

Asia report: Back to the future



The Asia Pacific region is now experiencing 2019 volumes and the trajectory is continued growth

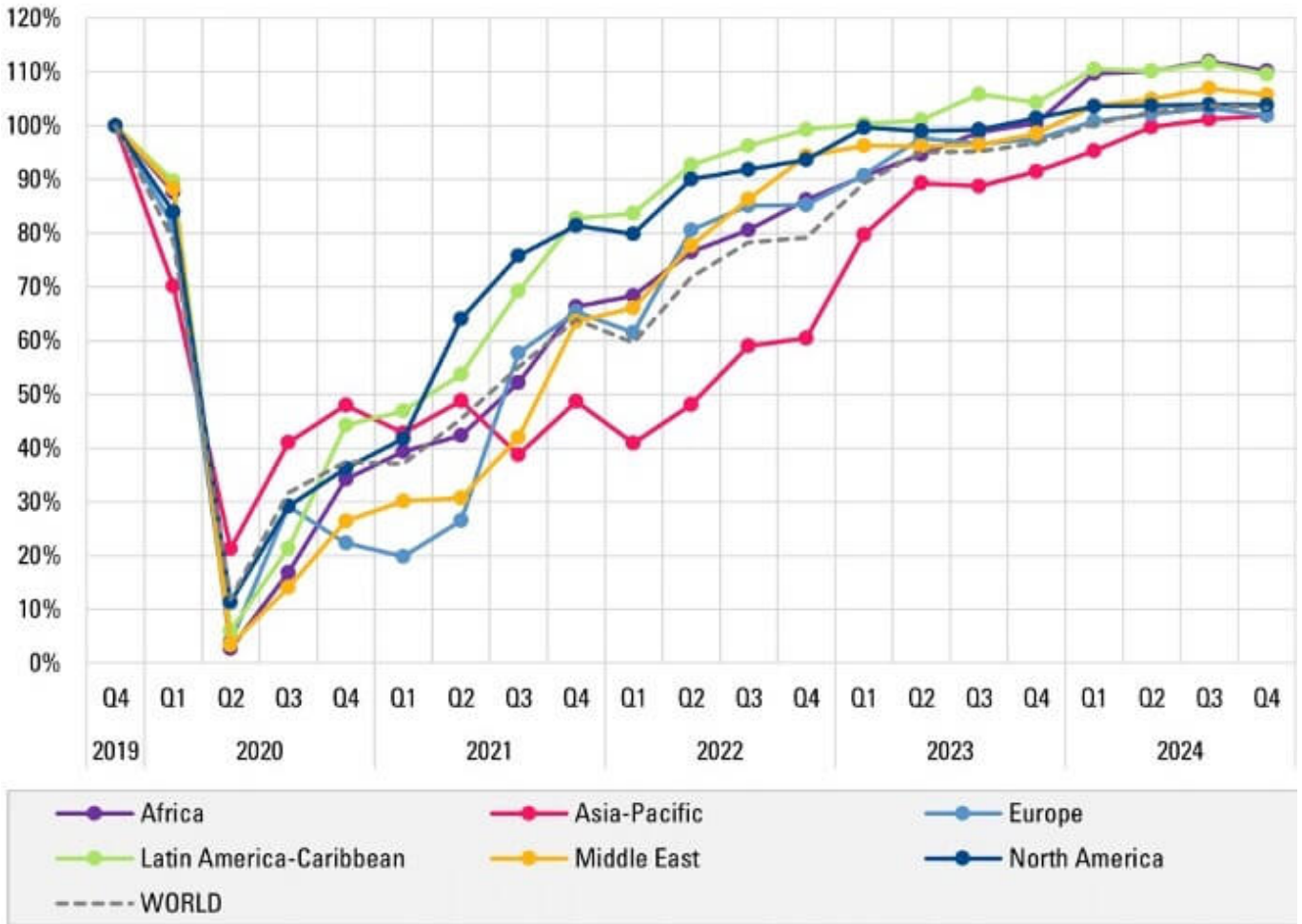
In *PAX International's* last overview of the Asian aviation in November 2023, we saw recovery and what looked like the last remnants of the post-covid jitters. Now, a year on, we can look at the travel situation here with a more educated eye.

Travel is up, cabins are full, airports are busy and for the suppliers, caterers and ancillary providers, the revenues are also looking much like they did in 2019.

The expected reductions to service levels that occurred after previous major challenges to the aviation world, have not manifested. Some airlines have cut back or redesigned services, but the trend here is cuts not due to a shortage of passengers but either part of overall profit maximization or in the name of "sustainability"—the new way to say "let's cut costs."

