* closed for press. An extraordinary general meeting

SATS is the lead ground services provider at Singapore's Changi airport hub (photo: SATS).

will be convened most probably in January to gain shareholder approval for the deal, followed by a rights issue in February or March 2023, said Mok. It is hoped the deal will close by the end of March subject to approvals from competition authorities and regulators in various jurisdictions.

In a September press statement Mok said: "This is a transformational opportunity for SATS and our proposed acquisition of WFS will create a global leader that can become the go-to provider of mission-critical aviation services. From our hub in Singapore, and in our newly combined markets, SATS and WFS will be at the heart of global trade flows, operating in the world's busiest airports and supporting the biggest companies."

The combination of SATS with global air cargo powerhouse WFS is described in a presentation as a "unique opportunity to acquire a cargo handling asset of scale". The presentation says WFS handles 6.3 million tonnes of cargo annually at 114 cargo stations in 15 countries, while SATS handles 2.8 million tonnes of cargo annually at 22 cargo stations in 8 countries. The next-largest air cargo handler is Swissport, which handles some 5 million tonnes annually.

The deal will propel SATS to a global leadership position in air cargo, creating a "comprehensive Americas-Europe-APAC cargo handling network". There is virtually no overlap in stations and services between SATS and WFS, with SATS concentrating on Asia-Pacific while the WFS network is focused on the Americas and Europe.

Consolidation plan

"We are not looking at cost savings to drive our synergy," said Mok. "We're looking at commercial synergy to drive our benefit. When we look at this, despite the upcoming recession, which we think is going to have a short-term impact on us, we believe we can use this opportunity to create value for customers and hopefully attract more customers to join our platform." WFS has been creating a global air cargo platform, which is a path aligned with the thinking of SATS, and will be a major development priority, he said.

According to Mok: "Consolidation is not just for the sake of consolidation, but it is also about driving a new operating model. One thing about logistics and supply chain which I grew up with is that it's all about standardisation of products and services."

"What we have decided in the next 12 to 18 months is we wanted to give credit to Smyth's team and a very clear runway for him to continue to drive the growth of the business," said Mok. "They have a very strong business plan that they have put in place. But at the same time, we said that there are three key things that we will do. One is commercial synergies, and we will be driving commercial synergies between both teams. So, there'll be a [joint] team that is set up to drive that [and] look at global accounts."

"The second area that we will be working on is on operational excellence. Craig and his team have been working on this for quite some time. We will decide which is the best platform for us and create the operational synergy where we think we are going to create value for both businesses. And the third one, frankly, is for people and culture. We're very clear and very deliberate: this is not about SATS coming in and imposing our views and values. WFS is equally as big, and has its own history as well. We are very respectful of that and in fact, we want to celebrate that history. So, we're going to slowly introduce each other's values. We are going to co-create values together for the future." This will include an exchange of staff between the two companies.

The two brands will continue to operate under their own brand names, with WFS operating as a subsidiary of SATS.

Rebuilding in Singapore

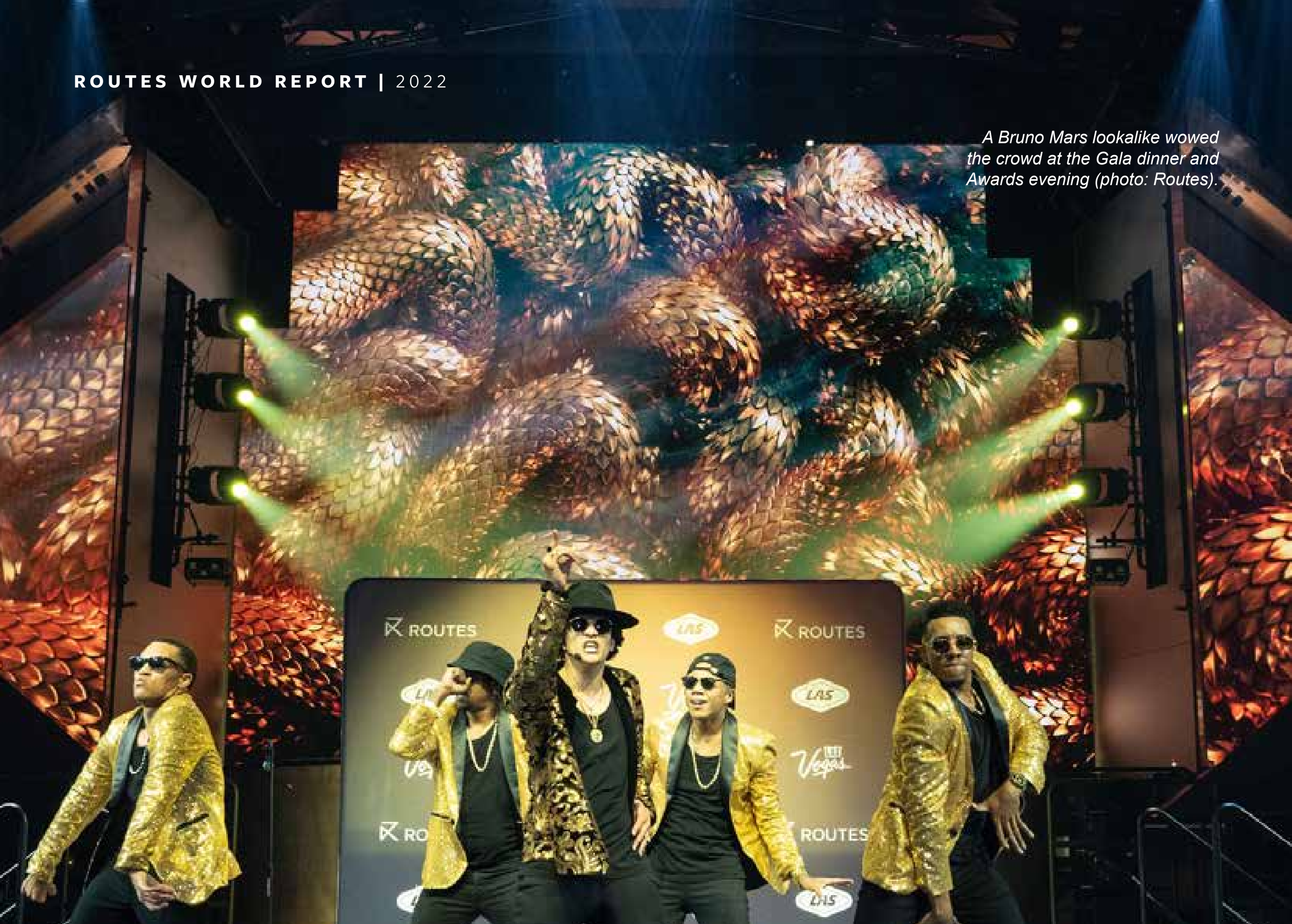
As Mok works to get the WFS deal fully across the line, he can now see business volumes recovering in the SATS world after a torrid couple of years. In November, SATS said in its half-year results for the six months to the end of September 2022 that flight and passenger volumes reached 60% of pre-pandemic levels during this period. It expects recovery to accelerate through the year-end and into 2023.

It has been a tough period for SATS, with the business losing about half of its headcount at its Singapore Changi base as the result of the "great resignation" with staff leaving during the pandemic for other industries. The company has been working with its airline, government and regulatory partners to bring its workforce back ahead of the curve to ensure they can meet the ramp-up in operations, said Mok.

"Basically, by the year-end, some 50% of my workforce would have been hired within the past year," said Mok. "I think you see similar things with my counterparts elsewhere. Just rehiring, retraining and creating that muscle memory for operations has got to be a key focus for us going forward. We believe that, right now, we've got the warm bodies, but are we at the same operating productivity level? The answer is no."

