

# Business travel set for further growth >>

**A**s business travel worldwide enjoys a long-awaited turnaround, airlines, hotels and other travel suppliers are focusing their attentions on the ever-changing demands of the corporate traveler. From onboard Internet access and flat-bed airline seats to wireless connectivity in hotels, travel suppliers are investing heavily in technology, products and services designed to alleviate the stresses and strains of business travel.

Today's business travelers are continuing to see a raft of improvements that will make their trips more cost and time effective, and in Asia the pace of change is faster than ever.

Here we take a look at how growth in Asian business travel is helping the global upswing, and outline some of the key industry developments for the corporate market.

## Business travel set for further growth

Booming economies in the Asia Pacific region are leading worldwide growth in business travel, according to the latest figures from leading airline bodies. The global airline governing body, the International Air Transport Association, has predicted that international passenger numbers will rise 6% annually between 2005 and 2008, largely down to an even greater rise in travel to, from and within Asian countries (see table 1).

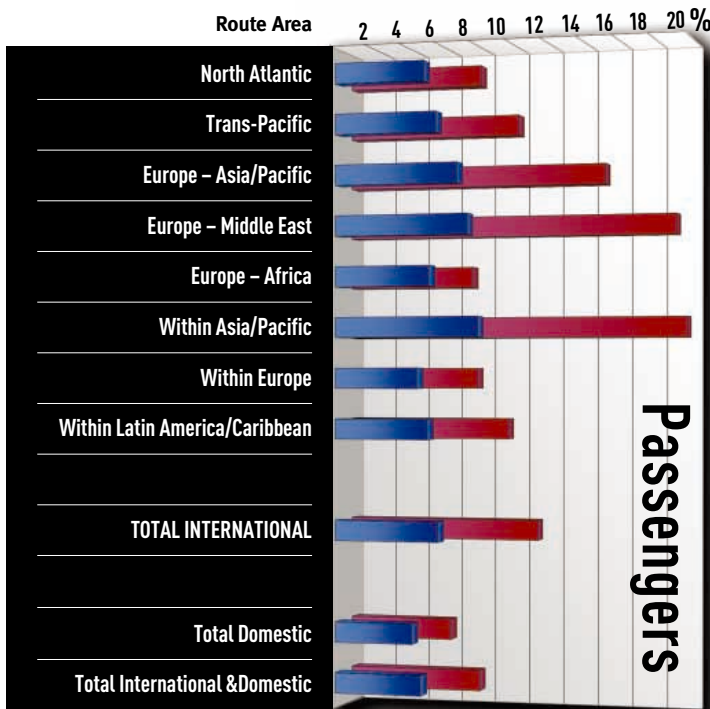
A second industry body, OAG, which collates data from 1000 airlines daily, made similar forecasts when it released its latest Global Airline Capacity Bulletin, a quarterly snapshot of airline activity around the world (see table 2). It found that after four years of gradual recovery, the worldwide levels of flight volumes is now finally exceeding pre-September 11 levels, with particular growth in the Asia region.

## China leads the way

Duncan Alexander, Managing Director of OAG Business Development, said the biggest growth was in China which saw a 12% jump in flight volumes to and from China and a 20% rise in domestic flights. "A lot of this growth has been fuelled by international commerce," he said.

"Clearly the Chinese economy is booming and much of this extra travel to and from and within China is business related. When you look at the statistics for particular airports in the region you can see this clearly."

IATA International Passenger Forecasts 2004-2008



2004-2008 AAGR  
\* AAGR is the Average Annual



The American Express Global Business Travel Forecast for 2005 also reported that Asia has experienced phenomenal activity in the low cost arena. “In India alone, 10 low cost airlines are in, at least, the planning stage. Low cost activity has also been strong in Thailand, Singapore and Australia, and new entrants are making inroads in Japan, China and the Gulf States,” said an Amex spokesman.

Singapore alone is now served by three budget carriers – Tiger Airways, Jetstar Asia and Valuair – which claim that 20%-30% of their traffic is corporate. In order to meet the demands of Asian business passengers, these airlines have broken away from the low-cost model set by European no-frills airlines to introduce ‘business’ services, such as frequent flyer schemes, flexible fares to allow last-minute changes, and more generous baggage allowances.

### Airport expansion

The low-cost boom is expected to trigger the expansion of regional airports in Asia, although some of its major airports are also now drawing up plans for dedicated terminals for no-frills carriers.

Singapore’s Changi Airport, for example, is already building a \$27.4m new low-cost carrier terminal, scheduled to open early next year. The terminal will have an initial capacity of 2.7 million passengers per year.

International airports in Hong Kong and Kuala Lumpur are also considering the development of low-cost terminals.

### In-room Internet

Asian hotels are leading the way when it comes to providing wireless Internet

access for their guests.

