

# 4D FOCUS

# AUSTRALIA

## AVIATION & AIRFARES

AUGUST 2019

**4**TH DIMENSION  
BUSINESS TRAVEL CONSULTING

stageandscreen  
TRAVEL SERVICES





**01**

**ABOUT THE  
REPORT**

# ABOUT THE REPORT

This report contains a summary of research and data prepared by our 4th Dimension Business Travel Consulting (4D) analytics team. We'll help enhance your travel procurement processes by offering insights into travel trends and providing a snapshot of the year that was.

All data provided by FCTG has been collated during a 12-month period and reported in calendar years 2016, 2017 and 2018. FCTG's current market share represents **35%** of Australia's retail travel sector and approximately **27%** of the corporate travel sector, which provides a solid snapshot into fare trending.

## In this report:

- The combination of airfare benchmarking and spread of average ticket prices will provide procurement managers and business leaders greater insight into the airline market.
- 4D's benchmarking analysis provides data that procurement managers can use to formulate action plans and drive change.
- This data highlights new variables that need to be considered in airline contract negotiations and traveller buying behaviour.

## To consider:

- 4D's research compares airfare purchasing trends from 2016 to 2019.
- This report identifies trends based on tickets purchased through Flight Centre Travel Group's (FCTG) retail-leisure and corporate travel businesses.
- Tracking of ticket price data provides a snapshot of average airfares across the corporate and leisure travel markets.
- 4D has monitored airline 'published' fares and reported on any price changes during the analysis period.
- The information collated across the top domestic city-pair fares purchased are limited to Qantas Airways and Virgin Australia airfares only unless stated otherwise.

**Corporate Airline or Commercial Agreements** Organisations with major commercial airline contracts have been removed from this research.

**Regional Travel** This is travel to and from, or outside of a capital city in Australia.

**Currency** All expenditure is in AUD unless otherwise stated.

**Published Fare** Airfare offered for sale by an airline.

**Purchased Fare** Airfare reported as an average of travellers paid fare.

**Ticket** Is defined as a one-way adult fare unless otherwise stated.

**Disclaimer** Individual and independent fare comparisons may reveal discrepancies in fare differences. It should be noted that fares used in this analysis have been averaged across all categories and time periods.



**02**

**PERSPECTIVES**

# PERSPECTIVES

## GRAHAM TURNER FLIGHT CENTRE TRAVEL GROUP - Managing Director

The travel and tourism industry continues to innovate in response to the demands of technology-savvy travellers and the changing geopolitical climate. Future growth of the industry can be achieved by offering unique experiences, including sustainable and responsible travel choices, and easily accessible technology offering personalised service.

The World Travel and Tourism Council (WTTTC) provides an assessment of the travel and tourism industry each year and globally the WTTTC reported that in 2018 US\$8.8 trillion of the world's combined Gross Domestic Product (10.4%) was attributed to travel and tourism. This is a combined result of : **TRAVELLERS** and their direct spending of airfares, accommodation, ground transport, food and entertainment, and **INVESTMENT** by companies into and the employment of workers in the industry. In the year rapid growth was observed in markets such as Australia, Malaysia, Indonesia and the Southwest Pacific islands, Southeast Asia, India and China. However, Europe and North America remain the top regions for spend in the industry.

With forecasts predicting eight billion air travellers by 2037 we can only expect the global travel industry will continue to change and

reshape itself to keep up with changes in consumer demands.

Australian travellers have a thirst for new and unique travel experiences, with 55% of international outbound travellers choosing to take holidays. The increased leisure travel frequency of the 25-29-year-old age group is changing the way we present holiday options; driving the industry to present new and exciting travel plans to keep up with the demand for destinations that provide unique experiences.

Corporate travellers locally and globally have unprecedented work and personal demands. In the FCM Travel Solutions 2018 Global Customer Survey results, corporate travellers are now the most technically sophisticated travel community; comfortable with online travel searches, bookings and expense claims. They are also the most agile travellers with journey plans requiring 'to the minute' notifications, extensive supplier choice, access to 'clean looking' travel technology and on-the-go travel notifications from the palm of their hands.

The expectations of the leisure and business traveller are continually changing and so too is the experience and service that

our industry offers to these travellers. A new decade of travel will shortly begin, with higher than ever expectations for travel industry service and innovation.



## FELICITY BURKE

### 4<sup>th</sup> DIMENSION BUSINESS TRAVEL CONSULTING - General Manager

2018 presented a mix of opportunities and challenges in both local and global markets.

- Locally, both Qantas Airways and Virgin Australia completed transformation projects, which has resulted in business and performance improvement nationally. However, as the Australian economy softened in the last half of 2018 and into 2019, both carriers have made subtle operational changes to adjust to changing conditions.
- Globally, 40 airlines either ceased operation, merged with a larger airline or were absorbed back into their parent airline. Of those airlines, four were small regional airlines in Australia and one was a New Zealand based carrier. The two main themes for these changes were inadequate investment and weak market conditions.

The framework for managing suppliers, travellers, policies and company budgets will remain a core focus for corporate procurement teams. However, the rules are changing and the playing conditions for suppliers and buyers are shifting. We've noted the following changes in the last half of 2018:

- Fuel prices have increased and now stabilised (AVG US\$86 a barrel in 2018)

- Alliance shift across the Trans-Tasman.
- Domestic seats offered reduced by 2% in Nov and Dec 2018 vs 2017.
- Declining average hotel room rate by \$5 in select key cities due to contracted demand and increased room supply.
- Discretionary household spending has softened.
- Travel policies are changing in consideration of traveller comfort.

#### The travel industry must innovate and invest in technology to keep up with the evolution of distribution and traveller engagement. For the year ahead in corporate travel:

- New Distribution Capability (NDC) continues to take shape as different airlines create their future model to distribute airfare content and enhance the travel retail experience.
- The role of the Travel Management Company (TMC) will step up significantly across technology and customer experience to provide ease and efficiency for the corporate traveller.
- Travel suppliers such as airlines, hotels and ground services will continue to re-shape their consumer offering, clearly distinguishing their focus on leisure and corporate travellers.

## 2018 vs 2017 TOP DOMESTIC CITY PAIRS ECONOMY CLASS

PURCHASED FARES	CORPORATE	▲ 7.0%
	LEISURE	▲ 8.0%
PUBLISHED FARES	QANTAS AIRWAYS	▲ 10.4%
	VIRGIN AUSTRALIA	▲ 2.9%

**Purchased Fare** - Airfare reported as an average of travellers paid fare

**Published Fare** - Airfare offered for sale by an airline



## IGOR KWIATKOWSKI

### QANTAS AIRWAYS Executive Manager – Sales & Distribution

#### Things are changing faster than ever.

Smartphones have revolutionised customer power. One in three consumers around the world say they will walk away from a brand after just one negative experience. This might be a disruption for some businesses, but it's a great opportunity for Qantas, which has always put customers at the heart of everything we do.

- We fly more than 50 million passengers a year and have 12 million Qantas Frequent Flyer members.
- We're proud that the history-making Perth to London non-stop flight has the highest customer satisfaction on our network.
- Now we're going further with "Project Sunrise" – the last frontier in global aviation, our aim to fly non-stop from the east coast of Australia to London and New York.
- We have now taken delivery of eight Dreamliners, with another six on order.
- We've re-focused on our Singapore hub, both as a gateway to Europe and to elsewhere in Asia.
- Our renewed partnership with Emirates has seen Qantas increase its Trans-Tasman flying, and we launched a codeshare with Air New Zealand on each other's domestic network.

- New lounges have opened in London, Perth, Brisbane, Melbourne and Tamworth and construction is underway of a new First lounge and expanded Business lounge in Singapore.
- Domestically, we continue to see growth in the resources market after years of decline.
- We've added new destinations and routes: Bendigo, Fiji and Uluru – and continue to roll out fast and free Wi-Fi on domestic services.

Disruptions in the airline business are unfortunately inevitable. We can't control the weather but can control the way we respond. Our teams work around the clock to communicate with our customers, to notify them of delays via SMS before they make their way to the airport.

Customers are expecting more personalised communication, offers and experiences. We are therefore investing in digital capabilities and providing the most relevant information at the right time and in the right way. We've invested in the Qantas Channel and Qantas Distribution Platform to enhance our booking systems, modernise the way agents book fares and deliver more personalised experiences for our customers.

