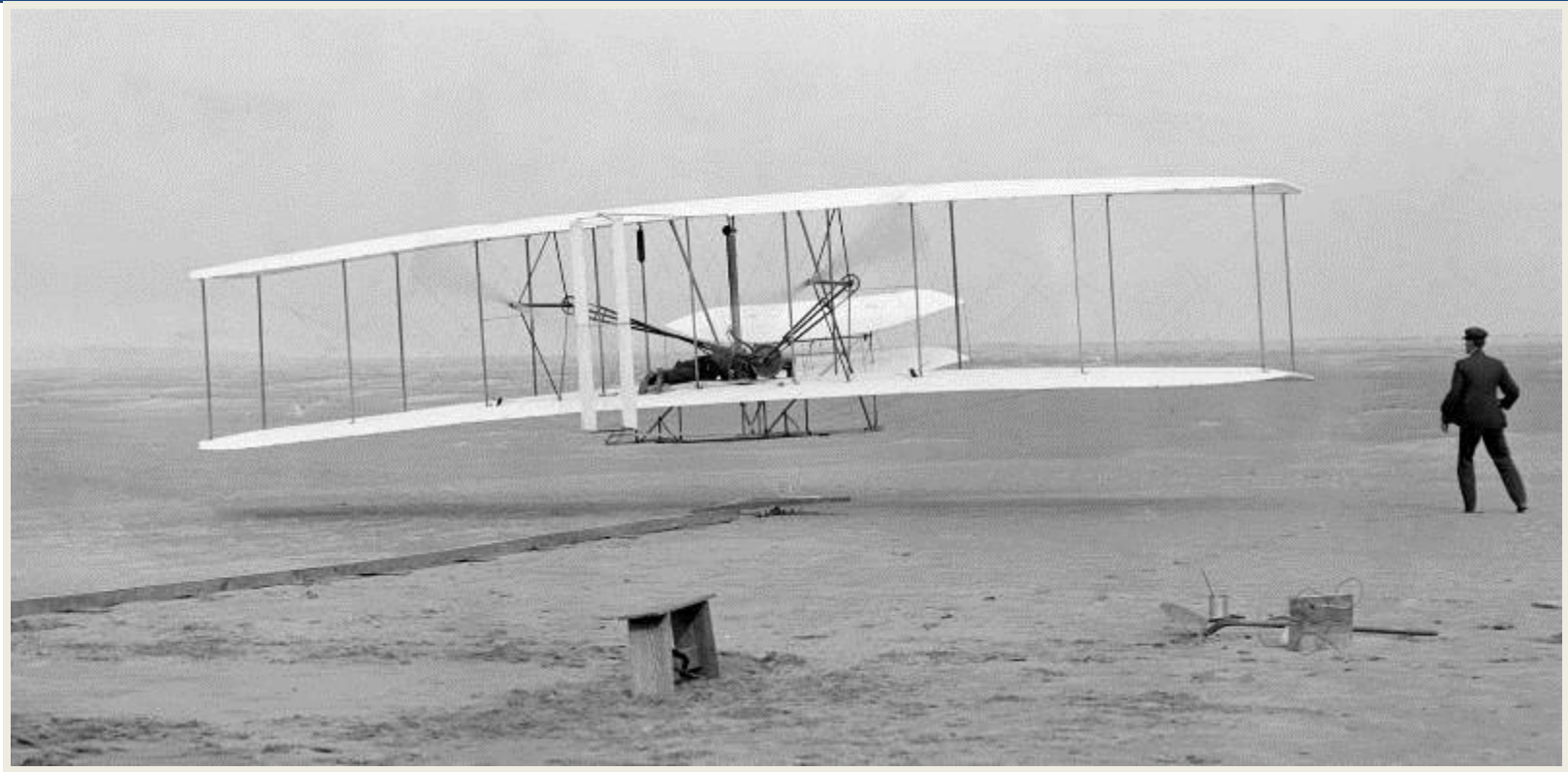




# Travel Distribution Summit Asia 2013

*Duncan Bureau*  
*SVP, Global Sales & Distribution*  
*Malaysia Airlines*

# The Airline industry is tough



**"If I was at Kitty Hawk in 1903 when Orville Wright took off, and would have been farsighted enough, and public-spirited enough -- I owed it to future capitalists -- to shoot them down..."**

Warren Buffet



# US Airline Graveyard – A Only

AAXICO Airlines (1946 - 1965, to Saturn Airways)  
Access Air (1998 - 2001)  
ADI Domestic Airlines  
Aeroamerica (1974 – 1982)  
Aero Coach (1983 – 1991)  
Aero International Airlines  
Aeromech Airlines (1951 - 1983, to Wright Airlines)  
AeroSun International  
AFS Airlines  
Air America (operated by the CIA in SouthEast Asia)  
Air America (1980s)  
Air Astro  
Air Atlanta (1981 - 88)  
Air Atlantic Airlines  
Air Bama  
Air Berlin, Inc. (1978 – 1990)  
Airborne Express (1946 - 2003, to DHL)  
Air California, later AirCal (1967 - 87, to American)  
Air Carolina  
Air Central (Michigan)  
Air Central (Oklahoma)  
Air Chaparral (1980 - 82)  
Air Chico  
Air Colorado  
Air Cortez  
Air Florida (1972 - 84)  
Air Gemini