The operational challenge is one faced by SATS, WFS and all other players across the globe and is likely to remain for months – and perhaps years – to come.

From 2023, though, the anticipated combination of SATS and WFS will be tackling it jointly from its leadership position in the ground services and air cargo industry. ■



A Bruno Mars lookalike wowed the crowd at the Gala dinner and Awards evening (photo: Routes).

Viva Las Vegas

Routes World was back with a bang in Las Vegas, as delegates attended the industry's premier network planning event. *Mark Pilling* and *Olivia Pilling* report

***Steve Hill**, Chief Executive of Las Vegas Convention and Visitors Authority is pleased to say his city is recovered from the pandemic (photo: Routes).*

There really is only one headline for this huge *ARGS* review of the 27th Routes World 2022 in Las Vegas, and we make no apologies for it. The forum was organised with the customary efficiency of organiser Routes and was given the sparkle and pizzazz delegates would expect from Nevada's 'sin city'.

According to Routes, the event attracted 2,300 delegates; 190 airlines and 108 countries were represented. As at the World Routes event in Milan the previous year, delegates from China were absent – and this year delegates from Russia were too, depressing numbers to an extent.

However, as Routes Head Steven

Small said in his remarks at the opening ceremony: "Our community has epitomised resilience."

Small added: "The significance of this year's event cannot be underestimated. Over the course of the event, more than 10,000 meetings took place between decision makers from the world's airlines, airports and destinations. These are conversations that will have a real impact on global air connectivity.

"Las Vegas is the first US destination to host Routes World twice," said Small. "Having experienced a surge in international air service after hosting Routes World 2013, we were incredibly excited to be working with the Las Vegas Convention and Visitors Authority (LVCVA) and Harry Reid International Airport again.

The city was pleased to highlight its swift recovery from the pandemic, which certainly showed in the bustling Strip along Las Vegas Boulevard and on Fremont Street in the older part of downtown Vegas. "Las Vegas has recovered exceptionally quickly and strongly – we are past the pandemic," declared Steve Hill, Chief Executive of LVCVA.

Routes Awards

At the gala event, held at the Zouk club in the enormous Resorts World complex, the Routes Awards returned. The list of winners (with the airport size categories for the awards based on 2021 passenger data) is:

- Overall winner – Brussels Airport
- Over 17.5 million passenger category – Cancun Airport
- 10-17.5 million passenger category – Athens International Airport
- 5-10 million passenger category – Brussels Airport
- Under 5 million passenger category – Albrecht Airport Durer Nuremberg
- Destination category – Cape Town Air Access
- Airline category – Volotea
- Rising star category – Laura Faucon, Route Development Manager, Groupe ADP
- Individual Leadership category – João Pita, Chief Commercial Officer at São Paulo–Guarulhos International Airport.

The Routes Awards were back at the Las Vegas event (photo: Routes).

The core of every Routes forum is the one-to-one meetings (photo: Routes).

On the final day of the event the handover ceremony from Las Vegas to next year's host took place. The 28th Routes World Forum will be hosted by iGA Istanbul Airport in the city of Istanbul, from 15-17 October 2023 – the 100th anniversary year of the foundation of the Republic of Turkey.

In addition to the global Routes forum, the regional versions of the event will see Routes Asia taking place in Chiang Mai, Thailand from 14-16 February; Routes Americas in Chicago from 21-23 March; and Routes Europe in Lodz, Poland from 9-11 May. ARGS team members will be at these events in 2023 and we look forward to catching up with you there. ■

Avoidance tactics

The Powerhouse Panel *Lessons learned from the pandemic*, moderated by ACI World Director General Luis Felipe de Oliveira, was a major feature in the Routes World conference programme

The Powerhouse Panel was moderated by ACI World's Luis Felipe de Oliveira (left), with Kadri Samsunlu of IGA (second left), Peter Ingram of Hawaiian (third left) and Mateo Estrella from Ecuador's government (photo: Mark Pilling).

Avoiding the mistakes of the past, especially following a crisis, is key to ensure a more successful future. In the post-Covid travel world, the 'lessons learnt' question is one that many are asking as the disjointed global response to the pandemic is analysed.

The answer should another pandemic event occur is improved global collaboration to fight the spread of a virus while ensuring the response is proportionate, well thought through and based on scientific evidence.

Mateo Estrella, Advisor to Ecuador's Ministry of Tourism, told delegates the government in Ecuador realised the necessity of closing its borders in 2020 as Covid infections surged and was alert to the policies needed to reopen them. Tourism is the third-largest revenue stream for this country in the northwest of South America, so "it was very important was us to be open to the world", Estrella explained.

Ecuador understood the need to restart its travel industry and swiftly implemented a mass vaccination programme, starting with people in hospitality and travel industries, to enable it to open for business as soon as possible, he said. "Countries that opened first [or did not close] are recovering fastest, and his government was determined Ecuador would be at the head of that pack.

The country's travel volumes have recovered to 84% of 2019 levels and by the first quarter of 2023 Estrella expects full recovery. Low-fare carriers have fared the best and are even seeing traffic levels above 2019, he said.

Turkey was one of the countries that kept its lockdown period as limited as possible, and in fact "hardly ever closed our borders", said Kadri Samsumlu, Chief Executive of iGA Istanbul International Airport. One of the key lessons to learn is that "we should not panic. We should not close borders next time," he said.

A reason for border closures is that state health authorities were prominent in the Covid response, said de Oliveira of ACI World. The inference is that their voice was much stronger than that of other government departments, especially transport. Turkey was different. "We left as little as possible to the responsibility of the Ministry of Health and are very grateful to the deputy Minister of Transport for his efforts [to keep the country open]," explained Samsunlu.

Peter Ingram, President of Hawaiian Airlines, described how his business had a different recovery experience to that of carriers based on the US mainland because Hawaii remained closed for longer. Faced with months of negative revenue, plus lots of ticket refunds, Hawaiian cut costs, raised money, allowed early retirements and let staff go on long-term leave, he said.

To avoid the need to quarantine in Hawaii, the carrier installed shipping containers with testing equipment and staff at some of its destinations, said Ingram. "We realised there were things we could do to get the health authorities over the hurdles," explained Ingram. "In hindsight we would have done a lot more of this."

Staff considerations

"In retrospect, most airlines under-planned for the pace of the recovery," Ingram said (and he includes his own in that number). "Probably the most important lesson for me is that it is incredibly important to remember the airline industry is about the people who work for our companies."

"We are a service industry," said Samsunlu. "The biggest asset is your people, and you cannot expect loyalty when you don't back people... We are going to have to be more generous going forward."

At Hawaiian, Ingram clearly saw that office workers valued the flexibility of working from home and that the hardest thing is to get people back to front-line roles. "There is much more for us to do in rethinking the relationship we have with employees, and we have to re-do processes so we can bring employees on with a shorter period of training," he said. ■

Barry Biffle (left), Chief Executive of Frontier Airlines, speaks with Michael Bell of Korn Ferry (photo: Mark Pilling).

Frontier's lonesome mission

Frontier Airlines is going it alone after a move to merge with Spirit Airlines was hijacked by JetBlue Airways. Chief Executive Barry Biffle was at Routes to outline its independent future. *Mark Pilling* reports.

Barry Biffle describes the Spirit Airlines-JetBlue Airways merger as "an interesting commercial experiment". The words of the Frontier Airlines chief executive, which are rarely minced, are laced with sarcasm when discussing the latest mega-merger of US airlines.

Speaking with Michael Bell of executive search firm Korn Ferry on the Routes spotlight stage, Biffle, who has led Frontier for eight years, is an entertaining watch. His point is that the documents that explain the Spirit-JetBlue merger outline a plan to take the low-cost Spirit brand and raise costs – essentially, up to JetBlue levels. "The bottom line is they are going to have to raise prices by 50%," said Biffle.