As we invest in our product, fleet, network and customers, we do so with an acute awareness of our social licence to operate. Business is

a part of society and we have a responsibility to help improve it, whether it's continuing our efforts to make regional travel more accessible or pledging to cut 100 million single-use plastics every year from our operations.

Things are changing faster than ever – and at Qantas, we're ready for it. I hope you find this year's 4D Aviation report a valuable resource.





**ANN ELLIOTT****VIRGIN AUSTRALIA - General Manager Corporate & Industry Sales**

At Virgin Australia, our long-standing vision is to revolutionise air travel across all market segments. We strive to provide a seamless experience for guests across all international and domestic markets, while retaining the same excellent service we are known for.

In the past 12 months, we've made several enhancements to our product and service offering, as well the customer experience, starting with the launch of our international lounge network, which includes three international lounges located in Australia (in partnership with No1 Lounges) and four international lounges located in New Zealand. This announcement expands on our already strong domestic lounge network, consisting of 12 premium lounges across the country, expanding our travel offering for guests.

We've also ramped up our New Zealand offering for Australians with the launch of two new routes across the Trans-Tasman: Melbourne to Queenstown and Sydney to Wellington. In addition to these new routes, we also added extra services across several of our key Australia to Auckland routes, and launched a seasonal service between Newcastle and Auckland. Since 28 October 2018, all our Trans-Tasman (and international short-haul) fares now include a meal, drink, up to 23kg checked baggage, and access to inflight Wi-Fi, making us the only airline to offer inflight Wi-Fi across the Trans-Tasman.

In the digital space, we have announced the latest set of new features for the Virgin Australia Mobile APP to enhance the customer experience. Customers will experience a new and improved experience through receiving flight notifications, having the ability to bid to upgrade their cabin experience, and having access to boarding passes for international flights. We are thrilled to be delivering an improved experience for our travellers to meet their needs and expectations.

We've also enhanced our self-service kiosks to improve the check-in experience for guests, who can now utilise our enhanced kiosks to check-in, print their own boarding pass and if travelling with checked baggage, print their own bag tag before proceeding to the agent assisted bag drop counters. These enhancements make the check-in process faster, and the overall experience more effortless.

Our Velocity Frequent Flyer Program has yet again won at the Freddie Awards, with 2018 being the seventh year in a row Velocity has won the Best Redemption Ability award. Velocity also won Program of the Year, Best Elite Program & Best Customer Service at the 2018 Freddie Awards, whilst Virgin Australia was named Best Cabin Crew 2019 in the Airlineratings.com Excellence Awards. This announcement acknowledges our dedication, commitment and professionalism in delivering excellent customer service to our guests.

Virgin Australia looks forward to continuing delivering the world's most rewarding travel experience for our guests, and we can't wait to share more exciting updates soon!





# Sabre Virtual Payments

**POWERING TRAVEL PAYMENTS,  
THE WAY WE POWER TRAVEL TECHNOLOGY**

Our innovative payments hub is designed to maximize value from every transaction. Choose your most preferential terms while keeping payments safe and secure. **SABRE VIRTUAL PAYMENTS** allows you to pay anyone, anywhere and integrates seamlessly into your current booking workflow.

It's time for a better way to pay.  
[sabrevirtualpayments.com](https://sabrevirtualpayments.com)



**03**

**STATE OF THE  
MARKET**

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# STATE OF THE MARKET

## DOMESTIC

### DOMESTIC TRAVEL LEVELS

- Total passengers on domestic commercial flights within Australia reached 63.6M in 2018, representing an increase of **+1.9%** from 2017. This represents a higher growth rate than the previous year (+1.7%).
- Domestic flights for the year totalled 673,603, decreasing **-1.6%** compared to the previous year which only reduced -0.5%.
- This has resulted in a nationwide load factor increase of 79.4% in 2017 to **80.6% in 2018**, as reported by BITRE 2019.

### TO STAY OR NOT TO STAY?

In 2018 the general affordability of flights for corporate travel remained true. However, there has been a growing concern in the corporate travel market about the cost of accommodation and the periodic lack of availability maintained by hotels in key cities. Cost-sensitive travellers are now booking accommodation 14+ days in advance to:

- Save between \$30-\$100 per night, and
- Secure their preferred hotel.

Corporate travellers on average book domestic airfares 7+ days in advance once traveller appointments are finalised, and to avoid change or cancellation fees.

	 <b>FLIGHT</b> Avg corporate MEL-SYD return	 <b>HOTEL</b> Avg corporate 2nt SYD 4star
 <b>7 DAY</b> Advance Purchase	<b>\$520</b>	<b>\$570</b>
 <b>14 DAY</b> Advance Purchase	<b>\$480</b>	<b>\$480</b>

# STATE OF THE MARKET

DOMESTIC



PUBLISHED FARE INCREASES WERE SIGNIFICANT IN THE MID-RANGE\* ECONOMY CLASS FARES

**QANTAS AIRWAYS**

AVG +\$53 ▲ 11.6%

**VIRGIN AUSTRALIA**

AVG +\$10 ▲ 4.0%

\*Economy Class Fares:

QF- H,K,M,L

VA- H,K,L,E

## PUBLISHED FARES

The 4D Analytics team noted these published airfare trends in 2018:

- During 2018 published fare increases occurred:
  - **Qantas Airways** : Apr, Jul, Aug
  - **Virgin Australia** : Jul, Aug
- Published fares increased across the domestic network, signalling strong

demand in both corporate and leisure travellers, and allowing airlines to offset rising fuel costs.

- No reported increases occurred from August 2018 - February 2019.
- In February 2019 Virgin Australia adjusted their airfare pricing to close the gap on their cost difference with Qantas Airways.

### Annual Published Fare Growth

	2017			2018
ECONOMY	7.8%	▲	QANTAS AIRWAYS	▲ 10.4%
	1.9%	▲	VIRGIN AUSTRALIA	▲ 2.9%
BUSINESS	8.8%	▲	QANTAS AIRWAYS	▲ 8.3%
	2.1%	▲	VIRGIN AUSTRALIA	▼ 5.0%

2017 vs 2018 published airfare growth on the top 10 routes as monitored by 4D

# STATE OF THE MARKET

## DOMESTIC

## AIRLINE SEATS

Capacity in the domestic market experienced subtle growth of **+0.3%** (210K seats) in 2018, which was not matched by the proportion of passenger traffic growth of **+1.9%** (1.2M).

The growth in seat capacity is a testament to a very strong first half of the year, followed by a levelling out in the last half with domestic household spending slowing and capacity balanced against a stabilisation of the resource markets. Overall, airlines remained cautious, as fuel costs were on a steady rise, averaging US\$86 a barrel during the year.

During H2-2018 both Qantas Airways and Virgin Australia worked to stimulate traveller buying through periodic loyalty offers such as double/triple frequent flyer points, status point campaigns and other member-only value packages. The result of which increased corporate traveller advance purchase days for those keen to top up their frequent flyer and status level points.

MEL  
SYD

## BUSIEST Route

MEL-SYD continues to be 2nd busiest route globally and likely to remain so for 2019, with capacity growth projected at +0.5%.

BNE-SYD is the 2nd busiest domestic route with 5.8M seats offered during 2018 and a +2.0% forecast for seat growth in 2019.



## FASTEST % Growth

Top three routes with the largest percentage passenger increase during 2018.

Source: BITRE 2019

## MELBOURNE – SYDNEY

<b>10.8M</b>	<b>SEATS</b>	▲ <b>0.3%</b> on 2017
<b>56,993</b>	<b>FLIGHTS</b>	▲ <b>0.7%</b> on 2017
<b>85.6%</b>	<b>AVG LOAD</b>	▲ <b>1.1%</b> on 2017

<b>KALGOORLIE-PERTH</b>	▲ <b>15.2%</b>
<b>MELBOURNE-SUNSHINE COAST</b>	▲ <b>12.2%</b>
<b>BRISBANE-CANBERRA</b>	▲ <b>8.3%</b>

# STATE OF THE MARKET

## DOMESTIC

### AIRLINE CAPACITY

During 2018, only Virgin Australia and Jetstar Airways increased seat capacity in the domestic market.