Air General  
Air Great Lakes  
Air Hawaii (1960s)  
Air Hawaii (ceased Operations in 1986)  
Air Hyannix  
Air Idaho  
Air Illinois  
Air Iowa  
Airlift International (1946 - 81)  
Air Kentucky  
Air LA  
Air-Lift Commuter  
Air Lincoln  
Air Link Airlines  
Air Link Airways  
Air Metro  
Air Miami  
Air Michigan  
Air Mid-America  
Air Midwest  
Air Missouri  
Air Molakai (1980)  
Air Molakai (1990)  
Air Molakai-Tropic Airlines  
Air Nebraska  
Air Nevada  
Air New England (1975 - 81)

# US Airline Graveyard – Still A

Air New Orleans (1981 – 1988)

Air Niagara

Air North (Alaska)

Air North (1963 - 83, to Brockway Air)

Air O'Hare

Air Olympia

Air Oregon

Air One (1990s)

AirPac

Air Pacific (USA)

Air Pennsylvania

Air Resorts Airline

Air Sierra

Air South (1968 - 75, to Florida Airlines; 1994-1997)

Air South (1981 – 1982)

Air South (1986 – 1987)

Air South (1994 – 1997)

Air Speed (1974)

Air Spirit

Air Sunshine (1970s)

Air Sunshine (1980s)

Air Texana

Air Texas

Air Trails

Air 21

Air US

Air Utah

AirVantage Airways

Air Vegas (1971 – 2004)

Air Vermont

Air Virginia

Airways of New Mexico

Air West

Alaska Air Transport (1935 – 1939)

Alaska Coastal Airlines (1939 – 1968)

Alaska Coastal-Ellis Airlines

Albany Air

All American Aviation Company

Allegheny Airlines (became US Airways)

Aloha Airlines

America West Airlines (1981)

America Central Airlines

American Export Airlines

American Flyers Airline

American International Airways

American Overseas Airlines

Arista International Airlines

Arizona Airways

Arizona Airways (1993-1996)

Aroostook Airways

Aspen Airways (1962 - 90)

ATA Airlines (1973 – 2008)

Atlantic Coast Airlines (1989 - 2004, to Independence Air)

Atlantic Gulf Airlines

# US Airline Graveyard – B to F

Bar Harbor Airlines (1971-92)  
Big Sky Airlines (1971 – 1992)  
Boeing Air Transport (1927 - 30)  
Bonanza Air Lines (1945 - 68) to Hughes Airwest  
Braniff (1983-1990)  
Braniff (1991-1992)  
Braniff International Airways (1928 - 82 and 1984 - 89)  
Britt Airways  
Brockway Air  
Burlington Airways  
Business Express Airlines  
CalPac (California Pacific) (1993 - 95 to Mesa Airlines)  
Cal Sierra Airlines (1980)  
Cape Smythe Air (1975 - 2005, to Frontier Flying Service)  
Capitol Air Lines (1970s-1980s)  
Capital Airlines (1936 - 61, to United Airlines)  
Capitol Airways (1946 - 82)  
Cardinal Airlines  
Caribbean Sun (2002 – 2007)  
Carnival Air Lines  
Cascade Airways (1969 - 86)  
Catalina Airlines (1940 - 69)  
CCAir  
Centennial Airlines  
Central Airlines (1944 - 67)  
Challenge Air Cargo (1978 - 2001)  
Champion Air

Chicago Air  
Chicago and Southern Air Lines (1934 - 53)  
Chicago Express Airlines (1993 - 2005)  
Coastal Airways (1929 – 1930)  
Coshise Airlines  
Colgan Airways (1971 – 86)  
Colonial Air Transport (1926 - 30)  
Command Airways  
Conquest Sun Airways  
Crown Airways  
Curtiss Flying Service (1929 - 32)  
Delta Express (1996 – 2003)  
Desert Sun Airlines (1995 - 97 to Mesa Airlines)  
Eastern Air Lines (1926 - 91)  
Eastwind Airlines  
Ellis Airlines (1936 – 1962)  
Emerald Air (1978 - 91)  
Emery Worldwide Airlines (1977 - 2003)  
Empire Airlines (1976 - 85, to USAir)  
Eos Airlines (2004 – 2008)  
Eureka Aero (1975 – 1979)  
Falcon Air Express (1995 – 2007)  
Fine Air (1989 – 2004)  
Florida coastal Airlines (ceased operations 2006)  
Florida Express (merged with Braniff, Inc.)  
Florida Gulf Airlines (1991 - 97 to Air Midwest)  
Flying Tiger Line (1945 - 88, to Fe

# US Airline Graveyard - F to M

Freelandia

Frontier Airlines (1950-1986)

Galaxy Airlines

Gem State Airlines (1979)

Gemini Airlines

Global International Airways (1981 - ?)

