

Flight fares war in Australia

Singapore takes stake in Air New Zealand

SINGAPORE Airlines is to acquire a 25 per cent stake in Air New Zealand, following approval by the New Zealand government. The stake is the maximum that a single foreign airline can hold in Air New Zealand by law.

New Zealand Transport Minister, Mark Gosche, said, "The government looks forward to [Singapore Airlines] making a positive contribution to the growth of Air New Zealand."

Dr Cheong Choong Kong, Chief Executive of Singapore Airlines, added, "Singapore's ultimate objective is to become a global group of airline and airline-related companies."

Singapore Airlines attempted to buy a 50 per cent stake in the carrier, Ansett Australia, last year from Rupert Murdoch's company News Ltd (see *Language Travel Magazine*, September 1999, page 10) but the deal fell through, allegedly because of pressure from the Australian government. □

Aeroflot aims for international standard

RUSSIA'S national carrier, Aeroflot, is planning to cut unprofitable routes, sell its shares abroad and improve its corporate image, in order to establish itself in the international marketplace. "Any company needs a strategy," said Alexander Zurabov, the carrier's first Deputy General Director. "Aeroflot just didn't have it in the past."

In addition to axing services, some of the carrier's existing routes will now be operated with partner Air France. The Russian carrier could eventually join Air France's existing alliance with Delta, extending its reach in all the major world markets.

The largest of 315 carriers in Russia, Aeroflot found that most Russians couldn't afford the price of airfares after the economic slump in Russia in 1999, when the rouble was devalued by 75 per cent. Aeroflot's revenue dropped by 15 per cent last year. □

Carrier Impulse Airlines has caused a stir in the Australian aviation marketplace by becoming the first competitor to compete on Australia's major trunk routes since the ill-fated Compass Airlines collapsed in 1993.

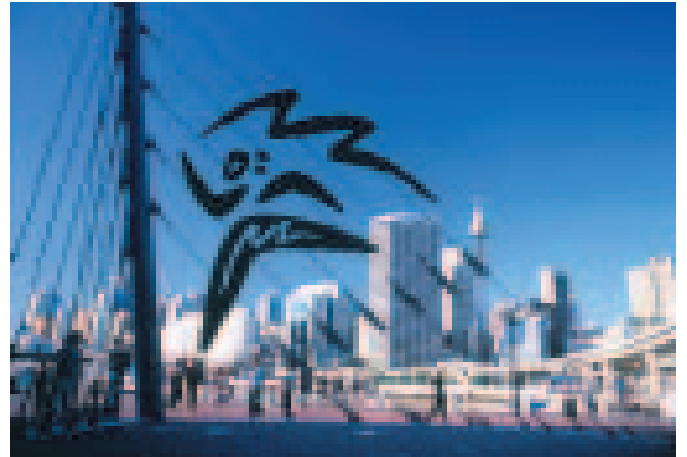
Impulse – which is offering one-way airfares between Sydney and Brisbane of AUS\$149 (US\$86) – has beaten Virgin Australia and another carrier, Spirit Airlines, in the race to set up low-cost services to rival Qantas and Ansett Australia.

"Every seat, every flight, every day on the Sydney to Brisbane sector will be offered at AUS\$149 [before tax] and there are no strings or onerous conditions attached to those fares," said Gerry McGowan, Impulse Airlines' Executive Chairperson.

Impulse began services last month, in time for the Olympics, when demand for domestic travel is expected to increase sharply. Eight daily services are expected to be offered. However, the carrier has already angered the travel agency trade by offering no commission, stating that it will rely on Internet bookings and only accept credit card payments. All seats sold will be non-refundable.

The carrier's Corporate Affairs Manager, Simon Westerway, pointed out that the agent distribution model had not helped Compass Airlines. "With the Internet available to [between] 50 and 55 per cent of Australian households, and given the fact that Australians tend to embrace rather than reject technology, the opportunity is clear," he said. However, Chief Executive of the Australian Federation of Travel Agents, Mike Hatton, said the policy was "commercial suicide". He warned that airlines that moved against travel agents would realise the consequences.