Growth is not restricted to passengers returning, but this year, compared to last, airlines feel emboldened to the point of establishing new routes and increased service frequencies.

Growth – Slow to start but by Q4 2024, Asia is the only one climbing



Growth by region

[Thai Airways](#) started new routes to Milan and Oslo, [Vietnam Airlines](#) is expanding beyond London into Europe, and Japanese carriers are also recommissioning routes. [Singapore Airlines](#) destinations that will reach or exceed pre-2020 frequencies include Ahmedabad, Beijing, Shanghai, Copenhagen, Da Nang, Darwin, Melbourne, Perth, Dubai, Tokyo-Haneda, Seattle and Houston.

The challenge is now no longer the recommissioning of mothballed aircraft, but actually getting new ones.

Airlines have used the opportunity of the past four years to rethink fleets and try to get more coherence and efficiency. Thai Airways, [Malaysia Airlines](#) (MAS) [Korean Air](#), [Eva](#) and others, including JAL, are all at it.

WHO'S CARRYING THE MOST PASSENGERS?

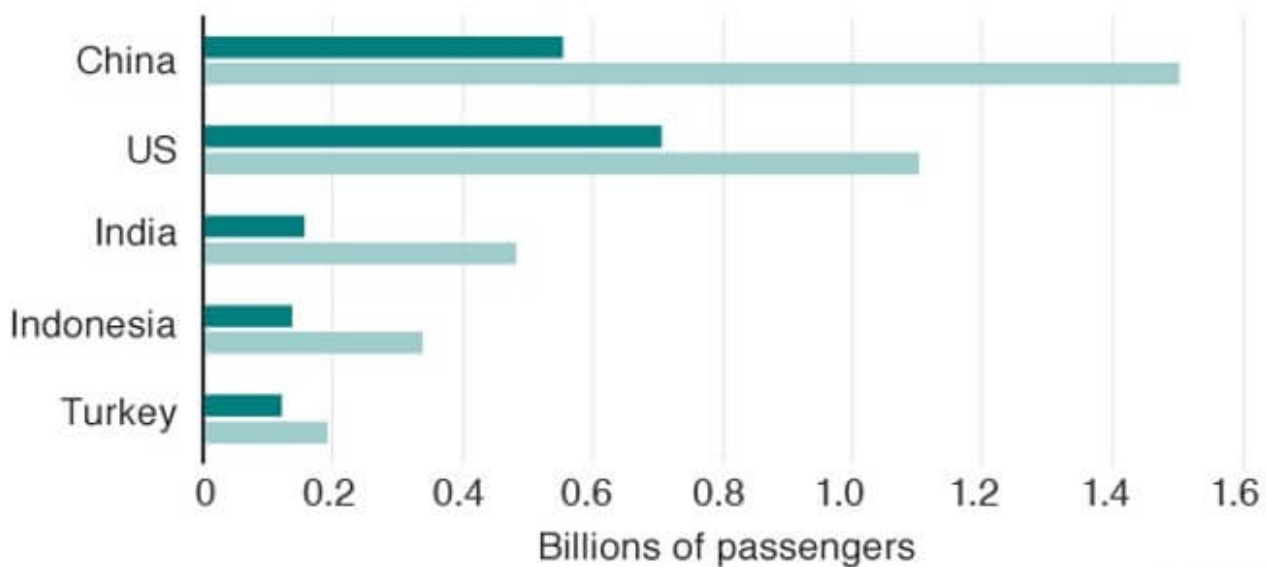
Asia Pacific airlines carry most people

Market share of air travel by region's carriers (based on passenger numbers)



Fastest growing markets

■ 2016 passengers ■ 2036 forecast



Source: IATA



Asia Pacific airlines carry the most passengers

The problem is worsened by problems at Boeing, slow delivery from Airbus and issues with some engine supply. MAS has had to cut planned routes to parts of Asia and the Sub continent by up to 30 percent. Malaysia Transport Minister, Anthony Loke said "MAB has also undertaken the procurement of new fleets as part of a strategy to boost passenger confidence in the airline, in addition to ensuring adequate aircraft availability to meet scheduled flight demands."

