

INTRODUCTION OF AIRLINE BUSINESS

Chapter 1

1

TRANSPORTATION

- Transportation is an essential element of the tourist product in three ways
 - The means to reach the destination
 - A necessary means of movement at the destination
 - In a minority of instances it is the actual tourism attraction or activity



COMPONENTS OF THE TRANSPORTATION SYSTEM

- The way
- The terminal
- The vehicle
- Motive power



THE HISTORICAL OF TOURISM : RECENT CHANGE IN TRANSPORT

	1960s – 1970s	1980s – 1990s	2000 on
Air	<p>Jet aircraft Boeing 707</p> <p>Cheap fuel</p> <p>800 – 950 km/h</p> <p>Charters take off</p>	<p>Wide-bodied jet 747</p> <p>Extended range</p> <p>Fuel efficient</p> <p>No increases in speed except Concorde</p>	<p>Concorde withdrawn</p> <p>Megacarriers emerge of 500 – 800 seats</p> <p>More fuel – efficient carriers – Boeing Dreamliner</p>
Sea	<p>Air overtakes sea on North Atlantic</p> <p>Hovercraft and faster craft being developed</p>	<p>Fly-cruise established</p> <p>Larger and more comfortable ferries</p> <p>Fast catamarans developed</p>	<p>Even larger cruise ships</p>

	1960s – 1970s	1980s – 1990s	2000 on
Road	Cars used for domestic tourism Speed 115 km/h	Rise in car ownership rates Urban congestion Green fuel Improved coaches	LPG powered and hybrid vehicles
Rail	Electrification	High – speed networks develop in Europe	Faster trains to 300 kph

FACTORS INFLUENCING CHOICE

- Distance
- Length of stay
- Status and comfort
- Safety
- Price
- Geographical location
- Availability
- Reliability
- Frequency of service
- Convenience
- flexibility

AVIATION INDUSTRY

- Aviation industry is the business sector **that manufactures, maintains, and operates the aircrafts and the airports**. When it comes to aviation, there is a broad range of responsibilities within. It comprises activities at the airport as well as in the aircraft. It **involves ground duties** that are required to perform before the flight takes off, the activities during the flight, and the activities after it lands.

WHAT IS AVIATION?

- The term aviation, was coined by a French pioneer named *Guillaume Joseph Gabriel de La Landelle* in 1863. It originates from the Latin word *avis* that literally means bird. **Aviation means all the activities related to flying the aircraft.**

WHAT IS AVIATION MANAGEMENT?

- Aviation management involves **managing the workflow of airline, airport, or other businesses pertaining to aviation or aerospace industry** by carrying out the day-to-day operations of an airport or an airline.

IMPORTANT FACTORS DRIVING CIVIL AVIATION

- The following are some most important factors that drive civil aviation –
 - The Low Cost Carriers (LCCs), modern airports
 - Emphasis on regional connectivity
 - Foreign Direct Investment (FDI) in domestic airlines
 - Advanced information technology (IT) interventions

DEFINITION OF AIRLINE INDUSTRY

- Airline industry is a system of transportation
- Part of Aviation industry
- Moving people and goods
- Utilizing the airways
- One of the only true global businesses

SCOPE OF AIRLINE INDUSTRY

Aircraft Manufacturers

- Commercial transport
- General Aviation planes
- Military aircrafts

Airport Operations

- Runways
- Navigation system

Support Industries

- Fuel Supply
- Maintenance
- Ground transportation
- Hospitality Industry
- Car Rentals

Service Providers

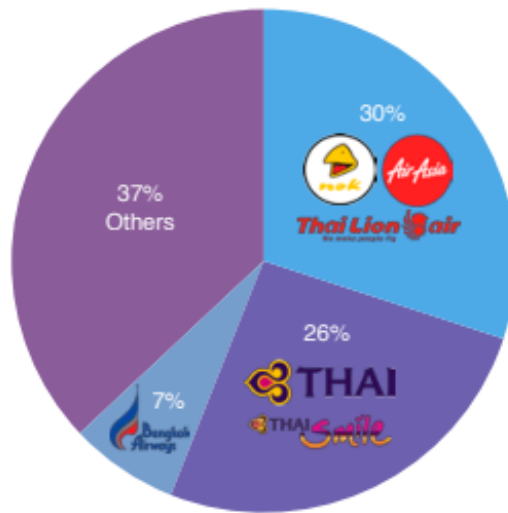
- Travel Agents
- Freight Forwarders

THAILAND'S AVIATION INDUSTRY

- The prominence of Thailand's aviation industry is highlighted by significant growth in the amount of airline traffic, cargo movements and number of passengers passing through Thailand's international airports.
- Of all **38 commercial airports** operating under many organizations and associations. However, there are **12 international airports** covering all key destinations in Thailand.