Impulse Airlines, which grew out of a small company, Oxley Airlines, has received massive support from overseas investors to launch its new services. From this month, it will operate from a new hub in Australia's capital city, Canberra. The Australian Capital



PHOTOGRAPH: AUSTRALIAN TOURIST COMMISSION

The race is on – Australian carriers compete for Olympic passengers

Territory (ACT) has committed AUS\$10 million (US\$6 million) to Impulse's new hub project, in order to develop more comprehensive air services from the city. "Impulse Airlines' entrance into Canberra will dramatically improve our opportunities to encourage regional tourism," commented ACT Chief Minister, Kate Carnell.

Virgin Australia – which may be launched under the name, Virgin Blue – has previously promised one-way fares of AUS\$100 on the key Australian east coast routes (see *Language Travel Magazine*, March 2000, page 10) and an end to the duopoly of the national carriers. Impulse Airlines has a head start in achieving that aim. □

Delta looking for route expansion

DELTA Air Lines has asked the US Department of Transportation for permission to operate flights from the USA to Brazil and Uruguay in South America.

If granted permission, the carrier will launch the first single-plane service from the USA to Uruguay, via Sao Paulo in Brazil, which it intends to offer twice daily. It also plans to launch a three-times weekly service to Rio de Janeiro in Brazil.

The carrier is also looking towards Asia for future expansion. It has filed for permission to operate services to Hanoi and Ho Chi Minh City in Vietnam in conjunction with its global alliance partner, Air France.

This move follows the signing in March of a Memorandum of Discussions between the USA and Vietnam, which allows for each country to engage in bilateral and third country USA-Vietnam code-share services. □

China opening up

A RECORD 4.3 million Chinese people took a private trip overseas in 1999, according to figures from the Chinese Ministry of Public Security, representing an increase of 52.2 per cent on 1998. Of these, 80,000 were self-financed students intending to study overseas.

Access into and out of China is set to improve following an agreement in principal between the Chinese and US governments. Flights between the two countries could increase by up to 50 per cent, according to Li Peiying, Chairperson of Beijing Capital.

Meanwhile, Jürgen Weber, Lufthansa's Chairperson and Chief Executive Officer, announced that the Star Alliance group is seeking a suitable Chinese member. "As long as the Chinese airlines fulfil the requirements... we are interested." But he added that such a venture would only make sense if China was an open market. □

Lufthansa

Check-in: Lufthansa

Year airline was established:	1926
No. of staff (worldwide):	58,000
Airport hub (base):	Frankfurt, Germany
No. of destinations served:	450+
Catchphrase:	--

Travel Update ● Travel Update

● **Asia** is the latest region to suffer from commission cutting. China Airlines and Eva Air cut commission for agents in Taiwan from nine per cent to five per cent, and Hong Kong carrier Cathay Pacific has since followed suit.

● **Japan** has abolished its **local tourism tax**, making the country significantly cheaper for visitors. The three per cent tax on tourism services such as hotel charges and restaurant bills was lifted in April.

● The **Boeing Company** has announced plans to install special phone sockets in the armrests of planes so that passengers can connect their laptops to the Internet, check their email and watch television. The service will be installed next year on flights to North America.

● **Finnair** and Oneworld alliance partner **Qantas** have begun cooperating on flights between Finland and Australia. Their agreement covers services from Helsinki to Melbourne via Bangkok in Thailand.

● **Oman Air** is planning to launch flights to Europe later this year. "Europe is one of the areas of relevance for tourism and business," explained Commercial Manager at Oman Air, Nabil Al Zadjal. Possible destinations include London, Amsterdam, Munich and Frankfurt.

● A successor to **British Airways' Chief Executive**, Bob Ayling, has been appointed. Australian Rod Eddington, formerly at Ansett Australia, will take up the position. He said that staff morale at the beleaguered airline would be his priority.

● The **Association of British Travel Agents** is taking a case against Ryanair to the Office of Fair Trading and the European Commission. It claims the airline's refusal to allow travel agents to add fees to the cost of an

air ticket is anti-competitive. Ryanair has previously cut commission to five per cent.