Golden Gate Airlines (1980 – 1981)

Golden Pacific Airlines (1980 – 1973)

Golden Pacific Airlines (1981 – 1988)

Golden West Airlines Great Plains Airlines (2001 - 2004)

Great Plains Airlines (2001 – 2004)

Great Western Aviation Company (to AirVantage Airlines)

Gulf Air Transport (1979 - 1990)

Hooters Air (2003 - 2006, currently charter flights only)

Hughes Airwest (1968 - 80, to Republic Airlines)

Imperial Airlines (1964 - 82)

Independence Air (2004-2006) (ceased operations in 2006)

Independent Air (1966 – 1990)

Indigo Airlines

Intermountain Airlines

Irving Airways (1936)

Island Pacific Air

Jet 24 (1981 – 1986)

Jet Express

JetWest (1969 – 1970)

Key Airlines

Kitty Hawk Airways

Kitty Hawk International (to Kalitta Air)

Kiwi International Air Lines

L'Express Airlines (1989 – 1992)

Lake Central Airlines (1949 - 68, to Allegheny Airlines)

Lakeland Airlines (1980 - 84)

Las Vegas Airlines (1973 - 87)

Legend Airlines (1996 - 2000)

Leisure Air (1992 – 1995)

Liberty Express Airlines ((1994 - 97 to Air Midwest)

Lone Star Airlines

Mackey Airlines (1957 - 81)

Maddux Airlines (1927 - 29, to Transcontinental Air Transport)

Mahalo Air (1993 - 97)

Mall Airways (1973 - 89, to Business Express)

Marine Airways (1936 – 1939)

MarkAir (1947 - 95)

Marquette Airlines (to Trans World Airlines)

MAXjet (2005 – 2007)

Mayflower Airlines (1936 – 1945)

MetroJet

Mexus Airlines

MGM Grand Air

MidAtlantic Airways

Mid-Continent Airlines (1928 - 1952, to Braniff)

Mid Pacific Air (1981 - 88)

Mid-State Airlines (1964 - ?, to Sentry Airlines)

Midway Airlines (1979 - 81 and 19



# US Airline Graveyard – M to R

Mississippi Valley Airlines (1969 - 85)  
Modern Air Transport  
Mohawk Airlines (1952 - 88, to Allegheny Airlines)  
Morris Air to Southwest Airlines  
Mountain Air Express  
Mountain West Airlines (1995 - 97 to Mesa Airlines)  
Muse Air to Southwest Airlines  
National Airlines (1929 - 80, to Pan American World Airways)  
National Airlines (1983 - 1986)  
National Airlines/Private Jet Expeditions (1994-1995)  
National Airlines (1999 - 2002)  
National Air Transport (1926 - 30)  
Nations Air Express (1994-1998)  
Nationwide Airlines Southeast  
New England & Western Air Transportation Co. (1930)  
New York Air (1980 - 86, to Continental Airlines)  
New York Airways (1949 - 1979)  
New York, Rio, and Buenos Aires Line (to Pan American World Airways)  
North Central Airlines (1953 - 79)  
Northeast Airlines (1940 - 72, to Delta Air Lines)  
Northeastern International Airways (1980 - 1986)  
Overseas National Airways (1950 - 78)  
Ozark Airlines (1943 - 86, to Trans World Airlines)  
Pacific Air Lines  
Pacific Air Transport (1926 - 27)  
Pacific Alaska Airways (1973 - 86)

Pacific East Airlines (ceased operations 1984)  
Pacific Express  
Pacific Nevada Airlines  
Pacific Southwest Airlines (PSA) (1945 - 86, to USAir)  
Pan American Airways (1996-1998)  
Pan American Airways (1998-2004)  
Pan American-Grace Airways (Panagra) (1928 - 67, to Braniff International Airways)  
Pan American World Airways (1927 - 91)  
Pan Am Express  
Paradise Island Airlines  
Pennsylvania Central Airlines  
People Express (1981 - 87, to Continental Airlines)  
Piedmont Airlines (1940 - 89, to USAir)  
Pilgrim Airlines  
Pioneer Airlines  
Planet Airways (????- June 8, 2005,  
Potomac Air  
Presidential Airways (1985 - 89)  
Private Jet Expeditions (????-1995)  
Pride Air (August 1985 - November 1985)  
Pro Air (1997 - 2000)  
Provincetown-Boston Airlines  
Ransome Airlines (1967 - 86)  
Rahm Rescue (? - 1971)  
Red Carpet Airlines  
Red Dodge Aviation

# US Airline Graveyard – R to T

Reeve Aleutian Airways (1932 - 2001)  
Regent Air  
RegionsAir (1996 – 2007)  
Reno Air (1990 - 99, to American Airlines)  
Republic Airlines (1979 - 86, to Northwest Airlines)  
Rich International Airways (1971 - 96)  
Riddle Airlines (1945 – 1965)  
Rio Airways (1970-1987)  
Robertson Air Service  
Rocky Mountain Airways (1964 - 86)  
Russia Jet Direct (2005)  
Samoa Air (2003)  
Saturn Airways (1960 - 76, to Trans International Airlines)  
Seaboard World Airlines (1946 - 80, to Flying Tiger Line)  
Shawnee Airlines (1968 – 1977)  
Shuttle by United and United Shuttle (1994 - 2001)  
Skybus Airlines (2007 – 2008)  
SkyTrain Airlines  
SkyValue (2006 - 2007)  
Skyway Airlines  
Slick Airways (1946 – 1965)  
Song (2003-2006 Merged back in with it's parent company,  
Delta Air Lines)  
South Pacific Island Airways  
Southeast Airlines(1992-2004)  
Southern Air Transport  
Southern Airways (1943 - 79, to Republic Airlines)