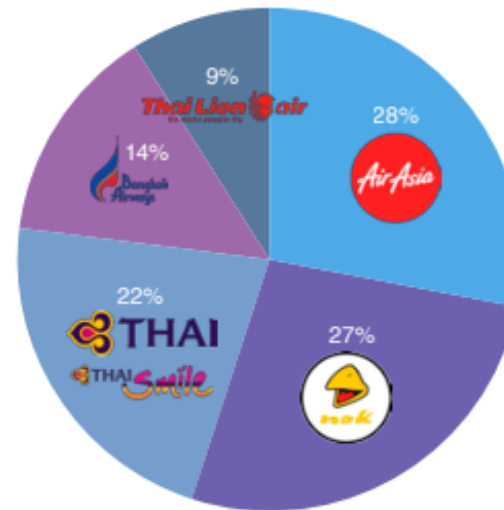
- The airline business in Thailand continues to prosper as the number of visitors to Thailand increase. The expansion of Thai Airlines is mainly driven by dramatic rise in the demand for low cost carriers. Currently, **the market share of low-cost airlines contributes to only about 30% of the total market share**, which showcases the huge growth opportunity in this sector.

Market Share International and Domestic Flights



- Low-cost Airlines
- Thai Airways / Thai Smile
- Bangkok Airways
- Others

Market Share Domestic Flights Only



- Air Asia
- Nok Air
- Thai Airways / Thai Smile
- Bangkok Airways
- Thai Lion Air

INDUSTRY SNAPSHOT

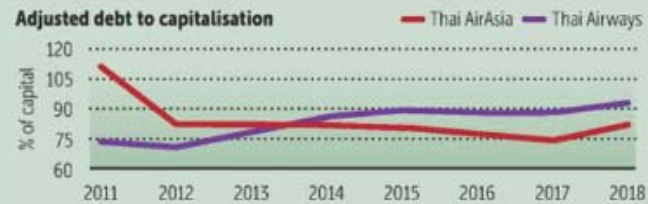
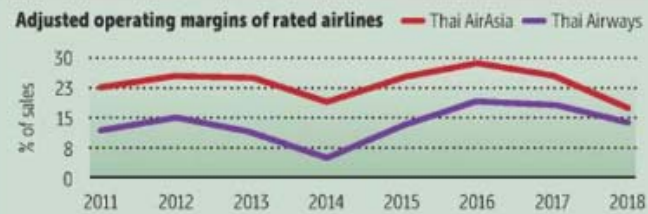
Airline market share by passengers, Suvarnabhumi and Don Mueang airports