"I don't know if I'd want to be that commercial officer... I wish them luck," he continued.

In February it was Biffle's Frontier that was in the merger hotseat, having just announced a merger between the two largest ultra-low-cost players in the USA: Frontier and Spirit. It was described at the time by Spirit Chief Executive Ted Christie as a "perfect fit".

Then JetBlue muscled in, usurped Frontier and in July the Spirit-JetBlue merger was agreed. The Frontier strategy must now take an independent path, and Biffle is unperturbed. In fact, the increase in cost base he asserts Spirit-JetBlue will face means "we are probably the largest beneficiary" because Frontier will remain as the only ultra-low-fare carrier.

What recession?

For Frontier, the pandemic recovery is almost complete. It was at 95% aircraft utilisation in Q3 and will be back to full utilisation in Q4. When asked about recessionary worries he had this to say: "We haven't seen a thing because we've already been through the biggest recession because of Covid," he said.

The carrier has relatively little exposure to international services as they only made up 5% of its capacity pre-pandemic, he noted. This percentage will grow to 15% over time as it expands its network in the coming three to five years. "There is a lot more to do," he said, with destinations in the Caribbean of interest as well as more expansion into Mexico.

When the carrier begins taking delivery


Frontier's fleet will nearly triple in size by the end of this decade (photo: Frontier Airlines).

of 240-seat Airbus A321XLRs in 2026 (it has a total of 18 on order), it will be able to bring new destinations into its network for the long-range narrowbody. European cities are on the radar, confirms Biffle, joking that long-time friend Declan Power, head of aviation development at Shannon Airport in Ireland, had asked him about Frontier's A321XLR making a stop at his airport.

Biffle visited the Airbus factory in Toulouse recently and saw how the A321XLR can serve "pretty much most of northern Europe" from the north-east of the USA. It can also reach all Latin American destinations from Miami, fly non-stop from the West Coast of the USA to the Caribbean and Central America, and perform US transcontinental flights. "It enables you to go full density with a lot of seats for further," he said.

Frontier took delivery of its first A321neo in October, one of 158 of the type coming between 2022 and 2029. The carrier has 226 aircraft in total on order, which will nearly triple its fleet size by the end of the decade.

Asked what Frontier's criteria are for considering an airport, Biffle replied that the minimum frequency is a once-a-week service to a leisure destination or a Caribbean route. However, since Frontier's smallest aircraft is the 186-seat A320, "if a route is less than three times a week, we do not normally look at it". He added: "A 100-plus passengers a day type route is what we look at."

With Frontier's low fares and costs, Biffle believes his airline would be welcome at any airport. "With the cost differentials there is no fortress [we cannot enter]," he said. "If there is a high fare place where I can go I can charge half and still make money."

Although Biffle has not seen any recessionary signs, he does of course worry about demand, fuel prices and the war in Ukraine. One problem that has receded is the delays caused at some airports when the fast capacity ramp-up caught some out.

There were issues leading up to July with some business partners that struggled, but these woes are behind Frontier now. "Since mid-July we've been fully staffed everywhere. There is no more attrition problem in over 100 cities [that Frontier serves]," he said.■

Hong Kong wants to be lucky again

Vivian Cheung, *Executive Director Airport Operations at HKIA (photo: Mark Pilling).*

The list of infrastructure projects underway or planned at Hong Kong International Airport (HKIA) is impressive. There is a third runway under construction, the Airport City project to transform HKIA into a destination, and a significant investment in creating multimodal connections.

"Many airports put projects on hold [when the pandemic hit]. We decided otherwise: we knew traffic would come back," Vivian Cheung, executive director airport operations at HKIA, told *ARGS* in Las Vegas. HKIA was at Routes determined to showcase the inherent strength of Hong Kong as a market and to underline its ambitious investment plans to grow as a hub and as a business and leisure destination.

The airport's management team certainly had some serious thinking to do. Hong Kong has been hit harder and longer than most gateways when it comes to severely depressed traffic because of the pandemic. With its umbilical connection to China and the heavily restrictive travel regime there, Hong Kong has suffered badly.

In September, traffic at HKIA only reached 15% of the throughput recorded during the same month in 2019, and while recovery is beginning, total traffic is forecast to climb to just 30% of 2019 levels by the end of this year, said Cheung. The one bright spot is cargo, which has been resilient. "The pandemic did not stop cargo," she noted. In fact, volumes rose above pre-Covid levels, with 5 million tonnes handled in 2021.

In 2019, HKIA saw a record 73 million passengers pass through its terminals. For the first nine months of 2022 it handled just 2.2 million. However, the Hong Kong government has begun to ease travel restrictions, giving HKIA confidence that traffic will surge back.

At the end of September, Hong Kong's Special Administrative Region lifted compulsory quarantine requirements for arrivals. A PCR test on arrival is still mandatory, but passengers do not need to wait for results at the airport. They do, however, need to avoid populated areas such as restaurants for three days. The airport welcomes the government's decision to relax the quarantine arrangements and is hopeful the final restrictions will be lifted as soon as possible, perhaps by year-end.

The change in policy sees the airport and airlines restarting operations and rebuilding networks as demand returns. At the time of Routes, Cathay Pacific Airways had restored about 50% of its capacity. "In 2019 we had some 220 destinations. Today we serve 150," said Cheung.

HKIA's forecast is that its traffic will be back to about 60% of 2019 levels in 2023, reaching 90% in 2024 and back to 100% in 2025, she said. HKIA is confident of the long-term development and passenger traffic of the airport. Pre-pandemic it was a booming and profitable market. "That's why we are coming out to tell the world what is happening in Hong Kong. Restrictions are lifted and we want [people] to come back as soon as possible," said Cheung.

However, HKIA is not content to simply open for business and expect travellers to flood back. "We are creating some incentives – we've never had to do that before," said Cheung. Business travel is expected to pick up first as the restrictions are not so important for this segment, but tourist and leisure travel will need stimulating.

Accordingly, HKIA has purchased half a million round trip tickets from Hong Kong, as well as cars, diamonds and hotel vouchers, for use in a huge "Lucky Draw", said Cheung. There will be a huge promotional campaign for these giveaways and prizes to encourage travel.

HKIA is seeking to be an efficient waypoint for Chinese travellers from the mainland, which remains more restrictive. "There is an opportunity for us to provide that, with people able to use Hong Kong as the hub to connect to the world from China," explained

Cheung. China is Hong Kong's largest market with a quarter of its routes in 2019 related to mainland connections.

As it recovers, HKIA will once again face capacity issues. The airport, which opened in 1998, was facing such issues by 2016 and a three-runway system was in development. It is on schedule to open the third runway in 2024. This will give it the ability to handle its projected volume of 120 million passengers and 10 million tonnes of cargo annually by 2035.

The Airport City strategy is to "expand the functionality" of HKIA, turbo charging its role as a growth engine for Hong Kong and the Guangdong-Hong Kong-Macao Greater Bay Area (GBA), a region in south China made up of 11 cities with a combined population of over 86 million. Pre-Covid HKIA provided some 75,000 jobs in and around the airport, a number forecast to grow to 135,000 when the Airport City is finished.

In addition to developing HKIA's core passenger and cargo services, the strategy features the SKYCITY project to deliver Hong Kong's largest retail, dining and entertainment complex around the airport. This includes the construction of a 20,000-seat arena and convention centre and a marina. It is scheduled to start coming into operation from 2027.