● The **UK** is looking to increase its appeal as a destination in the Middle East this year, with a large delegation attending the Arabian Travel Market. "The young population [of the Middle East] will ensure future travellers with a growing propensity to travel," said Mohammed Mansoor at the British Tourist Authority (BTA).

● The **SAGroup**, which owns Swissair and Crossair, has increased its holding in Belgian carrier Sabena to 85 per cent. SAGroup's Chairperson, Hannes Goetz, said, "It is our intention to further expand the strengths of [partners Swissair and Sabena] to ensure that both brands enjoy a long-term and profitable future."

● Chief Executive of **Go**, Barbara Cassani, has hinted that she wants the low-cost airline to operate independently from British Airways. Cassani revealed that several external approaches have already been made to the low-cost carrier. Meanwhile, travel agents in Europe can now book Go flights using a discount booking facility at its website.

● A new **London pass** is available for visitors to England's capital city this summer. At a price of UK£39 (US\$58) for adults and UK£24 (US\$36) for children, it entitles the holder to free entry to attractions such as Buckingham Palace and Windsor Castle, and discounts at central London restaurants.

● Seamless travel between the **USA** and **Hong Kong** was under discussion earlier this year when aviation officials from both countries met in Hong Kong to discuss a new bilateral aviation treaty which will authorise code sharing. Cathay Pacific is hoping to begin code-share services with American Airlines.

What code-share deals have you signed in the past six months, and do you have any more in the pipeline?

Lufthansa has not signed any code-share deals recently.

What new routes have you launched and are you planning any more?

New routes include Edinburgh-Frankfurt; London Stansted-Frankfurt; Frankfurt-Detroit; Frankfurt-Caracas; Hamburg-Newcastle; Munich-Strasbourg; and Munich-Skopje.

Approximately what is the agency commission you offer travel agents worldwide?

We have different commission systems in each country. In the UK, for example, it is seven per cent. Agents have to be a member of IATA to qualify for commission.

Do you offer group discounts?

Yes, we offer group discounts if there is a group of 10 or more people. The special group fares are available on request.

Do you offer special rates for young travellers (ie, students)?

We offer special rates for young travellers through branches of STA and USIT Travel.

What features does your business class offer and how does it differ from other airlines?

Our business class offers telephone and fax check-in at larger airports. A choice of meals is available whenever possible; passengers can also choose "cold and fast" meals if they wish more time to work or sleep. Movie snacks and last-minute breakfast is also available and a comfort pack is provided for all our business class passengers.

Do you offer any special services for young children (under-16s) travelling on their own?

Yes, we offer a service for unaccompanied minors. Their

booking should comprise special details about the person bringing them to the airport and the name, address and telephone number of the person picking up the child. Lufthansa staff are only allowed to hand over the child to the given person at the arrival airport. Unaccompanied minors are taken through passport control and on to the plane where a steward or stewardess looks after them on board.

Please outline briefly your carrier's future strategies.

Clear sales priorities for 2000 are in the alliance area, in direct sales and e-commerce. The major targets include strengthening Lufthansa in the German domestic market and ongoing improvement of customer service. The admission of new members, Austrian Airlines, Singapore Airlines, Mexicana and British Midland to the Star Alliance will greatly improve services for passengers in the alliance's route network. Further improvements in the alliance's organisation are also expected. Other aims include enhancement of customer service and call-centre processes; enhancement of Internet travel bookings with the newly founded Lufthansa E-Commerce company; and improving alliance sales by integrating new partner airlines in the PartnerPlus incentive system.

Finally, what is the advantage of flying with you?

Wherever you want to travel to in the world, Lufthansa can help get you there. Lufthansa flies to many destinations in over 90 countries. The airline is also a founder member of the Star Alliance, the world's first truly global alliance, giving access to over 760 destinations worldwide. Lufthansa prides itself on a blend of traditional high quality service and the latest high-tech innovations. The airline is a pioneer of Etix, an electronic ticketing system. [Finally] first, business and economy classes have all recently undergone a UK£120 million (US\$180 million) refurbishment programme.