Southern Jersey Airways  
Southwest Airways (1926 – 30)  
Standard Airlines (1926 - 30)  
States West Airlines  
Stol Air Commuter  
Sunbird Airlines (1979 – 1987)  
SunCoast Airlines (? – 1988)  
Sun West Airlines  
Sunworld International Airlines (ceased operations 2004)  
Superior Airlines (1993 - 95 to Mesa Airlines)  
Swift Aire Lines (1969 - 81)  
TAG Airlines  
Tamir Transport (? – 1971)  
TAT - Maddux Air Lines (1928 - 30)  
Ted (2003 – 2009)  
Tempelhof Airways (1981 – 1990)  
Tennessee Airways  
Texas Air  
Texas Trans Air  
Texas International Airlines (1944 - 86, to Continental Airlines)  
The Hawaii Express (1982 – 1983)  
Tower Air (1983 - 2000)  
Trans Air (1979-1985)  
Transamerica Airlines (1948 - 86)  
Trans-Central Airlines  
Transcontinental Air Transport (1928 – 1930)  
TransMeridian Airlines (1995-2005)



# US Airline Graveyard – T to Z

Trans Ocean Airways (1979 – 1990)  
Trans International Airlines (1947 - 1986)  
TranStar Airlines (1981-1987)  
Trans-Colorado Airlines  
Trans-Texas Airways  
Trans World Airlines (1930 - 2001, to American Airlines)  
Trans World Express  
Trump Shuttle (1989 - 91, to US Airways)  
UltrAir (1993)  
Universal Airlines (1966 – 1972)  
ValuJet Airlines (to AirTran Airways, 1997)  
Vance International Airways (1949)  
Vanguard Airlines (1994 – 2002)  
Varney Airlines  
Vintage Props and Jets  
WestAir Commuter Airlines  
West Coast airlines (1940s – 1968)  
Western (2007)  
Western Airlines (1925 – 1987)  
Western Pacific Airlines (1998)  
Westward Airways (2002 – 2005)  
Wien Air Alaska  
Wilmington – Catalina Air Line  
WinAir Airlines (1998 – 1999)  
Wings Airways  
Wright Airlines  
Zantop Air Transport

Zantop Flying Service  
Zantop International Airlines

# The Airline Business

The fastest way to become a Millionaire is to have a Billion and then start an airline.....

***Richard Branson***  
***Virgin Group CEO***

# A Dynamic & Evolving Business



# New Airline Business Models

## What does this mean

- Airlines must reassess **ALL** of the assumptions that directed the airline business over the past 50 years
- All of the business processes that resulted from these assumptions must be evaluated again
- Example: The frequent business traveler versus the discount traveler