Source: Airports of Thailand Plc



Source: Thaioil Plc



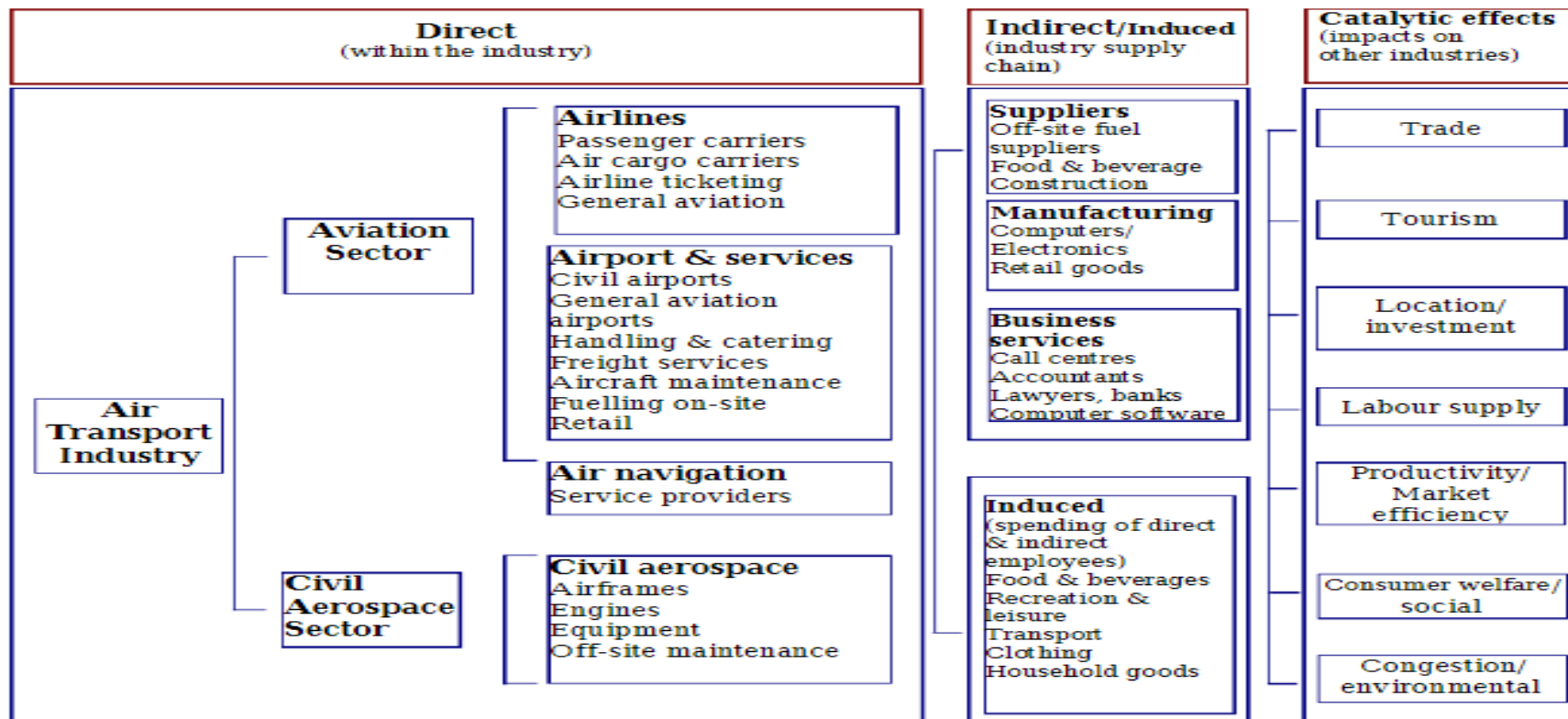
Source: Tris Rating

BANGKOK POST GRAPHICS

THE LOCAL ENVIRONMENTAL IMPACT OF AIR TRANSPORTATION

- Noise pollution
- Ground level air emissions
- groundwater contamination
- greenhouse gas emissions

ECONOMIC IMPACT OF AIR TRANSPORTATION



- **Direct impacts:** These cover employment and activity within the air transport industry including airline and airport operations, aircraft maintenance, air traffic control and regulation, and activities directly serving air passengers, such as check-in, baggage-handling, on-site retail and catering facilities. Not all of these activities necessarily take place at an airport, with some taking place at head office. Direct impacts also include the activities of the aerospace manufacturers selling aircraft and components to airlines and related businesses. Of the 5 million direct jobs generated by the air transport industry worldwide, 4.3 million people are employed by the airlines and airports globally, contributing around US\$ 330 billion of GDP to the global economy in 2004.

- **Indirect impacts:** These include employment and activities of suppliers to the air transport industry, for example, jobs linked to aviation fuel suppliers; construction companies that build additional facilities; the manufacture of goods sold in airport retail outlets, and a wide variety of activities in the business services sector (call centers, IT, accountancy, etc.). 5.8 million indirect jobs are supported through purchases of goods and services by companies in the air transport industry. Examples include jobs in the energy sector generated through the purchase of aircraft fuel; employment in the IT sector providing computer systems for the air transport industry; or the workers required to manufacture retail goods. The contribution of these indirect jobs to global GDP is US\$ 375 billion.

- **Induced impacts:** These include spending by those directly or indirectly employed in the air transport industry that supports jobs in industries such as retail outlets, companies producing consumer goods and a range of service industries (e.g. banks, restaurants, etc.). 2.7 million induced jobs are supported through employees in the air transport industry (whether direct or indirect) using their income to purchase goods and services for their own consumption. This includes jobs in retail and a range of service industries. The induced contribution to global GDP is US\$ 175 billion (2004 estimation).(ATAG,2005:6)

- **Catalytic impacts:** The air transport industry's most important economic contribution is through its impact on the performance of other industries and as a facilitator of their growth. It affects the performance of the world economy, improving the efficiency of other industries across the whole spectrum of economic activity – referred to as catalytic benefits. 15.5 million jobs are the result of catalytic impact. According to 2004 estimation of the catalytic contribution to global GDP is US\$ 2135 billion. (ATAG,2005:9)

SOCIAL IMPACT OF AIR TRANSPORTATION

- The impact of the air transport industry is not just a result of the economic activity it generates or facilitates. Air transport expands **the range of consumer choices and opportunities to visit other countries and to experience new cultures.** (ATAG,2005:21) Availability of air services can be **an important indicator of the quality of life** - particularly for remote areas. These social and regional accessibility benefits are far more difficult to quantify. However, they are vital to the development of remote regions. Quite simply, without air service access, many regions would be denied participation in the modern world. (ACI,2004:7)