Insight Session:
Digital Transformation of Airlines

SITA Asia Pacific Air Transport IT Summit
18-19 April, Singapore
Brendan Sobie
Chief Analyst, CAPA – Centre for Aviation
## In-flight connectivity/wifi in Asia Pacific

**LCCs:**
- AirAsia
- Beijing Capital
- Cebu Pacific
- Nok
- Scoot (widebodies only)
- 9Air (soon)

**Full service airlines:**
- Air China
- Air New Zealand (soon)
- Air Tahiti Nui (soon)
- All Nippon Airways
- Asiana
- Cathay Pacific
- China Airlines
- China Eastern
- China Southern
- EVA Air
- Garuda Indonesia
- Hainan Airlines (soon)
- Malaysia Airlines
- Malindo Air
- Philippine Airlines
- Qantas (soon)
- Royal Brunei
- Singapore Airlines
- SriLankan

*Source: CAPA Fleet Database*
APAC airlines lagging behind with digital transformation?

Asia consumers: most connected
Asia airlines: generally less connected, particularly LCCs
North American/European airlines: more connected, better apps
Airports and immigration: less automation/self-service in Asia
Ancillaries: Asia airlines behind, leveraging data is key
Airlines globally: big push to use data in more meaningful ways
Opportunities in Asia: particularly big given growth in this market, expanding middle class, young population and consumer trends
Growth outlook: Asia Pacific leads the way

Global middle income class in 2009 and prediction for 2030

Source: OECD, Standard Chartered Bank
Groups with multiple LCCs in Asia-Pacific:
- AirAsia
- AirAsia X
- Cebu Pacific
- Jetstar
- VietJet
- Lion
- Spring
- Scoot (SIA)
Southeast Asia and South Asia LCCs dominate, accounting for over 40% of all Asia Pacific orders.

SE Asia LCC fleet: 700 aircraft and 1300 orders
India LCC fleet: 300 aircraft and 700 orders

Total Asia Pacific LCC fleet: 1700 aircraft and 2400 orders
Total Asia Pacific fleet: 9000 aircraft and 4500 orders

Source: CAPA Fleet Database

Source: CAPA – Centre for Aviation & OAG
LCCs: full service airlines respond/transform

• Full service airlines realise they can’t compete on short haul, but do reduce costs and frills
• FSCs continue to dominate long haul with network operations but LCCs are starting to expand long haul operations as new, economical aircraft types arrive

• **Over 15 FSC Groups in Asia Pacific now have LCCs:** Air India, ANA, Asiana, China Airlines, China Eastern, Garuda, Hainan, JAL, Korean Air, Qantas, Singapore Airlines, Thai Airways, Vietnam Airlines, Virgin Australia
LCCs: hybridisation

- Encourage and facilitate transfer
- Fly long haul, with some connectivity
- Add premium seating
- Interline and codeshare with FSCs
- Market to business travellers and corporate
- Look after passengers when there are disruptions

- Jetstar, Scoot are among Asian LCCs no longer following the pure model
### Long haul LCCs

Started in Asia Pacific. Has become more global in last five years but a lot of the growth is still in this region.

<table>
<thead>
<tr>
<th>Airline</th>
<th>Country</th>
<th>Affiliation or parentage</th>
<th>Launch year</th>
<th>Aircraft type currently in use</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jetstar</td>
<td>Australia</td>
<td>Qantas</td>
<td>2006</td>
<td>787-8</td>
</tr>
<tr>
<td>AirAsia X</td>
<td>Malaysia</td>
<td>AirAsia</td>
<td>2007</td>
<td>A330-300</td>
</tr>
<tr>
<td>Scoot</td>
<td>Singapore</td>
<td>Singapore Airlines</td>
<td>2012</td>
<td>787-8/9</td>
</tr>
<tr>
<td>Norwegian Air Shuttle</td>
<td>Norway</td>
<td>Norwegian</td>
<td>2013</td>
<td>787-8</td>
</tr>
<tr>
<td>Air Canada rouge</td>
<td>Canada</td>
<td>Air Canada</td>
<td>2013</td>
<td>767-300ER</td>
</tr>
<tr>
<td>Cebu Pacific</td>
<td>Philippines</td>
<td>Cebu Pacific</td>
<td>2013</td>
<td>A330-300</td>
</tr>
<tr>
<td>Norwegian Air International</td>
<td>Ireland</td>
<td>Norwegian</td>
<td>2014</td>
<td>787-8/9</td>
</tr>
<tr>
<td>Jin Air</td>
<td>South Korea</td>
<td>Korean Air</td>
<td>2014</td>
<td>777-200</td>
</tr>
<tr>
<td>Azul</td>
<td>Brazil</td>
<td>Azul</td>
<td>2014</td>
<td>A330-200</td>
</tr>
<tr>
<td>Thai AirAsia X</td>
<td>Thailand</td>
<td>AirAsia</td>
<td>2014</td>
<td>A330-300</td>
</tr>
<tr>
<td>Indonesia AirAsia X</td>
<td>Indonesia</td>
<td>AirAsia</td>
<td>2014</td>
<td>A330-300</td>
</tr>
<tr>
<td>NokScoot</td>
<td>Thailand</td>
<td>Singapore Airlines</td>
<td>2015</td>
<td>777-200</td>
</tr>
<tr>
<td>Lion Air</td>
<td>Indonesia</td>
<td>Lion</td>
<td>2015</td>
<td>A330-300</td>
</tr>
<tr>
<td>WestJet</td>
<td>Canada</td>
<td>WestJet</td>
<td>2015</td>
<td>767-300ER</td>
</tr>
<tr>
<td>Beijing Capital</td>
<td>China</td>
<td>Hainan Airlines</td>
<td>2015</td>
<td>A330-200/A330-300</td>
</tr>
<tr>
<td>Eurowings*</td>
<td>Germany</td>
<td>Lufthansa</td>
<td>2015</td>
<td>A330-200</td>
</tr>
<tr>
<td>Wow Air</td>
<td>Iceland</td>
<td>Wow</td>
<td>2016</td>
<td>A330-300</td>
</tr>
<tr>
<td>French Bee</td>
<td>France</td>
<td>N/A</td>
<td>2016</td>
<td>A330-300/A350-900</td>
</tr>
<tr>
<td>Norwegian Air UK</td>
<td>United Kingdom</td>
<td>Norwegian</td>
<td>2017</td>
<td>787-9</td>
</tr>
<tr>
<td>Level*</td>
<td>Spain</td>
<td>IAG</td>
<td>2017</td>
<td>A330-200</td>
</tr>
<tr>
<td>Thai Lion Air</td>
<td>Thailand</td>
<td>Lion</td>
<td>2017</td>
<td>A330-300</td>
</tr>
</tbody>
</table>