## Cost / Risk Drivers

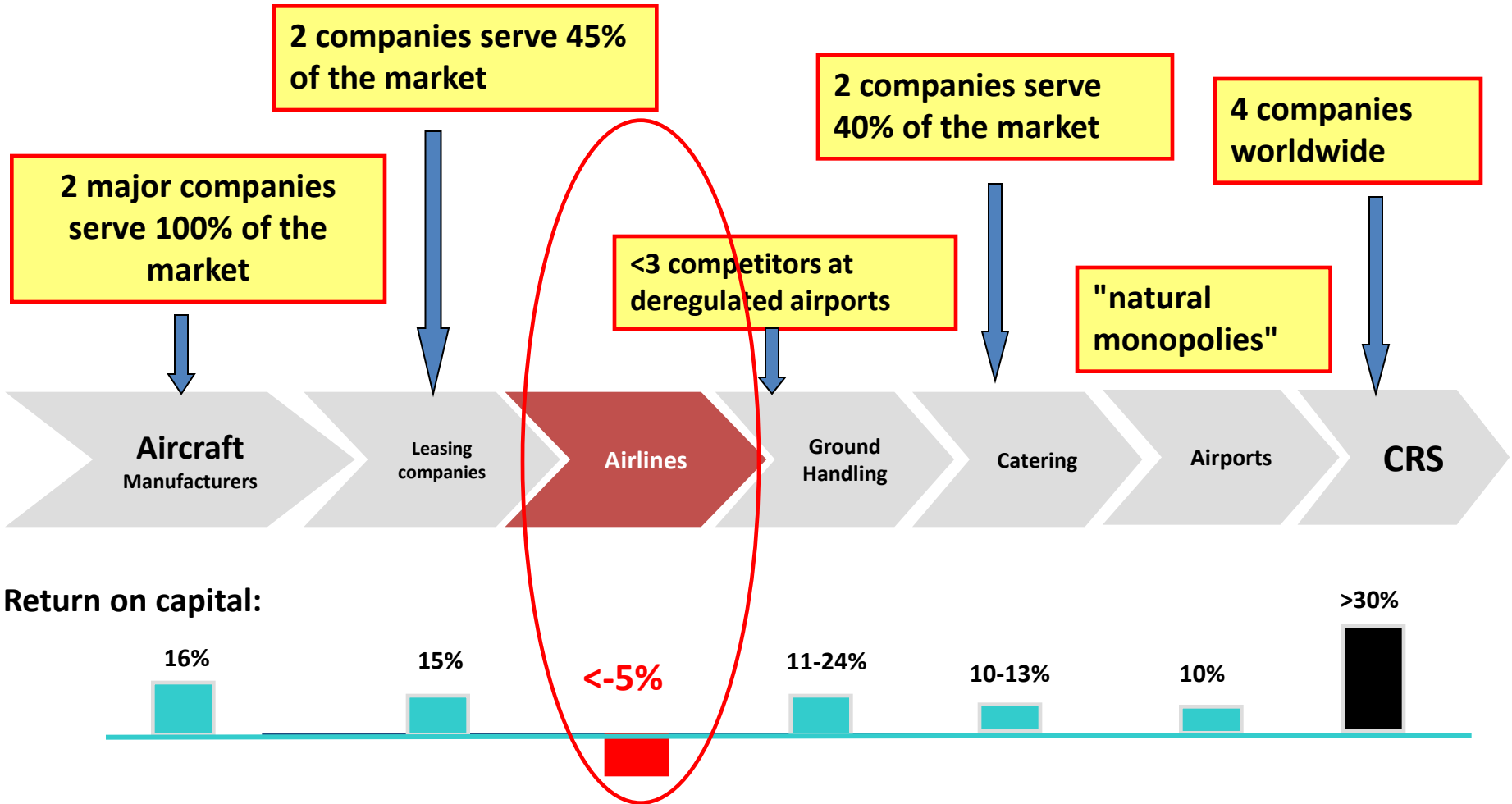
- Oil Prices
- Labour Costs
- Distribution Costs
- Credit Card Merchant Fee's

# Basic Questions Airlines need to Address

- What products and services do our guests want us to provide?
- Who is the customer for each product and service?
- What services do guests consider valuable & would pay for ?
- Where can we remove complexity & costs without diluting the value proposition to the consumer?
- Can we continue to afford to buy new airplanes ?
- How do we react to a competitor that has a cost of production that is up to 40% more efficient ?
- Will the airlines continue to consolidate across borders ?
- What do the economics look like on a channel level?
- How does the consumer want to transact with the airline ?

***He with the lowest cost of production wins***

# Airline Economics – Aviation Industry



**A re-distribution of Margin is required in order to keep this industry alive**



# Aviation Industry Outlook

IATA: ..the state of our industry is fragile.

Expected revenues of USD631 billion but a profit of just USD3.0 billion for 2012 - **0.5% net margin!**

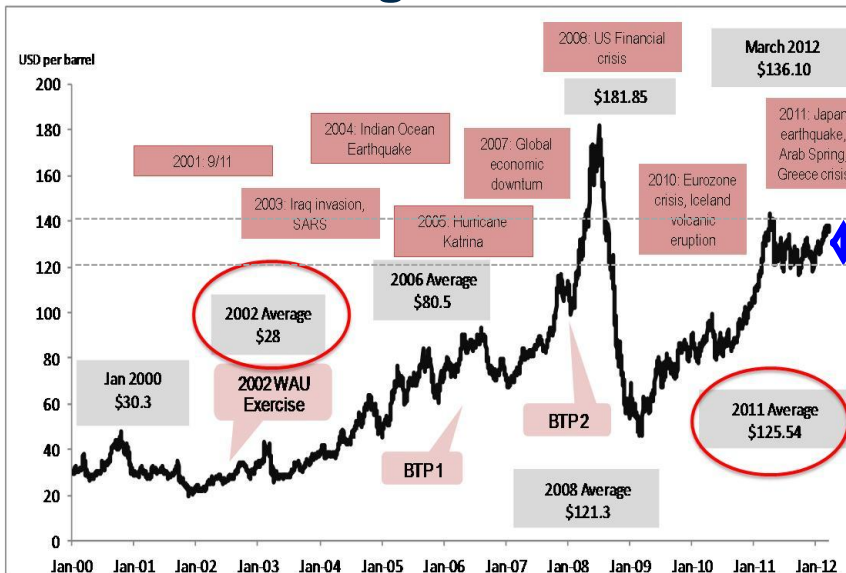
23 Aug: Qantas reports USD256 m loss and cancels 35 Boeing Dreamliners orders

9 Aug: Cathay Pacific posts HKD935 m (RM376 m) H1 net loss

July 25: Singapore Air Swings To Net Profit USD62m In Q1 but warned of a weak outlook for its cargo business.