- Virgin Australia increased capacity through the addition of three new routes; ADL-LST, HBA-PER and LST-OOL. The airline also increased seats on existing routes between ASP-BNE (from 352 seats to 11,160), OOL-PER (from 704 seats to 2,816) and MEL-TSV (from 352 seats to 1,232).
- Jetstar Airways added one new route AYQ-BNE and increased capacity on ADL-HBA (from 7,560 seats to 56,160).

<b>TIGERAIR AUSTRALIA</b>	▼	<b>3.6%</b>
<b>JETSTAR AIRWAYS</b>		<b>0.5%</b>
<b>VIRGIN AUSTRALIA</b>	▲	<b>3.7%</b>
<b>QANTAS AIRWAYS</b>	▼	<b>1.3%</b>

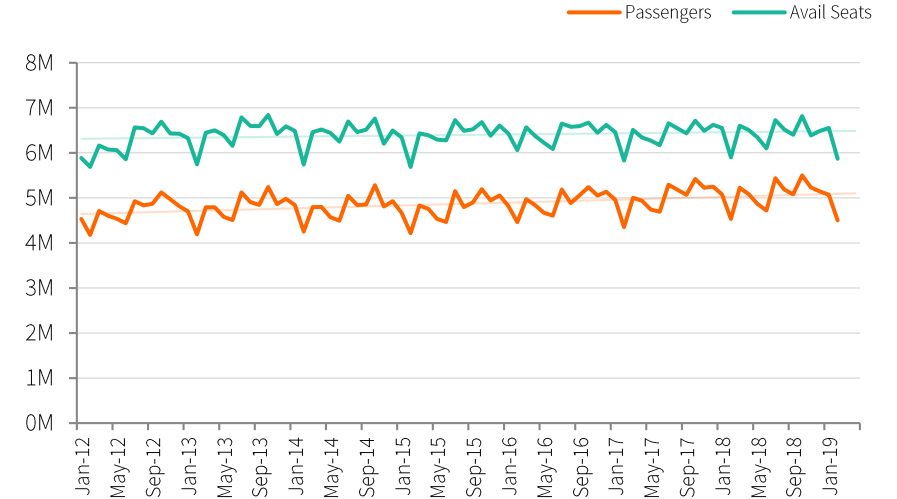
Source: FlightGlobal 2019



### SEATS Flown vs Available

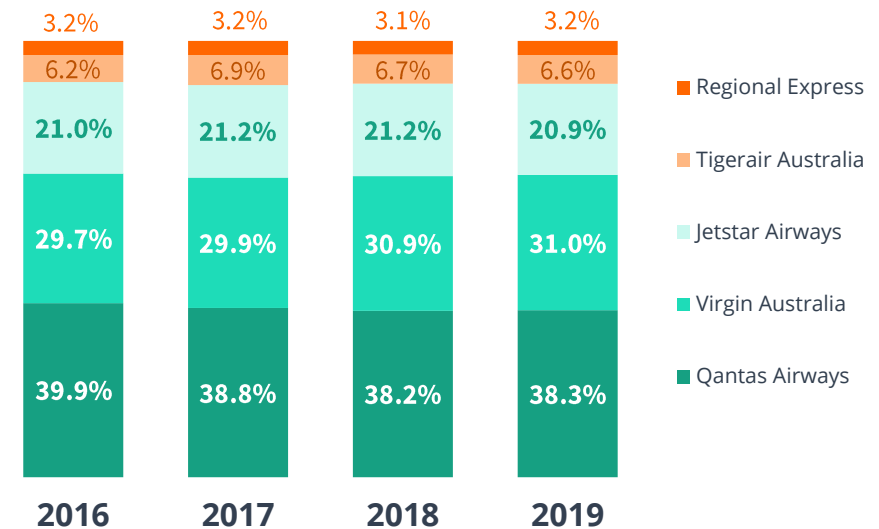
The months of February and June are the weakest months for % passenger loads and result in airlines reducing seats during these quieter periods.

**Unique in 2018 were reduced seats (100+K each month) during November and December compared to 2017, signalling negative growth for H2-2018.**



### SEATS Market share

Seat market share remains consistent year on year. The forecast for 2019 and 2020 remains the same with no indications of change



Source : FlightGlobal 2019

# STATE OF THE MARKET

DOMESTIC

## AUSTRALIAN REGIONAL TRAVEL

### MINING

2018 was considered one of the most successful for the mining resource sector. Generating 72% of Australia's export goods for the year, the mining sector is extremely important for local employment, export income and remains a key supplier of rare and precious metals for smart phones, electric vehicles, modern energy systems and industrial machinery.

The medium term outlook for this sector is strong with a renewed focus of operating costs, productivity and stakeholder relations.

MINING

72%

2018  
AUSTRALIAN  
EXPORTS





### PILOT SHORTAGE

Whilst there's a strong outlook for mining, the same can't be said for regional aviation, in particular the availability of Australian-based pilots.

The impact of the pilot shortage has strongly framed the decrease in flight frequencies across regional Australia as airlines struggle to operate all scheduled flights. Three of Australia's major independent regional airlines reported a decrease in flights, except for FlyPelican, which has posted strong growth for the past two years.

Excluding JetGo (which ceased operation in July 2018), Airnorth posted a -5.4% fall in network wide seats scheduled and Regional Express Airlines also reduced seat capacity by -4.3% to just over 2.3M seats

Globally Boeing reports of a need for 640,000 new pilots to enter the industry to sustain the projected growth for the next two decades, with nearly 40% of these pilots required in the Asia Pacific region.

### IMPACT OF PILOT SHORTAGES ON SCHEDULED FLIGHTS | Annual Flight Frequencies

Source: FlightGlobal2019

		2018 v 2017
<b>FLY PELICAN</b>	▲	<b>8.2%</b>
<b>JETGO</b>	▼	<b>30.3%</b>
		<small>Ceased Trading July 2018</small>
<b>AIRNORTH</b>	▼	<b>5.4%</b>
<b>REGIONAL EXPRESS</b>	▼	<b>4.3%</b>

AUSTRALIAN  
AIRPORTS

**470**  
Australian  
Airports  
servicing scheduled  
passengers

## WESTERN SYDNEY AIRPORT

Commencing construction in September 2018, the officially named **Western Sydney International Nancy-Bird Walton Airport** (IATA code SWZ), is scheduled to open in 2026. The airport will be equipped for domestic and international travellers and will have no night-time curfew.


- Initial Phase 2026 consists of a terminal facility and a single 3.7KM runway capable of handling 10M passengers per annum.
- Second Phase 2040 will include a second runway and plans to service 82M annual passengers.

## MELBOURNE AIRPORT

State and Federal Governments have signed a Heads of Agreement for the \$10B joint commitment towards the **Melbourne Airport Rail Link** (MARL). Construction is estimated to take up to nine years and likely not to commence until 2022.

## HOBART AIRPORT


In 2018, State and Federal Governments announced the allocation of \$82.3M of funding to Hobart Airport which will enable border services including immigration, customs and biosecurity facilities. This move is aimed to increase capacity for international air services, with a focus on inbound Asia, New Zealand and USA flights. Further government funding towards tourism and private investment into hotels is likely in the coming years.

A photograph of an airplane cabin. A female flight attendant in a red and black uniform is leaning over a passenger's seat, smiling and serving a meal. The passenger is a woman with long dark hair, wearing a white top, who is also smiling. The table is set with a white tablecloth, a glass of water, a glass of wine, and a plate of food. The cabin has large oval windows and a modern interior design.