In terms of multimodal connections, passengers can today take ferries from nine points in the GBA area to SkyPier at HKIA to transfer to flights without having to go through immigration procedures, and vice versa. GBA travellers coming to HKIA by road have been able to use the Hong Kong-Zhuhai-Macao Bridge that connects HKIA and the GBA area directly since 2018. ■

The huge and ambitious SKYCITY project is aimed at making HKIA a vibrant destination in Hong Kong (photo: HKIA).

Saudi's big show

Saudi Arabia's Matarat Holding Company, a new name for many delegates at Routes, put down a strong statement of intent at the 2022 show. With a pair of large stands, a big delegation, traditional Saudi Arabian coffee, and dates on offer, as well as a musician serenading visitors playing an 11-stringed Oud guitar, the country is on a major marketing offensive to match its desire to become a significant player in the global travel arena.

The Kingdom's huge travel and tourism ambitions are illustrated by a target to welcome 100 million local and international visits annually by 2030. This is the first target in an overall strategy to increase Saudi Arabia's airport capacity to over 330 million passengers annually, increase air cargo capacity to 4.5 million tonnes per annum, and increase connectivity by serving over 250 global destinations.

Stimulating air travel is one component of Saudi Arabia's comprehensive Vision 2030 strategy aimed at diversifying the country's economy away from its dependency on oil and creating a leading global economy. While the focus at Routes was on airport development and network building, the country's airlines have equally big plans. Flag carrier Saudia is expanding its fleet and network from its Jeddah hub while the Kingdom is preparing the launch of a second major international carrier to be based at capital Riyadh.

At Routes, the Saudi presence came together as one for the first time encompassing Matarat, Riyadh Airports, Jeddah Airports Company (Jedco), Dammam Airports Company (DACO), Cluster2 (which operates 22 other airports in the country), the Saudi Air Connectivity Programme (ACP), the General Authority of Civil Aviation of Saudi Arabia, (GACA). and the Saudi Tourism Authority. Please Add GACA

Traditional Saudi Arabian coffee was on offer at Matarat's stand (photo: Mark Pilling).

A total of 28 airports in Saudi Arabia were organised under the Matarat Holding Company in February 2022, while at the same time the launch of Jedco and Cluster2 took place. At an event in Riyadh, GACA and Matarat said: "The announcement of the institutional transformation of airports and assigning their operation to the private sector, comes in implementation of the noble royal decree to separate the legislative aspect from the operational one, and reflects the practical steps applied for one of the objectives of the civil aviation sector strategy approved by the Council of Ministers to develop Saudi airports, and raise their operational efficiency, to provide the best and finest services to the passengers.

"Furthermore, to transform the Kingdom's airports into world-leading airports and create promising investment opportunities that will contribute to advancing the national economy and promoting the Kingdom's gross domestic product (GDP)," said the statement.

Bringing the airports under one umbrella demonstrated a unified front for the Kingdom as Matarat embarks on what it describes on its website as "a civil aviation industry revolution", with itself as a "key player in making the Saudi economy skyrocket through the privatisation of the sector and transforming all of our Kingdom's airports into thriving gateways".

At Routes, the Saudi team celebrated its success in attracting new service with a photocall with new airline partner Wizz Air. The low-cost player is launching a string of routes to Dammam, Jeddah and Riyadh from a variety of European cities as part of a major expansion into the country, announced earlier this year.

In a further sign of its eagerness to attract traffic, in July GACA announced a cut in airport charges at Dammam, Jeddah and Riyadh of between 10% and 35% to increase competitiveness at these airports. ■

Vienna International Airport's (VIE) Joint Chief Executive and Chief Operating Officer Julian Jaeger (photo: Mark Pilling).

Vienna seeks stability

While his airport is one of many that have enjoyed a strong burst of summer traffic, Vienna International Airport's (VIE) Joint Chief Executive and Chief Operating Officer Julian Jaeger warns that the operational issues faced by the industry over recent months may resurface in 2023 if traffic rebounds to 2019 levels without the appropriate measures in place.

"The industry's general operational stability this summer concerned me and right now many places in Europe are not geared up for the traffic [levels] of 2019," he said. "The staff shortage will not go away in the next six months and next summer will be tight as well."

VIE planned for demand to be at 75% of 2019 levels at the beginning of 2022 with the ability to manage up to 85%, said Jaeger. The airport runs the security operation and has a 90% market share in ramp handling, meaning it "really has an influence on the quality of the airport and operational processes", he explained.

VIE took advantage of the Austrian government's scheme to protect jobs but lost 20% of its staffing numbers anyway, said Jaeger. It gave a summer bonus for its security workers to assist with retention; good co-operation with home carrier Austrian Airlines and others to trim capacity and de-peak operations helped keep delays and disruption at VIE to a minimum.

Going forward, VIE is hiring aggressively, and discussing improved pay and better working conditions with its employees, said Jaeger. The industry must also look hard at improving airport operations, with self-bag drop an obvious benefit. "It is a tough one, but many of our ground handling processes have not changed in 30 years. It is very labour intensive, and we must discuss how to make ground handling and security less labour intensive," he said. "In the end it is about the whole package."

This summer has seen VIE recover to 90% of its pre-pandemic level. It will handle over 23 million passengers in 2022, up from the 10 million in 2021, but still far from its peak in 2019 of 31.7 million.

The resumption of more Asia routes is a major focus, with Bangkok, Seoul and Taipei all restarted and enjoying strong traffic. Jaeger hopes All Nippon Airways will fly to Tokyo again in 2023, while demand for India is robust and will likely need more capacity next year – but China will take longer to open up.

Austrian Airlines has re-opened all its USA destinations except for Miami and demand has been high across the board in North America.

Closer to home: "In Europe there are not too many white spots left. We are very happy with Europe, although there are several destinations where we need more capacity," said Jaeger. "Overall, our industry has proven to be resilient. When we met in 2021 [at Routes World in Milan] I would not have expected such a quick recovery." ■

Marie Manning, Vice-President, Business Development and Chief Commercial Officer at Halifax Stanfield International Airport (photo: Mark Pilling).

Atlantic Canada on the comeback trail

One thing the pandemic highlighted in black and white, in many corners of the globe, is the key role air transport plays in connecting communities. No more so than in Canada's beautiful but remote east coast provinces – Nova Scotia, New Brunswick, Newfoundland and Labrador, and Prince Edward Island.

"Air service is so critically important to the development of our region," said Marie Manning, Vice-President, Business Development and Chief Commercial Officer at Halifax Stanfield International Airport. Manning was speaking on the Atlantic Canada Airports Association (ACAA) stand at Routes, representing the 13 airports that make up the association.

All ACAA airports suffered enormous traffic declines since 2020, falling to just 5% of 2019 levels at the low point. The return of service was slow to start because of restrictive travel policies in Canada and at a provincial level. According to an ACAA statement the traffic drops "will have a substantial impact on cash flow and future financial viability of our region's airports with a severe trickle-down effect to our respective communities". However, significant inroads towards recovery were made this past summer.

"ACAA airports are all in competition in going after air service, but we understand that being organised and working together has many advantages," said Manning, noting that such an approach gives those involved a collective voice at a federal level. Speaking about recovery, Manning said it has been a strong summer as pent-up travel demand has been released. Her airport, Halifax, is the largest of the ACAA members and handled 4.2 million passengers in 2019. It welcomed one million in 2021 and experienced significant recovery in 2022, forecasting close to 3 million passengers this year. However, it will be 2025 before there is a return to peak year passenger volumes, she noted.

The pandemic caused Air Canada to drastically trim its regional network and WestJet said that it will withdraw its turboprop aircraft from the region as it reworks its strategy. "During Covid we lost a lot of regional routes and connectivity," she said.

ACAA members are fighting back, telling the story of a region with unique touristic attributes and a genuine economic growth story. This story is aided by a population increase across the ACAA region, with the number of residents in Nova Scotia surpassing 1 million for the first time this year. "One of the positive things is that people who had moved away realised Atlantic Canada is a good place to live and it is where they want to be," she explained.