3 Aug: JAL Q1 2012 net profit more than doubles to USD343 million (RM1.07b)

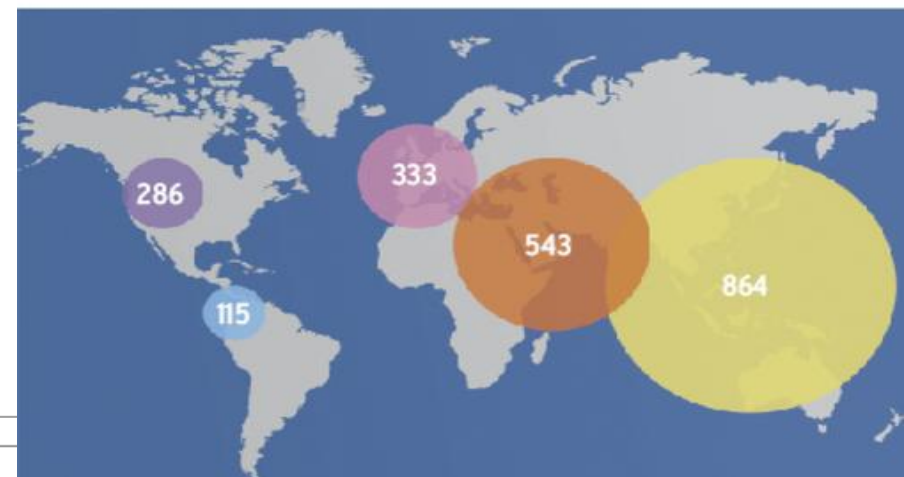
## Increasing Jet Fuel Price



## Threats of Overcapacity in Asia Pacific

### TOTAL WIDEBODY ORDERS BY REGION

SOURCE: CAPA - CENTRE FOR AVIATION AND OAG FLEET INET



Jan to Aug 12

# Emergent Key Players

**Population: 7.2 mil**  
**Fleet size:**  
**361 in service**  
**494 on order**

Airline	Current	Orders
Emirates	183	211
Qatar	111	208
Etihad	67	75

Airline	Current	Orders
Garuda	78	163
Lion	81	237

**Population: 240 million**  
**Fleet size:**  
**159 in service**  
**400 on order**



Airline	Current	Orders
China Southern	368	196
China Eastern	302	272
Air China	285	152
Japan Airlines	121	149
Korean Air	149	74

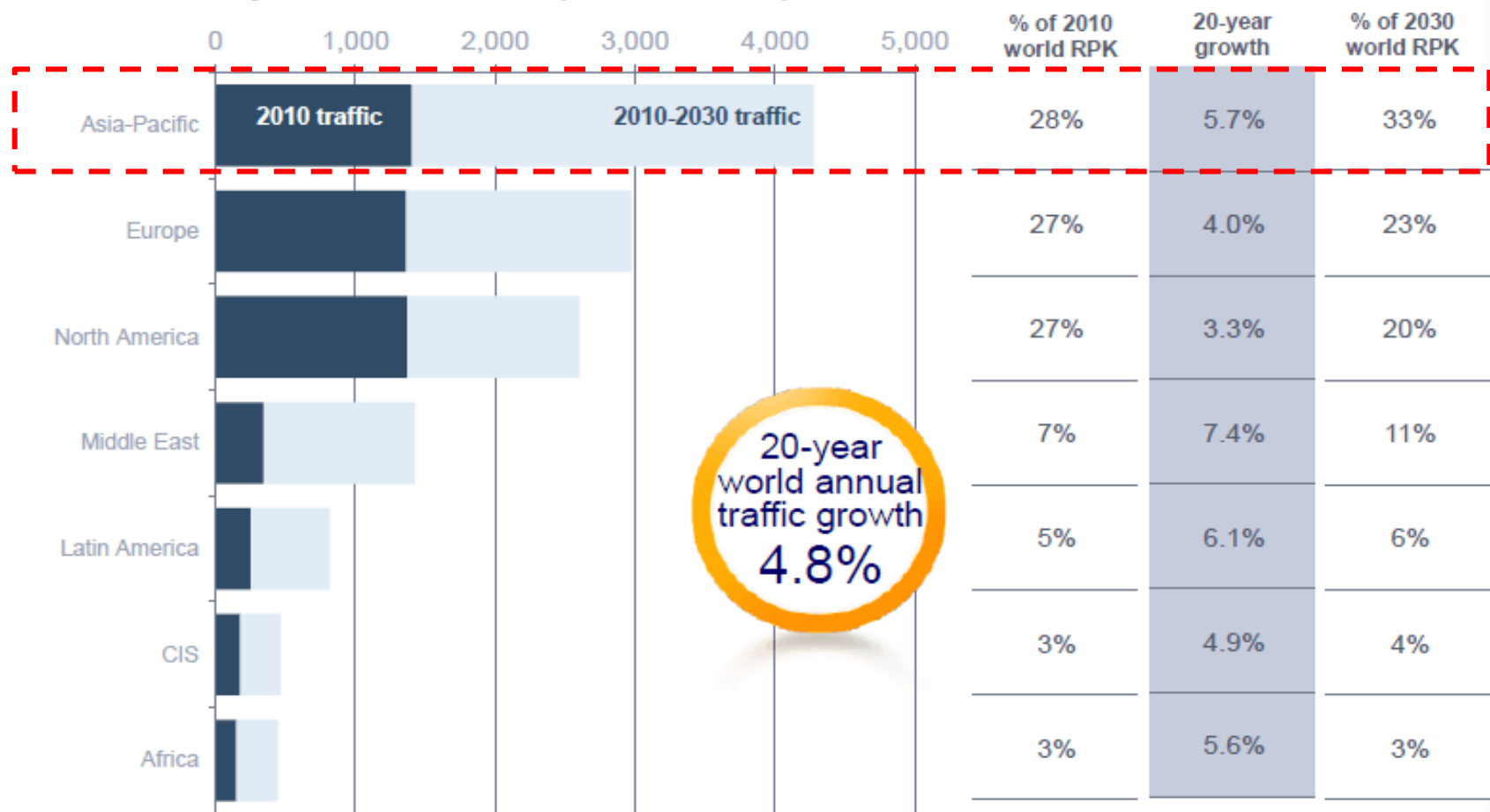
**Population: 1.5 billion**  
**Fleet size:**  
**1225 in service**  
**843 on order**