Being the one  
who's looked after  
Worth every moment

# STATE OF THE MARKET

## TRANS-TASMAN



**+250k**  
SEATS SOLD  
In Summer compared to Winter

### TRAVEL LEVELS

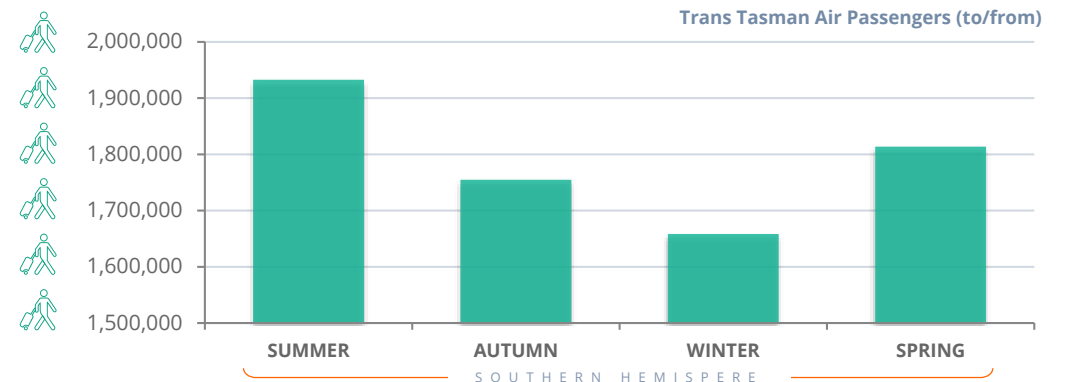
By the end of 2018 7.16M air passengers travelled between Australia and New Zealand, with an annual average load factor of 72.3%, +3% on 2017 (69.3%). The 4D Analytics team forecast a +2.0% seat growth in 2019, based on signs of continuing demand in this market.

### TRANS-TASMAN SERVICES

- **10** airlines service the network
- Choice of **23+** city pair combinations
- Average flight time between Australia and New Zealand **3.5hrs+** East Coast AU and **7+hrs** West Coast AU

### SEASONAL

The majority of travellers on the Trans-Tasman route are holidaying or visiting friends and relatives, which is reflected in the seasonal shifts of passenger movement and airfare pricing statistics (see later in this report). Corporate travellers on this network make up on average 12% of seats sold. Whilst fewer in numbers, corporate travellers provide reliable and regular travel for airlines throughout the year and pay on average +\$158 more for a return trip on this route compared to leisure travellers.



# STATE OF THE MARKET

## TRANS-TASMAN

## AIRLINE ALLIANCES

At the end of October 2018, the alliance between Virgin Australia and Air New Zealand came to an end, allowing the two carriers to make a significant shift in network partnerships. In the same month, the new code-share arrangement between Qantas Airways and Air New Zealand commenced in their respective domestic markets.

**During Q4-2018 and H1-2019 the 4D Analytics team have reported several flash sales (short term special-deals) on key routes targeting corporate and leisure travellers to stimulate buying. In the year ending 2018 the average purchase price for corporate economy airfares on five key routes increased +7.2% over the year.**



## QANTAS AIRWAYS & AIR NEW ZEALAND

Together both airlines provide code-share arrangements for domestic travel in Australia and New Zealand, adding 115 destinations collectively.

- Code-share fares do not apply to services across the Trans-Tasman.
- Passenger transit processes at airports, baggage and lounges became more efficient for both Qantas Airways and Air New Zealand passengers.

## VIRGIN AUSTRALIA

After the alliance change, the airline realigned its frequent flyer program, improving points earned and status levels on flights across the trans-Tasman.

- Economy X became available on select flights across the trans-Tasman.
- Simplified fare offering with all fares now inclusive of a meal and checked baggage.
- Increased services and new routes introduced.
- New Zealand passenger lounge access has been allocated via the following arrangements:
  - Queenstown and Christchurch airport access the Manaia Lounge.
  - Auckland airport access the Strata Lounge.
  - A Virgin Australia lounge will also be opening in Wellington shortly.

# STATE OF THE MARKET

## TRANS-TASMAN

## AIRLINES



### AIR NEW ZEALAND

Leading the market with 34.7% of seats offered, +2.7% on 2017. Air New Zealand achieved these capacity increases through the introduction of two new routes: BNE-WLG and BNE-ZQN and growing existing routes, particularly CHC-SYD, which had an additional 64K new seats deployed in 2018.

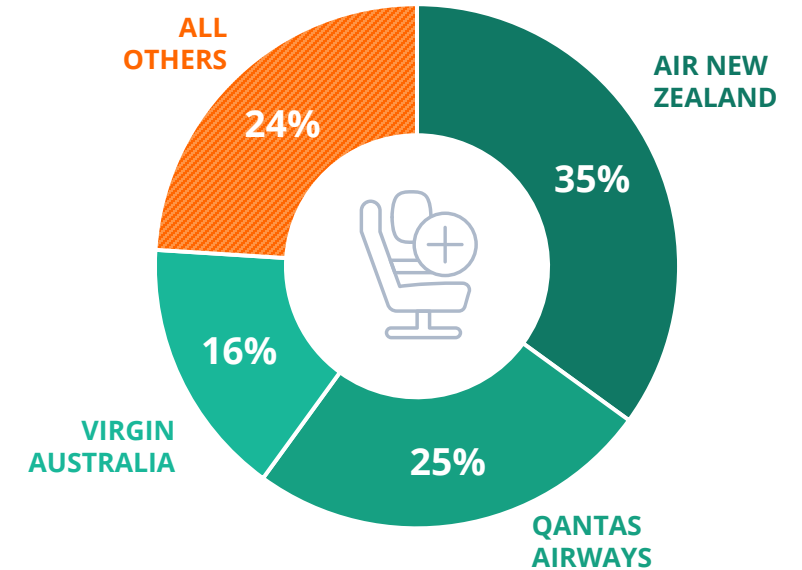
### QANTAS AIRWAYS

Having the second largest market share with 25.6% seats offered, +4.4% on 2017. In 2018 Qantas increased seat capacity on existing routes: AKL-MEL 194K new seats, AKL-SYD 83K new seats and AKL-BNE 83K new seats.

### VIRGIN AUSTRALIA

With the third largest market share of 16.0%, +1.0% on 2017. Virgin Australia increased seats through the addition of three new routes: MEL-ZQN, SYD-WLG and the seasonal AKL-NTL. In addition, it added 35K further seats on AKL-SYD and AKL-MEL routes.

### 2018 SEAT MARKET SHARE



3

# STATE OF THE MARKET

## INTERNATIONAL

### PASSENGER GROWTH

In 2018, a total of 63 airlines (including five cargo airlines) operated international flights to and from Australia. During the year we saw the withdrawal of Hong Kong Airlines and the arrival of Donghai Airlines and Samoa Airways. Three out of the 63 airlines are Australian designated, carrying 32.2% of passengers, with an overall ranking and % seat market share of the following:

- Qantas Airways ranked 1st with **17.1%** of seats
- Jetstar Airways ranked 2nd with **8.9%** of seats
- Virgin Australia ranked 6th **6.2%** of seats.

### MARKET SHARE GROWTH

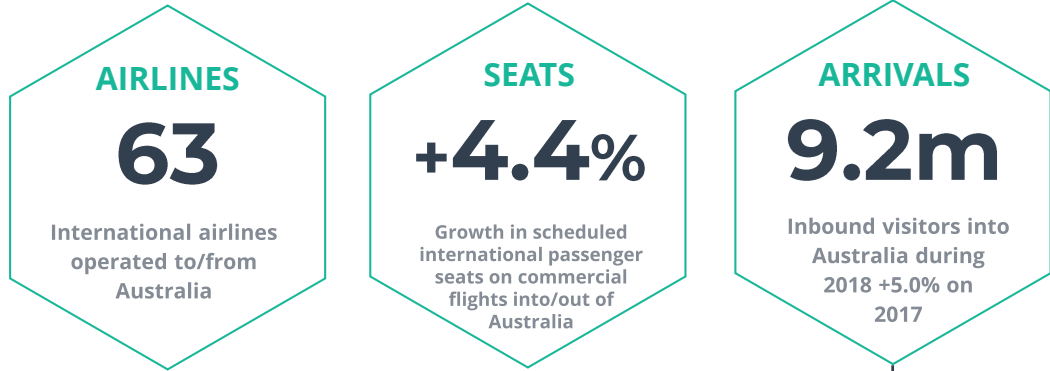
Of the Top 20 airlines operating international flights to/from Australia, four recorded double-digit percentage growth in seat sales during 2018 compared to 2017:

#### GROWTH IN SEATS SOLD

- Qantas Airways **+10%** (642K sold seats)
- Qatar Airways **+29.3%** (261K sold seats)
- Scoot Tigerair **+152%** (433K sold seats) (Merged in late 2017)
- China Airlines **+39.2%** (148K seats sold seats)

# 3 STATE OF THE MARKET

## INTERNATIONAL



## 2018 PURCHASED FARES

It is now the third year in a row that international economy class fares have remained relatively flat in growth percentage. Despite fuel prices rising, 2018 was another great year for the leisure and corporate traveller budget.