The development of a clean energy industry in Atlantic Canada, which has for years been a prominent oil and gas producing region, is a major plus point, said Manning. In Nova Scotia alone, there are plans for five onshore wind turbine projects and near-future offshore wind farms with a view to manufacturing green hydrogen and generating thousands of jobs. This drive will have a positive impact on investment, employment, and travel demand.

There are air service opportunities for domestic, trans-border and European leisure routes from the ACAA region, Manning added. Western Europe is only six or seven hours away by air, making links to the UK, Ireland, and other destinations in the region important to secure.

Halifax saw the arrival of Eurowings Discover in the summer with a Frankfurt service while Air Canada resumed its daily London Heathrow link flown with a Boeing 737 Max. WestJet operated summer services to Dublin, Glasgow, Gatwick and Paris.

A slew of major events that are sure to boost traveller numbers are coming to Canada in the next couple of years, including the World Junior Ice Hockey Championships in Edmonton, Alberta in December, the North American Indigenous Games taking place in Halifax in July 2023, and the World Acadian Congress in August 2024 (to be held in Clare and Argyle, Nova Scotia). These events will attract tens of thousands of new visitors to the region. ■

Lim Ching Kiat, Managing Director Air Hub Development of Changi Airport Group (photo: Mark Pilling).

Changi sees the light

"We are happy with today's growth trajectory and can see light at the end of the tunnel," Lim Ching Kiat, Managing Director Air Hub Development of Changi Airport Group, told *ARGS* at Routes.

Along with most Asia-Pacific hubs, Singapore Changi has faced a traffic collapse since it posted a record number of 68 million passengers handled in 2019. In that year, the airport was connected to 173 cities in 52 countries/territories via 92 airlines from across the world.

Then Covid hit, and 2020 was a dismal year. In the second half of 2021 there was some optimism around government-backed vaccinated travel lanes, but these came into effect late in the year and just three million passengers passed through Changi during 2021.

"From April 2022 we have seen a big jump [in traffic]," said Lim, now that travel restrictions are virtually a thing of the past. By year-end, Changi is forecasting to hit 70% of its 2019 traffic level with a full return by 2024. At the time of Routes, the airport counted 132 destinations in 48 countries and 89 airlines in operation.

One of the major impacts of Covid is a change in ranking of Changi's top markets. Pre-Covid, Indonesia was the largest market served from Changi, with China second, followed by Malaysia, Australia and Thailand. This has switched to now read: Australia, Malaysia, India, Indonesia and Thailand.

"Australia is now our top market. Traffic with India is shaping up nicely, China/Hong Kong has disappeared, and Japan has dropped," said Lim. "The US market has got stronger overall and we will see how much that is sustained beyond Covid."

Changi is seeking to rebuild its network across the globe, although China will remain closed for some time. The airport was linked with 36 destinations in China pre-Covid, and it will be that country's economic development that dictates how the market will restart, said Lim. "The question is, will it be back to normal? We are heartened by early indicators, via a survey of Chinese travel sentiment, that Singapore comes up as the number one safe city in the minds of Chinese consumers."

While China's recovery is an unknown, Lim said that parts of Changi's pre-Covid strategy remain unchanged. "We want to grow links to secondary cities across south-east Asia, for example in Vietnam. The near term is quite positive," he said.

The success of India is another positive with the addition of a route to the city of Pune becoming Changi's 16th destination in that country. Capacity to Australia is already close to pre-Covid levels as that market recovers strongly.

The return of European cities is progressing, with Singapore Airlines reopening Stockholm and LOT Polish Airlines restoring its Warsaw flight. "European yields and loads are good, so we think there are opportunities for more routes, frequencies and aircraft up-gauging," said Lim.

Traffic between Singapore and the USA has surged past 2019 levels with new connections now active to Seattle and Vancouver, which were unserved previously, he added. There are opportunities to the east of North America too, he believes, with no carriers flying to Washington DC, Chicago, Toronto or Boston at present.

During Covid, Changi took the opportunity to speed up the expansion of Terminal 2 with its southern wing reopening in October. Terminal 4, where operations were suspended in May 2020, reopened in September. Together the opening of these terminals took Changi's passenger capacity to 70 million per annum.

For the longer term, Singapore has announced that plans to build Terminal 5 are back on track after being paused during the pandemic. This will be a massive terminal with a capacity of 50 million passengers annually and could be in operation by the mid-2030s. ■

Paweena Jariyathitipong (left) and Stienpol Stienswasdi (right) at the World Routes Show in Las Vegas, a fantastic booth serving traditional Thai deserts and handing out Muay Thai shorts (photo: Olivia Pilling).

Thailand boxes clever

Airports of Thailand (AOT) is pushing hard to accelerate a sluggish return to traffic normality at the country's airports, with its presence in Las Vegas and the hosting of Routes Asia next year prime examples of its marketing drive.

The promotion is seen as critical for Thailand, where traffic has only recovered to a modest 35% of 2019 levels because of the region's slower removal of travel restrictions compared to other parts of the world. However, "We are predicting 66% for next year and full return within the next two years," said AOT Vice-President Stienpol Stienswasdi.

AOT runs the six major airports in Thailand, including Bangkok's Suvarnabhumi International, Phuket, Chiang Mai, and the capital's former main gateway Don Mueang. Just prior to Routes, the country's government announced it was speeding up airport development to cope with an expected surge in passenger demand and to help promote Thailand as an attractive tourist destination.

At Suvarnabhumi a new satellite building is to be constructed and 28 more parking bays (adding to the existing 51 bays) will be added, with some able to accommodate the Airbus A380. The aim is to increase the airport's capacity by 15 million people, said Paweena Jariyathitipong, AOT's Executive Vice-President of Business Development and Marketing.

Overall, there are three terminal expansion projects in the works at Suvarnabhumi, which will boost capacity at the airport from 45 million to 120 million passengers annually. It is also hoped that the third runway at Suvarnabhumi will be completed by the end of next year.

Expansion is not limited to Bangkok: AOT is also aiming to open three of its regional airports to international travel.

Whilst it is hoped infrastructure development will expand the airport footprint, route development is front of mind at AOT as well. "We are hoping that all airlines will resume their frequency of flights," said Jariyathitipong. So far, most have already returned – albeit with reduced schedules.

AOT is "eagerly targeting new services, especially non-stop routes, with a special focus on marketing to attract new passengers," said Jariyathitipong. It has a range of incentives for new customers, including a 95% discount on landing and parking fees for the first year and a 75% discount in the second year. "We are continuing doing research to identify what other incentives we can introduce," she added.

In terms of market recovery, AOT's Indian and European markets have shown a strong return. However, it is still awaiting the reopening of the Chinese market, which represents about 30% of its overall traffic base. To generate extra revenue, AOT is also growing its cargo services, looking to increase off-peak cargo timings, with the priority to fill night-time and early morning slots.

In 2023, AOT will host Routes Asia, which will take place in Chiang Mai from 14-16 February. ■

Rodanta 'Inaki' Ponio Jr (left) and Aines Librodo (right) from GMR Megawide Cebu Airport Corporation (photo: Olivia Pilling).

Promoting the Philippines

Bringing a touch of the Philippines, the archipelagic country of 7,641 islands in Southeast Asia, to the Routes show floor was the Department of Tourism and GMR Megawide Cebu Airport Corporation (GMCAC).

GMR Megawide operates Mactan Cebu International Airport, the gateway to the Visayas and Mindanao regions in the Philippines and the second-busiest airport in the country. The airport company is a partnership between Megawide Construction Corporation of the Philippines and India's GMR Infrastructure.