Airline	Current	Orders
Singapore Airlines	100	110
Thai Airways	93	53
Cathay Pacific	111	91
Philippines Air	39	60
Air Asia	101	375
Malindo (initial)	0	12

# Asia – Pac will Lead the World by 2030

Source: Airbus GMF 2011

World Traffic by airline domicile (RPK billions)



# Airline Distribution

How do consumers buy an airline ticket ?

Perhaps a better question is how do they want to purchase that ticket ?

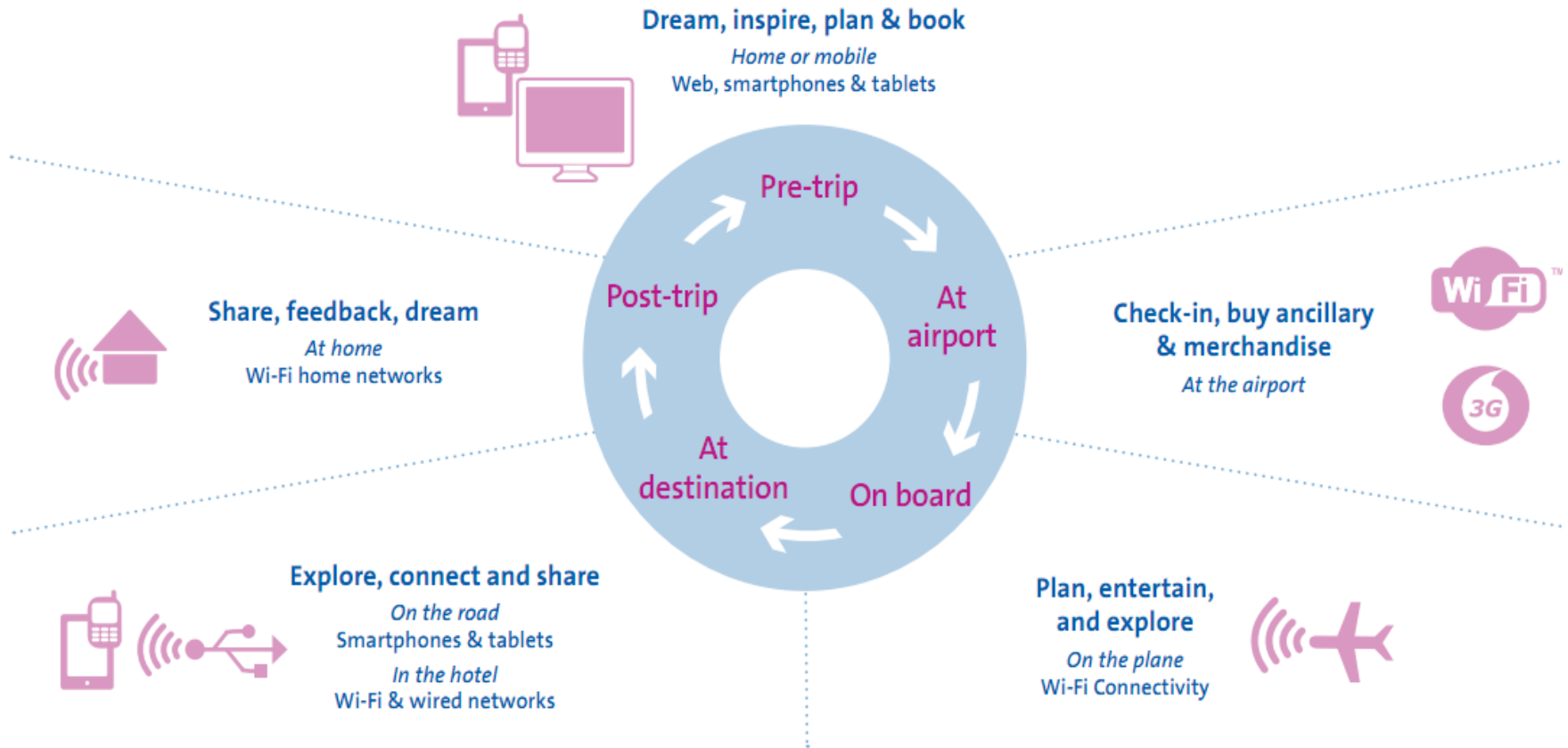
- The industry has four ways
  - Web
  - Call Centre
  - Global Distribution Systems
  - Direct Reservations Connectivity
- Every consumer and Market have their own unique preferences and challenges and we have to solve for all of them

Anyone in the room have one of these ?