Excluding Trans-Tasman Fares, the top 10 routes average purchase price across corporate travellers reduced by -1.2% in economy and increased +7.5% in business class. Significant purchase price increases were reported in business class on MEL-LAX and PER-SIN routes indicating strong demand and tightly managed supply.

	CORPORATE	LEISURE
ECONOMY	▼ 1.2%	▼ 2.0%
BUSINESS	▲ 7.5%	▼ 1.5%

Source: BITRE & Australian Bureau of Statistics 2019



# STATE OF THE MARKET

## INTERNATIONAL

### INBOUND VISITORS

A total of 9.2M short-term international visitors arrived into Australia in 2018, representing a +5.0% increase over the 8.8M arrivals in 2017. For the first time China claimed the number one ranking for short term inbound foreign visitors (1.43M) overtaking New Zealand visitors (1.38M). Since 2008 there has been 304% growth of arrivals from China and this is set to continue for the year ahead.

#### IN & OUTBOUND

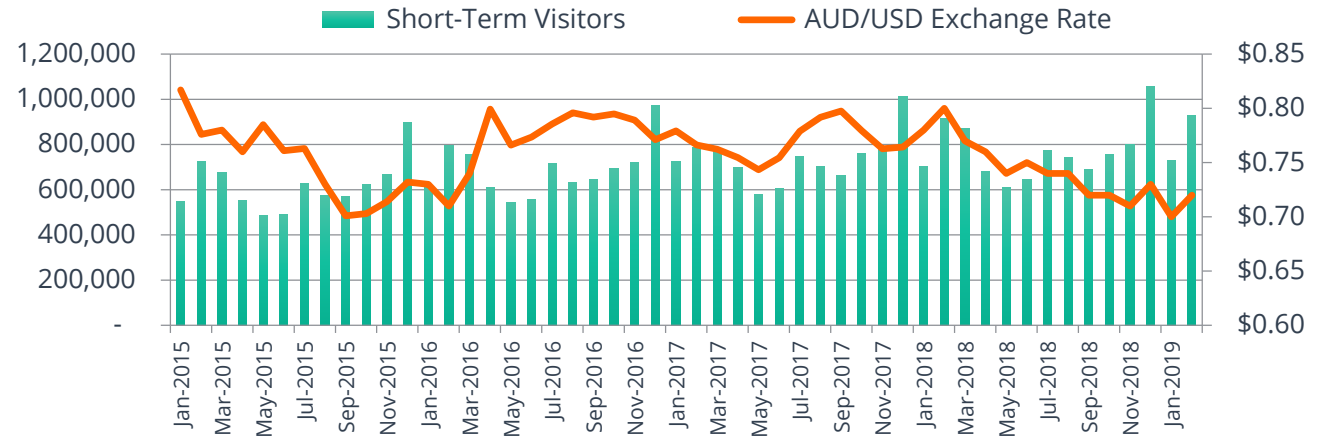
According to BITRE, the number of in and outbound available airline seats to Australia was a total of 53.9M during 2018, representing a +4.4% increase over the previous year. With 41.6M air passengers in and outbound (+4.9% on 2017), the 4D Analytics team estimate the overall international load factor was 77% for 2018.



### ARRIVALS

#### Visitors + FOREX

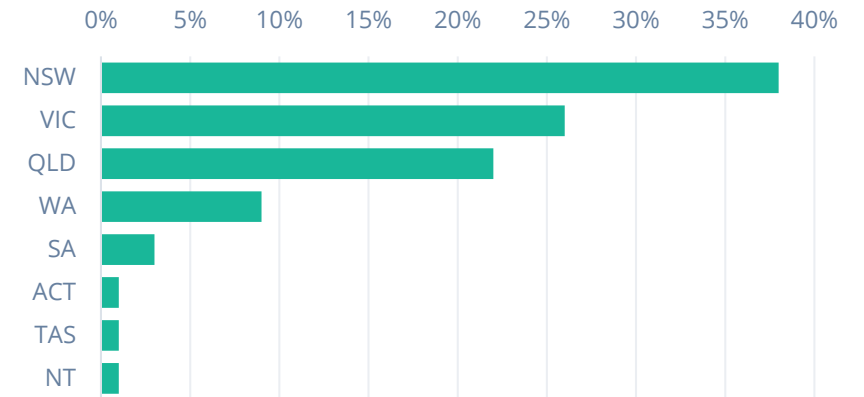
Short-term visitor arrivals vs AUD/USD exchange rate (Jan-15 to Feb-19) Source: BITRE



### ARRIVALS

#### Inbound visitors

Where Short Term Visitors are going - Most visited states in Australia during 2018



Source : Australia Bureau of Statistics

# STATE OF THE MARKET

## INTERNATIONAL

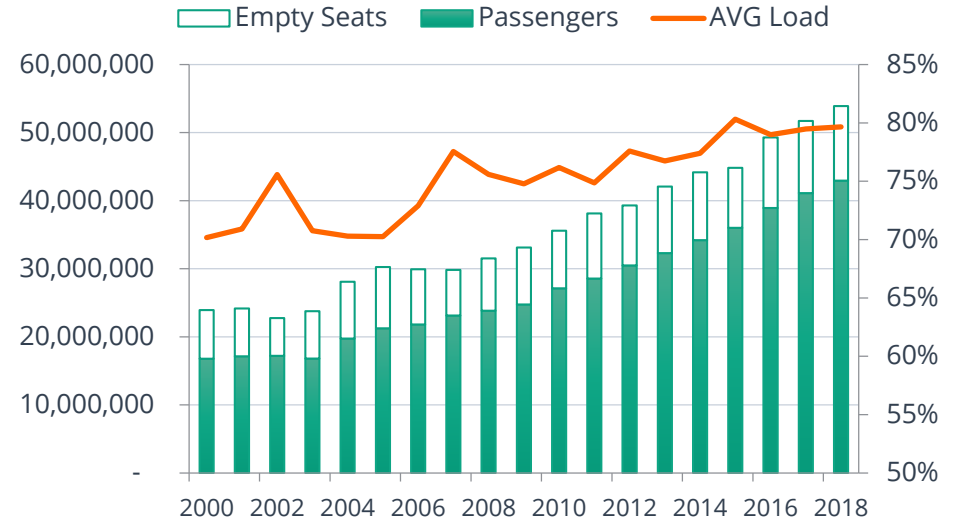
### OUTBOUND TRAVEL

A total of **26.9M** outbound seats were scheduled out of Australia in 2018, representing a +4.2% increase on 2017. This represents an average of 2.2M seats offered every month for international travel out of Australia, with the busiest months for outbound travel being January, December and July.



### LOAD FACTORS In+Outbound

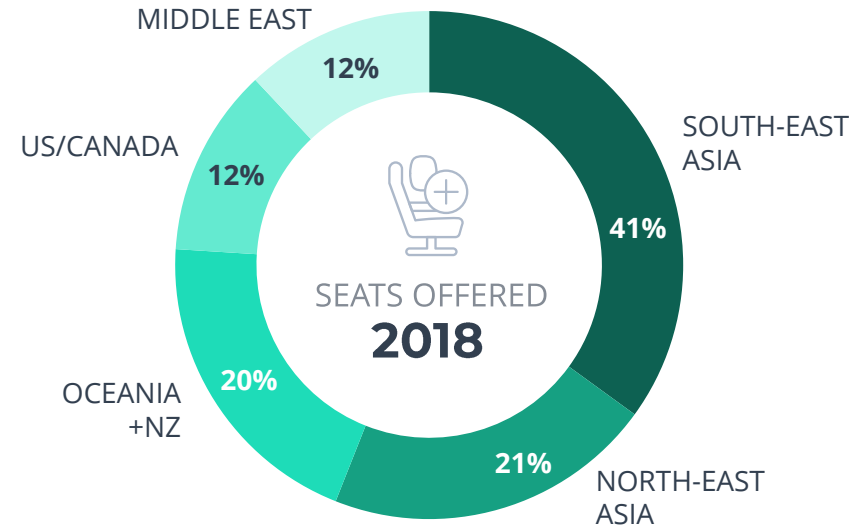
Annual load factors in & out of Australia. Annual passenger seats by load factor.