Since the pandemic, "We are happy with our domestic recovery, which we hope to have recovered back to 100% by the end of 2022, but we are not happy enough with our international recovery," said Aines Librodo, Head of Airline Marketing and Tourism Development at GMCAC.

Whilst passengers are returning from East Asia and Japan, encouraged by the more lenient and relaxed restrictions throughout Asia, the European markets have not returned in full, and GMCAC aims to target these for 2023. Overall, it hopes to "restore our international travel to 70% next year depending on the return of Chinese markets" – which used to make up a hefty 40% of Mactan Cebu's volumes, said Librodo.

Rodanta 'Inaki' Ponio Jr, Manager of Airline Marketing and Tourism Development at GMCAC, highlighted the friendly hospitality, smiley population and English-speaking communities that are attracting tourists. He mentioned the wide variety of attractions tourists can enjoy, from nightlife, nature and adventure trips, to heritage sites – and of course the "best beaches".

As traffic returns, the Philippines is seeing different travel trends compared to pre-Covid times. "We are seeking new markets in the wake of the change after the pandemic. Americans are getting tired of Bali and Thailand," said Ponio with a cheeky smile.

At Routes the focus was on reinstating previous routes, especially the all-important European flights, but there is "the need to diversify our markets to be less dependent on North Asia", said Ponio. To do this GMCAC is hoping to increase the presence of charter carriers and other new arrivals such as TUI, LOT Polish Airlines, Icelandair and others.

Like various other south-east Asian airports, Mactan Cebu has a generous incentive programme including discounts in landing fees of up to 100% for long-haul services for the first 24 months (depending on aircraft size and length of travel time), while narrowbody daily flights can benefit from a 95% discount. ■

Narita's marketing team, from left to right: Matsui Kentaro, Nakada Yuichi and Igura Honoka (photo: Mark Pilling).

Tokyo Narita open for business

Just five days before Routes World opened its doors, Japan finally relaxed its strict travel rules, allowing travellers to easily enter the country for the first time since the start of the pandemic.

For Narita International Airport's marketing team this was a huge bonus. The Tokyo hub has been devastated in traffic terms by Covid. After handling a record 44 million passengers in 2019 it saw numbers fall to just 5 million last year.

Recovery will be a gradual process, with 16 million passengers forecast for this year in total, while it will take until 2025 for full recovery, explained Nakada Yuichi, General Manager Aviation Sales and Marketing department at Narita. The slow return is influenced by the continued closure of the Chinese market, as traffic between Japan and China represents about a quarter of the airport's traffic base and 24 of its destinations, he noted.

However, traffic is returning, and airlines are restoring Narita to their networks. By the time of Routes, the gateway was back to 82 destinations. (In 2019 it was linked to 141 destinations, including domestic connections.)

There are new arrivals at Narita as well, said Nakada. Chinese carrier Shandong Airlines began flights to Jinan in August and Japanese carrier ZipAir will offer five-times-weekly flights to San Jose in the USA with a Boeing 787 from December. ■

Florian Raff, Head of Aviation Development and Statistics at Zurich Airport (photo: Olivia Pilling).

Zurich steams in with intermodal story

Florian Raff, the Head of Aviation Development and Statistics at Zurich Airport, was promoting Switzerland's intermodal travel offering at the World Routes event in Las Vegas. Switzerland has a "well-oiled, very reliable rail network", he said, where, as part of their airline ticket, passengers can purchase train tickets for regional destinations within Switzerland and further afield.

A related development in 2016 was the opening of a new railway tunnel under the Gotthard Pass in the Alps that connects travellers to Milan, Italy in under three hours by train. Swiss Airlines used to fly to Lugano; however, it has stopped this route since the tunnel opened "showing how good the train connections are", said Raff.

As the train companies are government owned in Zurich, ticket prices are regulated, meaning affordable ticket prices are common – an appealing option for those looking for budget travel, said Raff. On top of this, railcards for discounts and special offers for tourists make train travel even more affordable. Baggage is also taken care of, with rail companies trialling home bag collection.

Travellers can easily buy intermodal tickets on airline websites, and use the same ticket throughout their journey, he explained. The train station is underneath Zurich Airport, offering excellent intermodal connectivity for passengers.

The main international airport in Switzerland has a catchment of 12 million people whilst also capturing part of the French market, the south-east of Germany and part of Austria. Raff describes this as a "honey pot" of potential customers – 50% of Swiss national GDP is generated within an hour's drive of Zurich.

"The Swiss market is high value as Swiss nationals like to travel," he said, with their frequency of travel twice that of people from France and Germany. As a result, Zurich has many direct connections, said Raff.

However, while its intermodal and connectivity is strong, Zurich is still feeling the effects of Covid-related travel restrictions in Asia and the loss of its network in Russia after that country's invasion of Ukraine. The pandemic was a "huge hit" to Zurich, but the Swiss government was one of the first in Europe to drop all restrictions as of May 2022.

Raff commented that the start of 2022 was impacted by Omicron, but demand picked up during summer with a "steep recovery". Swiss, Edelweiss and most other carriers returned, reopening routes with reduced frequency. United Airlines opened a new route to Chicago opened, and Delta Air Lines resumed its New York JFK service.

An important market for Zurich is London: the airport is connected to four airports in the UK capital. Whilst these airports dropped off the radar during lockdown, restrictions were reduced before the May 2022 school holiday, resulting in a massive surge in traffic to the Swiss Alps from the UK. Swiss flew Boeing 777 widebodies to get as many people to the slopes as possible. "It was a challenge, but we rose to meet it," says Raff.

Other leisure traffic drove the recovery over the summer, and Edelweiss launched new routes to Ponta Delgada in the Azores and Boa Vista in the Cape Verde islands. "The European market is very strong for Zurich," said Raff, especially sun and beach destinations like Turkey and Greece. India opened slowly but also came back strong.

Zurich's main priority is to continue to drive recovery and growth. So far 90% of carriers have returned, serving 90% of destinations – albeit with lower frequencies.

2019 was the best year on record for Zurich. It serviced 31.5 million passengers during those 12 months and expects to reach 22 million this year as service is restored.

With Swiss of the Star Alliance as its major hub carrier, one of Raff's challenges is to "bring in non-Star Alliance carriers". One target carrier, which served Zurich pre-pandemic, is Cathay Pacific; Zurich hopes it will return in summer 2023. ■

AirAsia: more than an airline

Muhammad Sharir, Network Planning Manager of AirAsia (photo: Mark Pilling).

Muhammad Sharir, Network Planning Manager at the AirAsia Group, took to the exhibition stage to explain to Routes delegates how the structure of south-east Asia's pioneering low-cost airline is evolving and recovering.

"We are no longer just an airline" was his key message, with a name change to Capital A which "reflects the Group's new core business strategy as an investment holding company with a portfolio of synergistic travel and lifestyle businesses, which have rapidly transformed the AirAsia brand into much more than just an airline".

The carriers remain the largest components of Capital A, for now, but the holding also contains a travel web app, logistics businesses, financial services, a "ventures builder" and aviation services such as maintenance and overhaul. Capital A was launched in February 2022. According to Sharir, the vision of AirAsia founder Tony Fernandes is for non-airline businesses to grow to 50% of the group's revenue base over the next few years.

The AirAsia airlines were hit hard by the pandemic, seeing revenues plummet in 2021 as travel was stunted. AirAsia has four operational airlines in Malaysia, Thailand, Indonesia, and Philippines. In 2021, total passenger numbers fell to under 5 million.

However, recovery is underway with 50-60% of traffic and its fleet back at the time of Routes, said Sharir. The rebound would be faster still if China were open, as that represents 24% of its market.