Compared with their counterparts in the US and in Europe, hotels in Asia are far more likely to provide Wi-Fi services which allow travelers with Wi-Fi enabled laptops to access their emails, the Internet and their company Intranet either in special zones in public areas or in their bedrooms.

Once seen as a luxury, wireless technology is fast becoming one of the services that business travelers expect hotels to provide. According to American Express’s latest Global Business Traveler Survey, in-room Internet access is the most important service business travelers look for in a hotel. Wi-Fi usage is rapidly on the increase and the number of Wi-Fi users worldwide is expected to grow from 12 million globally in 2003 to an estimated 707 million by 2008.

In the meantime, many hotels are ensuring that their non-wireless guests are catered for too. Rooms at the new contemporary business wing at the Lotte Hotel Seoul, for example, come with high-speed access but some are also equipped with desktop computers, printers and fax machines for guests who are not traveling with their own laptop.

### In-flight revolution

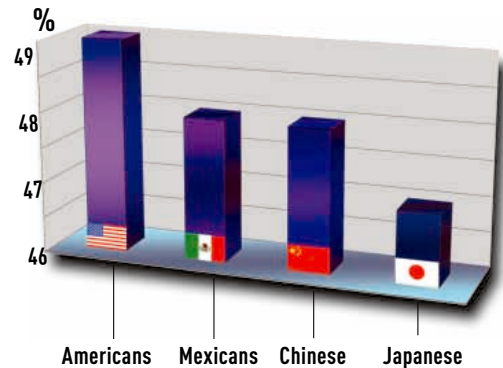
Wireless technology is not solely being utilized by hotels to help business travelers stay connected. Responding to the demands of today’s traveling executives, airlines are too investing in Wi-Fi systems so that passengers can access their emails and company Intranets in flight.

A survey of 625 users of the Connexion by Boeing service, the system currently being installed by many of the

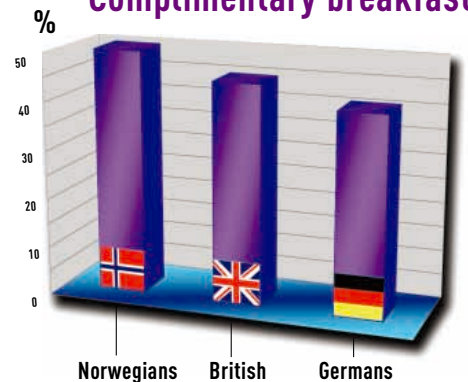
What international business travelers want from a hotel, according to the Global Business Traveler Survey by American Express



### Internet access



### Complimentary breakfast



**SPECIAL ADVERTISING SECTION**



world's major airlines, showed that 85 per cent of respondents said that the availability of high-speed Internet will have an influence on the choice of an airline in the future.

"I think the level of usage will depend on what kind of traveler you are," said Berthold Trenkel, Chief Operating Officer for Asia Pacific for global travel management company Carlsoln Wagonlit Travel. "I used to work for McKinsey and Company and would get an average of over 100 emails a day, so I would have sometimes appreciated being able to catch up. There will be other people, though, who will say that in-flight 'downtime' was the only chance they had to switch off from work, relax and watch a movie."

**Asian first**

Japan Airlines was the first Asian carrier to install in-flight connectivity in conjunction with Boeing. Called Connexion by Boeing, the service is now available to passengers in any class who are traveling with a Wi-Fi enabled laptop on Tokyo flights to and from London and, from this month, New York.

Passengers are charged \$29.95 to access the Internet for the long-haul flight, or can opt to pay \$9.95 for 30 minutes, and 25 cents per minute after that. To mark the launch of the Tokyo-New York service, JAL is offering customers a \$10.00 discount for the service up to July 15, 2005. The airline plans to extend wireless internet to other flights operated by Boeing 777 and 747-400 aircraft from Japan to Europe and the US in the coming months.

Other carriers that have invested in the Boeing Connexion technology include Singapore Airlines, All Nippon Airways, Korean Air, Lufthansa, and SAS. Air China and El Al will start to roll out the service shortly.

**Live TV**

In the next phase of the Wi-Fi technology, Singapore Airlines will this summer start using it to deliver live television programming. Passengers will be able to watch four television channels – BBC World, EuroNews, Eurosportnews and CNBC – on their laptops, and this TV content is expected to be taken up by the other airlines who use the service later in the year.

In addition, Connexion by Boeing is now establishing service provider agreements with leading mobile service providers worldwide, including SingTel and StarHub in Singapore.

This will enable airline passengers to

use their existing wireless services user identifications and passwords to access the mobile Internet service in flight and receive their in-flight Internet access billing as an add-on to their existing wireless bill.

Earlier this year, the US Federal Communications Commission gave permission to US airlines to launch wireless services on flights. After the September 11 terrorist attacks, it had prevented them from offering the service over safety concerns, but has now reversed its decision.

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Designed by dotcomms.net

**What business travelers selected as the most important service they want from an airline, according to the Amex Global Business Traveler Survey**