### DESTINATIONS Outbound

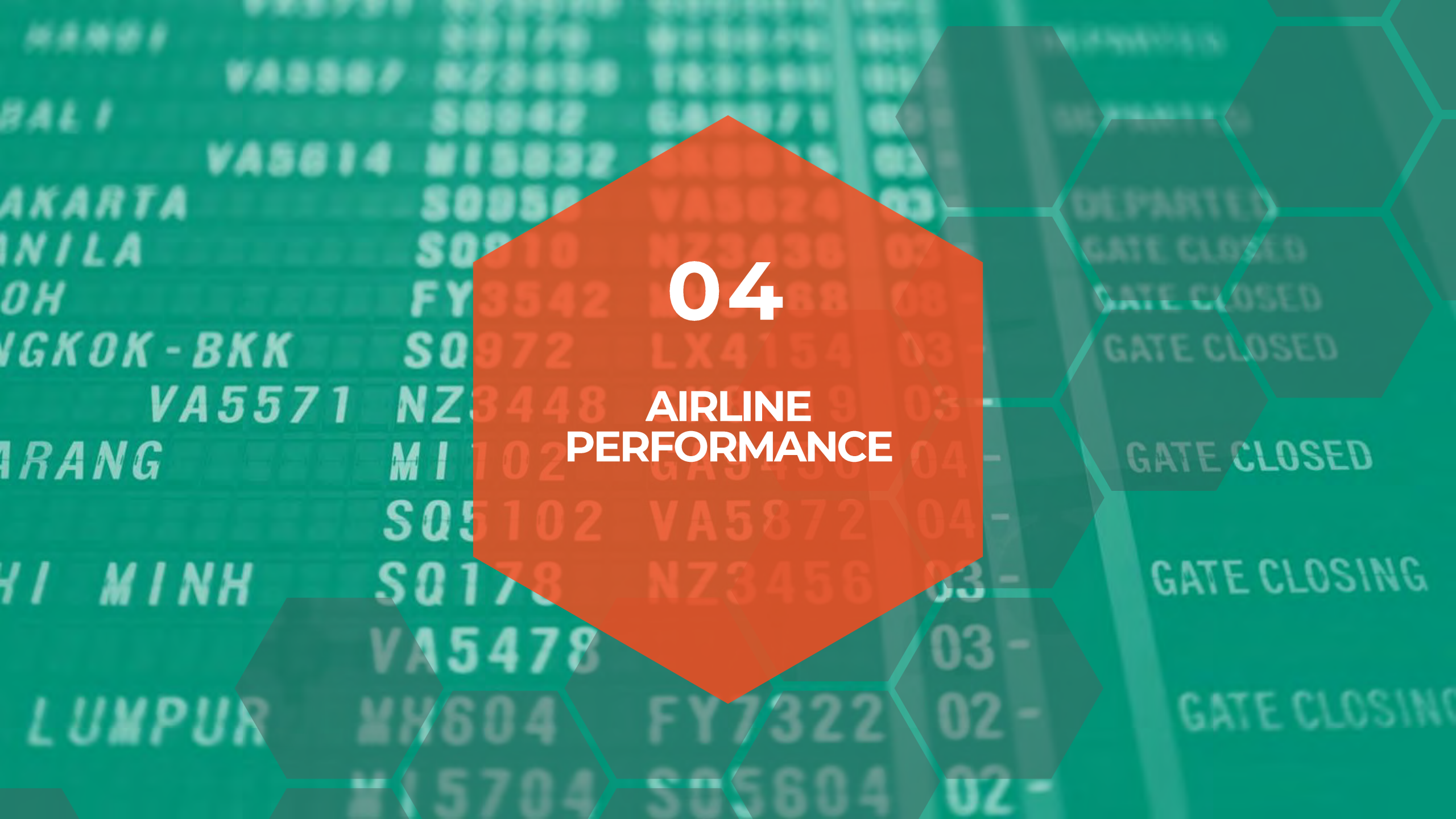
International outbound destination, year ending 2018.

Source: BITRE



04

AIRLINE  
PERFORMANCE





## QANTAS GROUP HIGHLIGHTS

- The group reported healthy levels of return during 12 months ending 30 June 2018 (FY2018) with an underlying profit before tax of \$1.6B, representing an increase of +14.0% over the 12 months ending 30 June 2017 (FY2017).
- The comfortable operating position of the airline was due to healthy levels of demand across key markets, high revenue and a particularly strong performance in the domestic flying businesses of Qantas and Jetstar.
- Qantas continued to be in a strong operating position in the first half of FY2019, with an underlying profit before tax of \$780M and will head into Q3-FY2019 with positive returns and outlook.

### QANTAS DOMESTIC

Reported an underlying Earnings Before Interest and Tax (EBIT) of \$768M in FY2018, representing an increase of +19.1% on FY2017. The business noted growth in the resources market contributing to this strong result, approximating a \$50M increase in revenue in FY2018. The business is continuing to fit the Boeing 737 fleet of aircraft with Wi-Fi technology, and a plan to extend the rollout on the A330 fleet is underway. Regionally, turboprop refurbishments and regional airport lounge enhancements are underway.

### QANTAS INTERNATIONAL

Reported an underlying EBIT of \$399M in FY2018, representing an increase of +6.7% on FY2017. The business reported a +4.0% increase in capacity and noted an increase of load factor to 84% during the financial year. The international business made several structural changes during this period, including the introduction of the Boeing 787 aircraft into active service and the launch of daily Perth-London Heathrow flights. Qantas Freight also performed well, with the international market strengthening and the domestic market stable.

### JETSTAR GROUP

The Jetstar Group reported an underlying EBIT of \$461M in FY2018, representing an increase of +10.6% on FY2017. The group attributed the strong earnings to a record domestic result, with unit revenue increasing +5.0% despite a -1.0% capacity reduction. The group noted all Jetstar-branded airlines in Asia are performing well, with Jetstar Japan maintaining the largest percentage of domestic market share and Jetstar Pacific EBIT improving in FY2018.

### QANTAS LOYALTY

Qantas loyalty reported an underlying EBIT of \$372M in FY2018, representing an increase of +0.81% on FY2017. Their frequent flyer program grew memberships by +4.2% to reach 12.3M members. Also, the level of member engagement increased, helped by the widening number of partners in the program and additional opt-ins among Woolworths customers to earn Qantas points.



## VIRGIN AUSTRALIA GROUP HIGHLIGHTS

- The group reported improvements during the 12 months ending 30 June 2018 (FY2018), with an underlying profit before tax of \$109.6M, representing an increase of +113.3% on the 12 months ending 30 June 2017 (FY2017). This result represents the highest underlying results for the group since FY2008.
- After tax, the group reported a statutory loss of (\$653.3M), representing a loss of (\$467.5M) from FY2017.
- Looking into the first six months of FY2019 (H1-FY2019), the group continued the positive return momentum and appointed a new CEO and MD.
- In H1-FY2019 the carrier reported an underlying profit before tax of \$112.3M, representing an increase of \$30.4M over the same period in H1-FY2018. This result comes in as the highest H1 underlying result for the group in 11 years.
- The group also saw the departure of its long-standing CEO John Borghetti who has led the airline since 2010 and welcomed Paul Scurrah as his replacement. Since then, Mr Scurrah has provided a guidance for FY2019 performance noting earnings are expected to fall by at least \$10M on the FY2018 result of \$64.4M. He attributed the fall to trading uncertainty in the domestic market and high fuel costs.

### VIRGIN AUSTRALIA DOMESTIC

Reported an underlying EBIT of \$246.1M in FY2018, representing an increase of +164.9% on FY2017. The business reported growth in the corporate market, fleet simplification and efficiencies from increased Boeing 737 fleet utilisation as the main drivers of this growth. The business continued the rollout of on-board Wi-Fi and noted improvements in Sydney Airport and Melbourne Airport with new check-in kiosks for an improved passenger experience.