At its peak in 2019, AirAsia's airlines carried over 80 million passengers, and flew 244 aircraft on 387 routes, explains Sharir. However, it is the largest foreign carrier in eight countries where it does not have an operating certificate, demonstrating its market strength, said Sharir. In addition, there are 107 unique routes that are unserved in the region, showing there is plenty of travel demand still to be stimulated, he said.

This year the carrier has launched 24 new domestic routes and six new international ones. The aircraft that cannot be used on Chinese services are being redeployed on routes to India, Bangladesh and across south-east Asia.

Capital A's medium-haul carrier, called AirAsia X, is reactivating its fleet of 12 Airbus A330-300s to relaunch its network around Asia-Pacific and look for growth opportunities, said Sharir. Services to Seoul, Sydney, Melbourne, Delhi and Taipei will be operating in the fourth quarter of 2022. ■

Pegasus happy to be flying high

Turkish low-cost carrier Pegasus Airlines is positively galloping out of the Covid crisis with network and fleet expansion, and the long-awaited prospect of a major capacity boost at its Istanbul Sabiha Gökçen International Airport base.

Emre Pekesen, Sales and Network Planning Group Director, and Elifnur Doğruöz, Network Planning and Airline Collaborations Manager, described how Pegasus is a single-class carrier with a point-to-point network that has connectivity at Sabiha Gökçen, where it is the largest player. Some 30% of its revenues come from ancillary services, and it has a fleet of 95 aircraft, mostly Airbus A320s and A321s plus 18 Boeing 737s that are being phased out.

As soon as travel restrictions were lifted, Pegasus rebuilt its network quickly. This started with a fast domestic resumption, which helped the carrier to bring revenue in faster than others without strong local markets, said Pekesen. By the second quarter of 2022 it was back to 96% of its capacity, compared to 2019 levels, and by the third quarter this will rise still further to 113%.

"The rising star for the last year has been Antalya," said Doğruöz. Pegasus has seen a 30% expansion at this airport, which is a popular gateway for travellers seeking the sun and beaches of southern Turkey. "There are lots of opportunities to grow the network, especially to the east side of Turkey," she said.

In October 2022, Pegasus could count a network of 125 destinations, of which 89 are international, said Pekesen. The carrier has been adding A321neos over the past few years as it takes deliveries of the type from a 100-strong order. It will receive 20 of the type this year, 18 in 2023, 16 in 2024 and 3 in 2025. This significant fleet growth will enable it to expand its network and lower its seat-mile costs, said Doğruöz.

In mid-2023 Sabiha Gökçen Airport is aiming to open its second runway, giving a major capacity boost to the airport – and the carriers serving it. The current single runway "is limiting our growth", said Doğruöz. Sabiha Gökçen is one of two international airports serving Istanbul. It is situated to the east of the Bosporus Strait, putting it on the 'Asian' side of the country. ■

Emre Pekesen (left) and Elifnur Doğruöz from the Pegasus network planning team (photo: Mark Pilling).

KAC is ready to play

Hajin Ahn (left) and Lee-Sangheon (right) of the Korea Airports Corporation (photo: Olivia Pilling).

The Korea Airports Corporation (KAC) stand at World Routes Las Vegas certainly grabbed delegates' attention. The guards from the popular Netflix survival adventure show Squid Game processed around the stand and invigilated the classic sugar cookie game where delegates enjoyed winning prizes – a far more enjoyable fate than that in store for players on the show itself!

KAC was showcasing its 14 airports, seven of which are international, at the event to develop new routes and promote South Korea's many attractions. For example, its highly rated conference centres, and the biggest film festival in Asia. KAC's largest airports are Seoul Gimpo, Busan, Jeju and Daegu. The country's main international hub, Seoul Incheon International Airport, is operated by a separate state-owned corporation.

ARGS spoke to Lee-Sangheon, Manager of Terminal Operations and Planning Development, and Hajin Ahn, Assistant Manager of the Route Development and Passenger Promotion Department at KAC. Before the pandemic, the network development team was focused on attracting long-haul services, for example to US destinations such as Los Angeles and to locations throughout Europe.

However, the pandemic has inevitably changed its outlook. "Now we pay attention to all destinations and are looking to reinstate as many routes as possible – of course, prioritising reopening international flights," said Ahn. Using a comprehensive incentive programme, the hope is to restore international traffic levels to 80% of the 2019 mark by summer 2023. ■

Western Sydney International – opportunity meets choice

World Routes in Las Vegas was the first marketing mission for the Western Sydney International Airport (WSI) team to a route planning event outside of their homeland of Australia.

Construction of Western Sydney International Airport is underway and the airport is on track to begin operations in 2026. This timing means that "Western Sydney is starting to come into the planning window" in the longerrange network planning of airlines, said Ian Bowring, General Manager Airline Partnerships at WSI.

For this reason, the WSI team of Bowring, Helen De Nuntiis, Marketing and Customer Manager, Stevan Sipka, Executive Manager Airline Partnerships and Matthew Coutts, Airline Partnerships Manager, were in Las Vegas to build awareness of the WSI story.

A new airport in any country is a big deal and especially for cities like Sydney where the current airport is slot constrained. WSI's website describes the airport as "a transformational infrastructure project that will generate economic activity, provide employment opportunities closer to home for people in the Western Sydney region, and meet Sydney's growing aviation needs."

On opening WSI will have a single runway and a capacity of 10 million passengers annually, linked by more than AUD$15 billion (US$9.5 billion) of road and rail infrastructure.

The marketing tagline for WSI is "opportunity meets choice", said Bowring. As the city's only 24/7 airport, WSI will finally put Sydney on a level playing field with other major cities around Australia and the world. As Sydney's new airport, WSI will mean that for the first time, airlines and passengers will have a choice about which airport they want to use, he added.

The airport has signed MOUs with Australia's two largest airlines, Qantas and Virgin Australia, and is actively engaging with more than 70 airlines globally. ■

Ian Bowring (left), General Manager Airline Partnerships at WSI and Helen De Nuntiis, Marketing and Customer Manager (photo: Mark Pilling).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Bahrain's logistics dream

Mohamed Yousif AlBinfalah, Chief Executive Officer of Bahrain Airport Company (photo: Mark Pilling).

Bahrain Airport Company (BAC) is going full steam ahead with a series of major infrastructure investments at the Gulf archipelago's main hub, with an Express Cargo Village at the centre of plans to support Bahrain's lofty ambitions to become a key logistics hub for the region.

"One of the key lessons learned from the pandemic is that we need to first be cost-efficient from an operating business model point of view, but also diversified in terms of revenues," explained Mohamed Yousif AlBinfalah, Chief Executive Officer of BAC, which operates Bahrain's international airport. "Our aeronautical revenues were hit badly because of Covid and looking into new streams of cargo and logistics revenues not only supports our own strategy but is also in line with the national strategy on logistics," he added.

The growth of Bahrain's logistics industry is seen as a vital tool in enhancing its regional competitiveness and ability to attract investment, and is one of the high-priority sectors outlined in Bahrain's Economic Vision 2030.

In June, the foundation stone for the Express Cargo Village was laid, kicking off construction for a 25,000 sq m hub that includes buildings dedicated to serve each cargo operator. BAC has signed a 10-year agreement with FedEx Express to operate 9,000 sq m of warehouse and ramp area to be handed over in the third quarter of 2023.

Another major express cargo operator at Bahrain is DHL, which has been there since the 1980s and will be accommodated with extra space at the Village, said AlBinfalah. BAC is also hoping to cement a deal with DHL to develop an aircraft maintenance centre at the airport to cater for some of its increasing number of freighters registered in Bahrain, he added.