# Mobile Commerce & Engagement Stats

Figure 2 Mobile's impact across the travel life cycle on a variety of devices

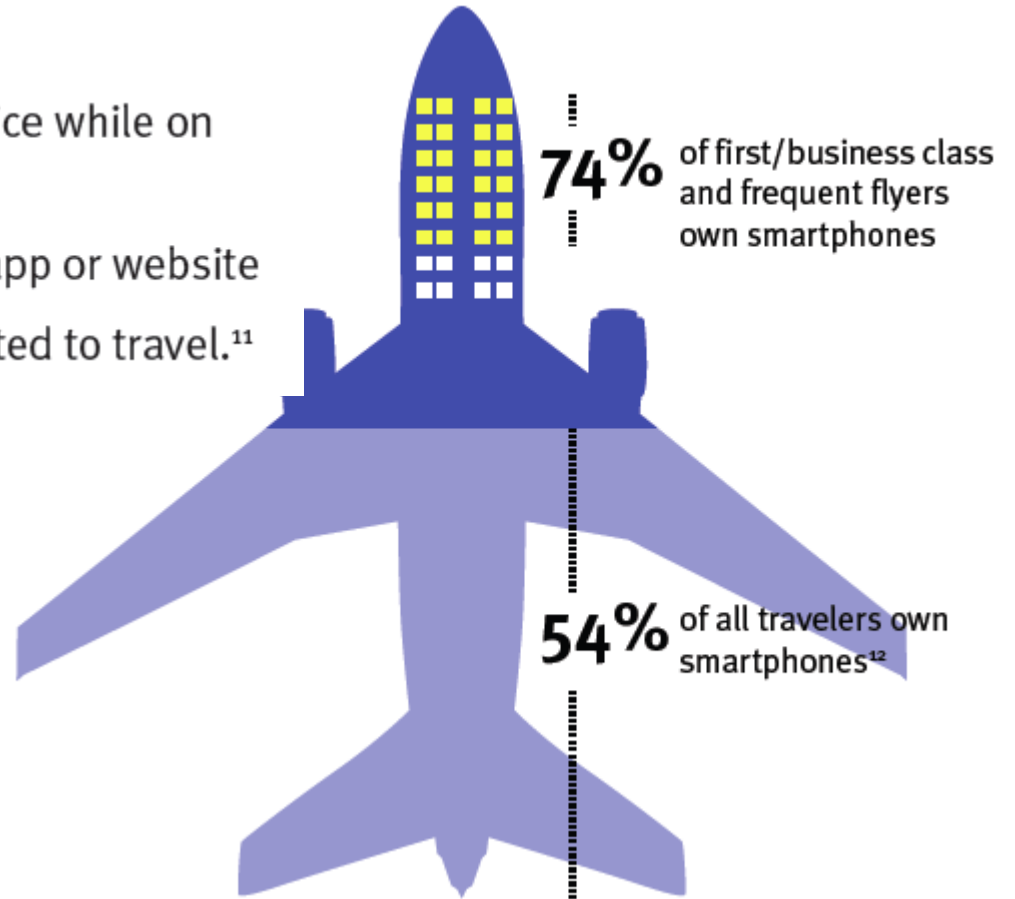


Source: Travel Tech Consulting Inc.



# Mobile Commerce & Engagement Stats

- 75% of active travelers use a mobile device while on the move
- 17% have researched a trip on a mobile app or website
- 12% have downloaded a mobile app related to travel.<sup>11</sup>



11. Source: Infographic at <http://ipcarrier.blogspot.com/2012/05/of-93-billion-in-online-travel.html>.

# Mobile Commerce & Engagement Stats

- 75 percent of Americans bring their phones to the bathroom.
- By the end of 2013, there will be more mobile devices on Earth than people.
- 25% of international media and marketing executives see mobile as the most disruptive force in their industry.
- Nearly 50% of shoppers believe they are better informed than store associates.
- 64% of non-US travelers use social network sites when traveling.
- Of those, 22% frequently blog about their experiences.
- Furthermore, 52% of travelers who use social media like blogs and Facebook to research their travel plans, change them.<sup>4</sup>

# SALES & DISTRIBUTION

## MYR10.37B Revenue Target

### Direct Channel (As of Aug'12)

IBE  
MYR953M  
Contribution  
15%

17%

Call Centre  
MYR115M  
Contribution  
2%

9%

Ticketing  
Office  
MYR311M  
Contribution  
5%

24%

### Indirect Channel (As of Aug'12)

Travel Agents  
MYR4.68B  
Contribution  
74%

6%

GDS

Other Airlines  
MYR283M  
Contribution  
4%

7%



Getaways, Student, Leisure

Business Professional, High Flyer

# Overall Vision Re Distribution

MAS inventory needs to be on as many economically viable shelves as possible in order for our potential customers to transact with us....

# Thank You