### VIRGIN AUSTRALIA INTERNATIONAL

Virgin Australia international reported an underlying EBIT of -\$12.8M in FY2018, representing a decrease of -2,660% on FY2017. The business attributed the negative result to adverse impacts by fuel price increases, Bali volcanic activity and investment in Hong Kong services. On a positive note, the international business has completed the rollout of Wi-Fi connectivity on-board all Boeing 777 aircraft.

### TIGERAIR AUSTRALIA

Reported an underlying EBIT of -\$36.2M in FY2018, representing a decrease of -49.0% on FY2017. The business attributed the negative EBIT to the accelerated depreciation of fleet transition after right-sizing units from 17 to 15, however noted H2-FY2018 EBIT was flat compared with H2-FY2017. The carrier now has 11 A320-200s and four Boeing 737-800s in active service domestically.

### VELOCITY FREQUENT FLYER

Velocity Frequency Flyer reported an underlying EBIT of \$110.1M in FY2018, representing a decrease of -23.0% on FY2017. The Velocity Frequent Flyer program grew by +14.0% to reach 9.1M members in FY2018. Member engagement remained strong during the year, with the highest ever redemption levels recorded. Looking ahead for the 12 months ending 30 June 2019, the program is positioned for renewed growth through a new mortgage earn project with a banking partner and a new Velocity mobile app set to launch.



  
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The background features an aerial view of an airplane's engine and wing, overlaid with a semi-transparent teal color. A pattern of dark grey hexagons is scattered across the right side and bottom of the image. A large, solid orange hexagon is positioned in the center, containing the text.

**05**

**2019 INDUSTRY  
FORECAST**

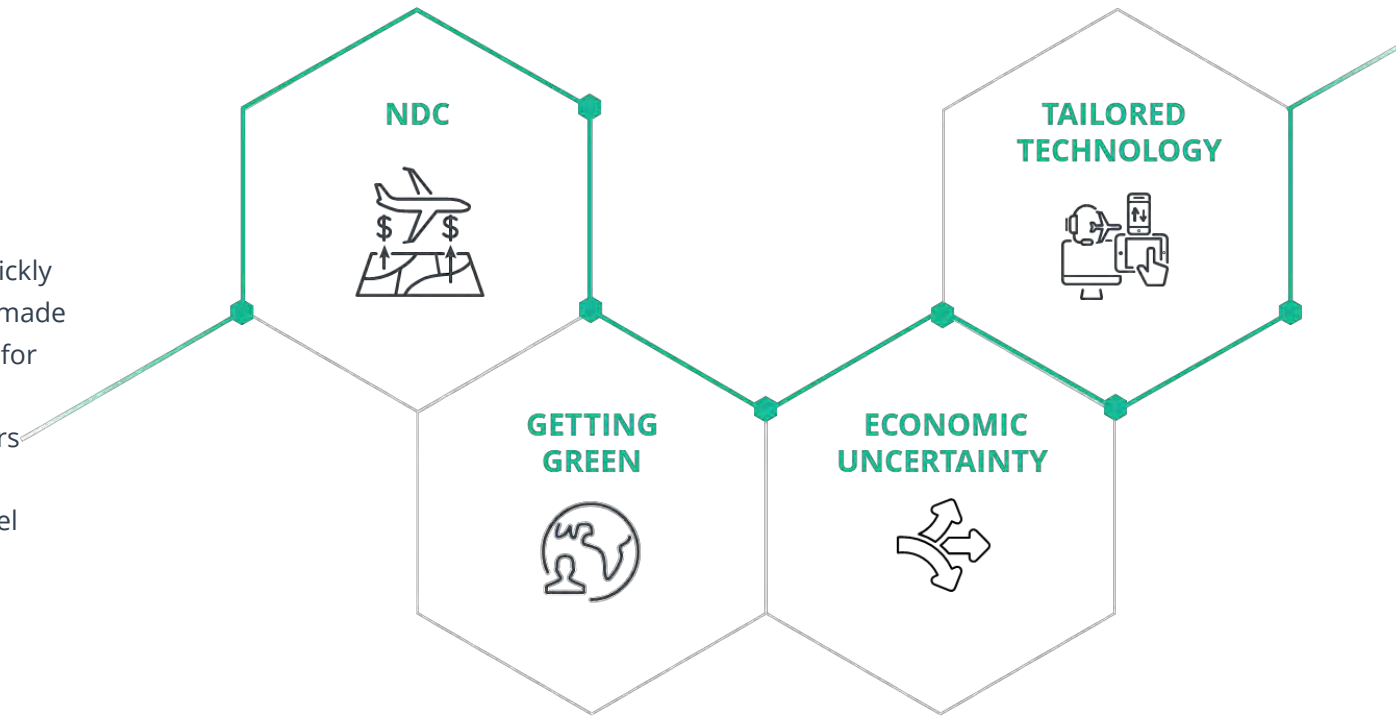
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# INDUSTRY FORECAST

## FOUR KEY THEMES FOR THE YEAR AHEAD

Domestic airfares will continue to rise until 2020, even though economic conditions are somewhat uncertain locally and globally. In the very short term we will start to see how the major carriers around the world present NDC and how this impacts travellers and the way they book and consume from airlines.

Travel technology is advancing quickly with significant investment being made to innovate the purchase process for travellers. The next 10 years will see travellers consciously focus on their environmental impact on the travel journey and that of their travel suppliers.



## 2019 FORECAST INCREASE

ON PURCHASED ECONOMY CLASS FARES

	CORPORATE	LEISURE
DOMESTIC	▲ 6.0%	▲ 4.0%
TRANS-TASMAN	▲ 4.0%	▲ 3.0%
INTERNATIONAL	0.0%	0.0%





# 1.NDC - DIFFUSION OF DISTRIBUTION

## BENEFITS

NDC (New Distribution Capability) represents a new era in airline distribution allowing 'next generation' airline product retailing, distribution and fulfilment. The rapid evolution of technical standards is enabling airlines to transform their distribution channels and provides an enhanced retailing experience for travel buyers.

Airlines using NDC protocol will be able to process API feeds, allowing them to:

- Sell and retail unique fare pricing and conditions
- Make swift seasonal adjustments and
- Add new ancillary products or services as part of the overall airfare purchase.

Whilst today we can choose an airline ticket with or without a bag, NDC will allow airlines to unbundle what have previously been standard inclusions – perhaps an airfare inclusive of a priority airport transfer or sightseeing vouchers will be possible.



## TODAY

### LEGACY SYSTEMS



- AVAILABILITY
- SCHEDULES
- FARES



### TICKET



### LIMITED ANCILLARIES

- SEAT SELECT
- MEALS
- BAGS

## NDC-FUTURE

### POWERFUL MODERN TECH



### FULFIL CONTROL

### DISTRIBUTE OPTIONS

### RETAIL FLEXIBILITY

### +PRODUCTS +FARES +OPTIONS





## 1.NDC – DIFFUSION OF DISTRIBUTION

### NDC - A HISTORY

#### THE GDS

In the past, the only distribution mechanism for airlines to offer their fares and schedules to the indirect channel (via travel agents) was through a GDS (Global Distribution System). This system allowed travel agents to issue paper tickets and airlines to achieve global reach by cross-selling a variety of fares world-wide.

#### DE-REGULATION

Since the de-regulation of airfares in the late 1970's, airlines have increasingly diversified their revenue management strategies. As strategies have evolved, technical limitations have begun inhibiting the number of available price-points the airline can offer for purchase.

#### THE DIGITAL ERA

As the world has become increasingly more digitalised, internet connectivity has shifted consumer expectation as airlines and online travel agencies have empowered consumers to buy airfares and packages online.

### ENTER NDC 2012

In 2012, the International Air Transport Association (IATA) published a resolution which paved the way for airlines to enhance their retailing capabilities. NDC, or New Distribution Capability, is a new standard that allows airlines to communicate, package and distribute fares to customers consistently via the indirect channel in a consistent manner to what was made through their own direct sales channels.

Since NDC was released, the pace of adoption has been limited as each carrier approaches NDC from a unique perspective due to market dynamics and competitive forces. The journey has been staggered as airlines challenging the status quo have begun to experiment with NDC's capabilities.