European airlines are not immune. Cuts to Asia because of equipment delays are expected as the

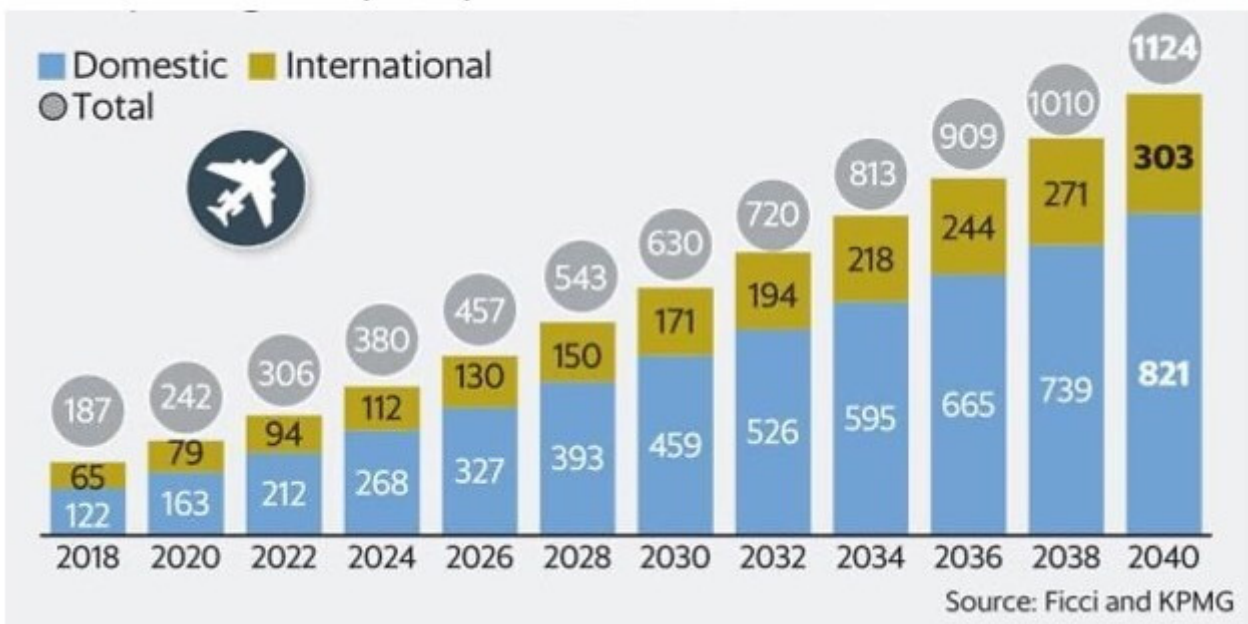
focus is on the North Atlantic. [British Airways](#) axed planned flights to Kuala Lumpur for Q4 and has only just resumed flights to Bangkok due to shortages of Rolls-Royce engines.

Locally, new routes and destinations connecting cities that previous were unconnected are appearing largely thanks to the aggressive push by the low cost carriers. There is a lot more point-to-point traffic within Indonesia, Vietnam, Laos and Thailand. [Airasia](#) is expanding massively into the Indian market announcing earlier this year a “This is India” campaign to 10 cities across the country for very low fares.

So, what does this mean for the suppliers? Well its mostly good news as spend on provisioning creeps back up. Both [LSG](#) and [gategroup](#), which are equity backed and therefore vulnerable to leaner returns, can be satisfied with the growth pattern evolving in Asia. It took time, at least two years behind the U.S. and Europe, but the yields are better and the future looks more secure.

INDIA – unprecedented growth expected

TOTAL PX TO/FROM INDIA (million)



Major growth expected in India

Local independents are reporting stability and moderate growth of profits.

[Bangkok Air Catering](#) reports it is at 2019 levels and there are more customers, especially Chinese carriers, waiting in the wings.

A major challenge remains staffing. Suppliers that clung to quality people through the tough times are in a better position to manage the growth demand.

Interestingly, the demand for full service travel does not seem to have diminished and the business class cabins are doing well.

There is one issue however, that has been ignored, or maybe we don't necessarily want to face it just yet... We covered the topic back in November 2023 at the APOT conference Da Nang and it is this: We are now experiencing 2019 volumes and the trajectory is continued growth.

We are also looking at exceeding 2019 yields thanks largely to increased fare prices.

These higher prices do not seem to have dulled demand. The data suggests that all of this return to the past excludes the majority of the Chinese mainland travellers who, in 2019, contributed a significant percentage of the volume, but have yet to return to anywhere close to the same numbers we saw then.

When they do... It's going to get tight. So, as we go back to the future, let's hope Airbus, Boeing and Rolls-Royce get it sorted. And caterers—hire more chefs!