

ROUTES



Chinese president Xi Jinping (far left) with PM David Cameron (centre) view a model of the planned Airport City Manchester development.

New flight connects Manchester and China

CHINESE CARRIER HAINAN AIRLINES WILL LAUNCH A MANCHESTER-BEIJING SERVICE next summer. The route will be Manchester's first non-stop service to mainland China. A spokesperson for Manchester airport confirmed Hainan Airlines will operate the route four-times weekly – on Mondays, Wednesdays, Fridays and Saturdays – from June 10.

The A330-200 service was officially announced in October during the Chinese president Xi Jinping's state visit to the UK. The president and Prime Minister David Cameron made the announcement while visiting Manchester airport.

Cameron also announced entry visa reforms, making them significantly cheaper for Chinese travellers visiting the UK.

DISTRIBUTION

GBTA: LUFTHANSA GDS FEE 'BACKFIRED'

A GBTA SURVEY OF GLOBAL TRAVEL BUYERS found that 42 per cent have slowed down bookings with Lufthansa, and 39 per cent are seeking alternative airlines, since it implemented its €16 Distribution Cost Charge (DCC) for bookings made on the GDSs.

The study, conducted in October, polled 434 buyers representing an estimated US\$44 billion in travel spend. "We believe that the booking surcharge strategy has effectively backfired," said Michael McCormick, GBTA executive director. "The resulting actions demonstrate the high value that travel buyers place in the existing distribution network."

The study also found that 93 per cent are "not considering" the option to book directly on Lufthansa's site and 39 per cent are seeking alternative carriers. Only 2 per cent of those surveyed said they would book directly with Lufthansa to avoid the fee.

CONFERENCES

CAPA Aviation Summit

BBT editor Paul Revel reports from the event in Helsinki, attended by senior industry figures and travel buyers

CAPA'S CHIEF FINANCIAL ANALYST, Jonathan Wober, said world airline operating margins are set to grow for 2015, with low oil prices a chief factor. He forecast a full-year figure of 5.9 per cent, up from 3.5 per cent in 2013. But he believes airline operating margins will fall to 5.2 per cent next year.

"We are at the top of a cycle," he said. "Next is a dip." But this is not a bad thing, he added. "Downturns are good, for three reasons. First, a downturn is a stress test: most airlines say they've been on a restructuring programme to achieve sustainable profitability – we'll only find out if they've achieved that in a downturn."

"Second, consolidation makes weaker players exit the market – a good thing because there are still too many airlines. Third, stronger airlines that have the cash will be able buy smaller airlines at a lower price – but there will still be restrictions on foreign ownership control. Maybe at that point there will be greater pressure on reducing those restrictions."

■ See Databank for more CAPA analysis, p28

DISTRIBUTION AND MOBILITY

In a session on New Distribution Capability (NDC), Travelport's Ian Haywood said that while he supported NDC, all the benefits IATA claims it will achieve are already offered by Travelport and its competitors. He said airlines were already selling "rich content" through Travelport, citing Finnair's new A350, making its maiden flight that day from the Airbus factory in Toulouse: rich content about the product was already uploaded on the platform. He added that NDC could make transparent, like-for-like fare comparisons more difficult than it is today.

Amadeus's Svend Leirvaag added: "We've wasted so much time and energy discussing NDC, and IATA has wasted US\$60 million on trying to inject propaganda into this industry since 2011." Leirvaag showed a slide of two aircraft seatmaps, one NDC and the other so-called 'legacy technology', pointing out their strong similarity. "Technology-wise we leapfrogged IATA standards ten years ago, when we started XML with the low-cost carriers."

In another session on the future of managed travel, the concept of a 'mobile policy' was mooted. Sari Viljamaa, managing director of the Finnish Business Travel Association, said: "Companies should have a 'mobile policy' that is an umbrella to your travel and meetings policies. We need to think about mobility first – how you make your people mobile, what devices and apps they can have and use, and how this can be built into policy. Our role should be finding the best things to enable them to travel safely."

Next year's summit will take place in conjunction with the ACTE global conference, in Amsterdam, on October 26-28.

■ See Interview, p41