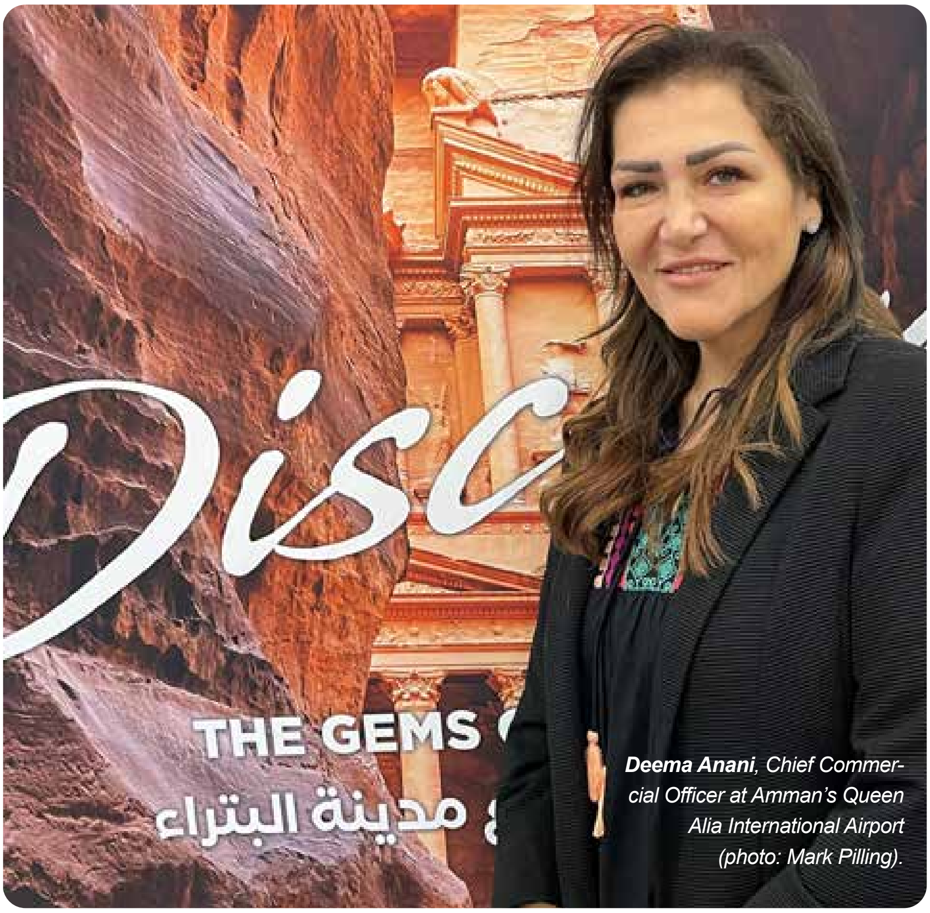
"Logistics is not new to Bahrain. We sit in the middle of the Arabian Gulf, geographically very near to all markets in the region," said AlBinfalah. For instance, the eastern province of Saudi Arabia is a short drive across the King Fahd Causeway that connects the two countries.

Bahrain International Airport has other advantages, including a 24/7 cargo operation, existing robust infrastructure, a highly efficient operation and a good road network. Plus, it is a free zone meaning companies do not require a local partner, said AlBinfalah. "We are a good place to do business," he noted.

BAC's strategy is to take logistics revenues above the 50% level they represent today, said AlBinfalah. However, it continues to invest heavily using its own financial strength in its airport infrastructure as the post-pandemic passenger traffic recovery kicks in.

At its peak in 2019, Bahrain handled 9.7 million passengers, a figure that fell back by 76% in 2020. By the end of this year, it will return to 6.5 million passengers and be profitable at the net level, said AlBinfalah. It has enhanced the airport during the pandemic with a new car park, fuel farm and premium lounge, as well as renovating the airport's original terminal into a VIP facility.

"With our new terminal in place and all of these regenerations we are well positioned to be very optimistic as the industry recovers," said AlBinfalah. The new US$1.1 billion terminal was opened in early 2021 and has a capacity of 14 million passengers. ■



***Deema Anani**, Chief Commercial Officer at Amman's Queen Alia International Airport (photo: Mark Pilling).*

Jordan plots low-cost revival

Prior to the pandemic Queen Alia International Airport (QAIA) was welcoming a new player to Jordan, bringing Ryanair to the country for the first time in a hard-won campaign to attract more leisure travellers in partnership with a low-cost carrier. "We wanted an LCC that we knew would definitely be an anchor [carrier] and bring in others," explained Deema Anani, Chief Commercial Officer at QAIA, which serves the country's capital Amman.

In 2019, Ryanair started with nine destinations that were unserved in Europe and half of QAIA's additional traffic was coming from LCCs, said Anani. The peak traffic year for QAIA was 8.9 million passengers in 2019.

Discussions between the airport, the Jordan Tourism Board and the Ministry of Transport had created the Air Travel Development Strategy, under which they would collaborate to attract new air service. The airport had built a new terminal that by 2016 had increased capacity to 12 million passengers. It had a passenger profile that was mostly VFR, with Jordanians the largest market followed by Arabic nationals from the Gulf and Levant regions.

LCCs were targeted to help diversify the portfolio of passengers travelling to Jordan with the focus on Europe and Asia, said Anani. Jordan has an Open Skies accord with the European Union that helps the process of opening routes between Jordan and European countries.

The pandemic put these plans on hold. Now they are being revived and QAIA is seeing traffic return - and it wants to lure more LCCs and support the growth of home base carrier Royal Jordanian Airlines. "In general, the recovery is going OK. We will close 2022 with 86% of our 2019 traffic level," said Anani, in addition to service resuming 90% of its 2019 roster of destinations. It will take until 2024 for 2019 traffic levels to be reached, she added.

The drive to attract more LCC service continues, with Wizz Air, Transavia and easyJet all serving QAIA. Vueling will fly to QAIA for the first time in December with a service from Barcelona. Other new routes this year have seen Transavia connect Paris Orly and Royal Jordanian begin flights to Lyon.

QAIA works closely with Royal Jordanian to help it develop its strategy of being a convenient connection point to routes across the Levant region.

The airport is also targeting routes in Eastern Europe and Scandinavia where it believes there is demand from visitors wanting to sample Jordan's unique heritage, landscapes and beaches.

A major win for QAIA has been its first route into East Africa when Ethiopian Airlines launched a three times weekly Boeing 787 service to Addis Ababa in September, said Anani. This service is already seeing strong load factors and has good cargo opportunities, she added.

In addition to its European focus, QAIA is hoping its Asian network will be re-established. "We are looking to see how we can promote connectivity with Asia," said Anani. Pre-Covid, Royal Jordanian served Kuala Lumpur, Bangkok, Hong Kong and Jakarta; only Bangkok had resumed at the time of this interview in October.

One interesting route opportunity is India. "Jordan has become a destination for a lot of Indian weddings," said Anani, the country having been featured in several films in India. ■

Remembering Routes

The Routes World exhibition hall offers a host of photographic opportunities. Here are some of our favourites.

This fantastic stilt performer from the Virgin Islands of the United States impressed everyone with his amazing costumes (photo: Olivia Pilling).

The classic Welcome to Las Vegas sign and show girls make the perfect keepsake photo (photo: Routes).

Delegates were welcomed to the exhibition hall at the Las Vegas Convention Center with a huge video walk advertising exhibitions and sponsors of the event (photo: Mark Pilling).

The main Routes World party took place at the impressive Souk nightclub at Resorts World (photo: Routes).

Turkish Airlines, one of the tournament sponsors, brought the actual European Champions League Cup to Routes

California's Ontario International Airport had a T-shirt screen-printing line at the show (photo: Mark Pilling).

Copenhagen Airport brought its crew from the famous Joe and the Juice and coffee. Thank you CPH! (photo: Olivia Pilling)