### NDC IN 2019

NDC has a (not so) new messaging protocol based on XML (Extensible Mark-up Language). XML sets the standards for transmitting data between airline API's (Application Programming Interfaces), intermediaries and travel sellers which allows airlines to diversify their distribution strategy. This also allows sales through traditional GDS, a range of third-party aggregators and technology providers.

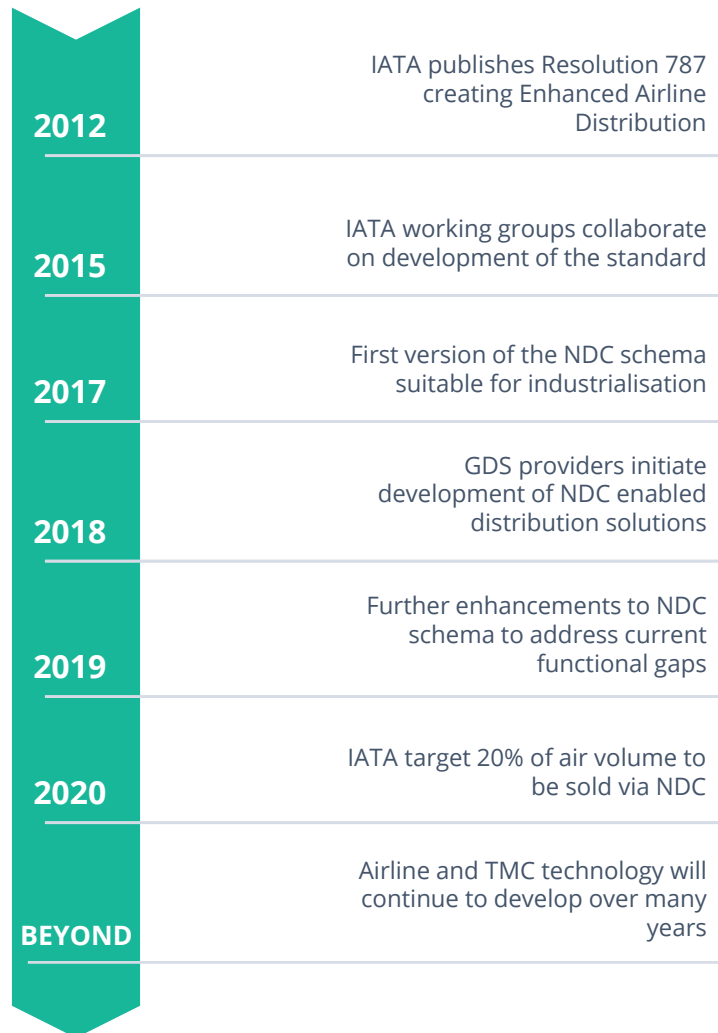
Some airlines are leading the pack and other airlines are sitting back to observe the outcomes of the early adopters. As with any technology research and development, there is a substantial cost involved with an, as yet, unproven return on investment.

Airlines are able to restrict the content made available to each agency, technology provider & third-party website. TMC's and GDS providers will need to evolve to stay relevant.



## 1.NDC - DIFFUSION OF DISTRIBUTION

### NDC TIMELINE



### THE FUTURE - FCTG & NDC

Globally, the Flight Centre Travel Group (FCTG) will provide retail, leisure and corporate customers, including clients from FCM Travel Solutions, Corporate Traveller and Stage and Screen, access to the best available air products and fares.

As differentiation emerges in the local and global markets both traditional and NDC-enabled travel solutions will be offered. FCTG have the knowledge and technology to ensure that customers enjoy consistently engaging experiences, regardless of the content source. "We'll ensure that your travel booking process is seamless regardless of the nature of the trip, its destination or timing".

FCTG are partnering with GDS technology providers Sabre and Amadeus to ensure new distribution from airlines will be channelled through to travel consultants and OBT's (online booking tools), enabling travellers and travel bookers access to richer airline fare content.

**'Sabre remains committed to releasing scalable, NDC-enabled offerings that support end-to-end workflows and integrated content,' said Kathy Morgan, Vice President of NDC for Sabre. 'This new NDC-enabled world we are bringing to life requires close collaboration and a common vision with entities from every corner of the industry.'**



## 1.NDC - DIFFUSION OF DISTRIBUTION

### VALUE OF NDC

Historically, airlines were only able to sell fares based on price and schedule with limited ancillaries. NDC has the capacity to enable additional retailing capabilities for each element in the Value Chain:



#### AIRLINES

- Offering differentiated content at an agency, company or traveler level
- Airfare offers may include a broader range of ancillaries
- The ability to extend airfare pricing on a more linear scale providing additional price points
- Ability to provide enhanced loyalty benefits to frequent flyers
- Evolving distribution channels and payment facilities
- Revised commercial contracts to corporate clients



#### TMC's

- Access to additional airline content previously only available through the airline website
- Flexibility to service bookings made outside traditional GDS channels
- Exposure of real-time passenger data to cater for enhanced duty of care policies
- Record and report ancillary purchases to track against expense policies
- Facilitate the sale of private corporate bundled fares - previously client negotiated fares



#### BUYERS

- Ability to book additional airline ancillary services through the TMC which were previously only available via the airline direct
- Greater flexibility in negotiated corporate deals, potential for multiple offers across corporate contracts
- Provides a mechanism for airlines to retail products and collaborate on innovative new service solutions
- Enhanced recognition and reward to frequent travellers
- Ability to search and compare more airline pricing points via your TMC enabled-OBT



# 1.NDC - DIFFUSION OF DISTRIBUTION

## CARRIERS

- QANTAS AIRWAYS** - the first airline in Australia to invest in NDC, developed the Qantas Distribution Platform (QDP), a new technology platform designed to enhance the airline retailing, booking and servicing capabilities and deliver a more personalised experience for customers :
  - Communicate richer information about the Qantas experience at the point of sale
  - Build and distribute new tailored offers that leverage rich data from travellers
  - Create a more personalised booking and servicing experience
  - Capability of this platform will continue to evolve over time and is targeted to launch during August 2019.
  
- VIRGIN AUSTRALIA** - Sandra Da Cruz Brits, Head of Revenue Management Distribution Development at Virgin Australia advised "There is no denying the ongoing growth of NDC enabled distribution, the key milestone to be achieved is the point at which the global aggregators can distribute NDC content at scale and aligned to other relevant content that the traveller or agent may also wish to consider. Virgin Australia is working with agency partners and customers to explore opportunities for deployment at a point in time that is relevant to the market".

- GLOBAL CARRIERS** - IATA have a leader board of carriers who intend to deliver 20% of their content booked through agencies through NDC in 2020:



## 1.NDC – DIFFUSION OF DISTRIBUTION



### ARE YOU NDC READY?

Change is here. NDC will begin phasing in during 2019 and 2020. Keep an eye out for regular updates from your TMC and airlines on NDC fares, reporting, new OBT functionality and traveller profiling.

#### Your TMC-Account Manager can work with you to:

- Help guide you through **airline** changes and how technology will aggregate the best content for your organisation. Each airline will have a different approach and timing to implement NDC. Your preferred suppliers can also help manage your expectations around the timing of change.
- Review your current **OBT capabilities** to adjust to NDC changes and make a recommendation. It's important to reflect on the way you consume travel and consider if your OBT will be progressive enough to support the emerging distribution of products & services.
- Prepare for modifications in your **travel policy**. There may be in-policy ancillary services that could soon be optional in fare choices. Will the definition and interpretation of 'best fare' change in the booking process.
- Revisit your **reporting metrics**. Consider how you benchmarking and reporting is done today, how is the 'best fare' calculated for savings and how that may change your savings metrics as new products emerge. It's likely your TMC is already looking at next generation reporting to incorporate further airline content.



### HOW TO REVIEW YOUR CORPORATE TRAVEL PROGRAM TO ADJUST TO NDC CHANGES:

#### POLICY

- Modify your definition of 'Best Fare of the Day'.
- Review your expense policy in relation to ancillary services and allowable/tolerable items for business purchase.
- NDC may create additional complications in the approval process, with flexibility offered through traditional GDS distribution challenged. This will impact ticketing time limits and changes.

#### TRAVELLERS

- Educate travellers on the new fare choices they'll have to choose from. Basic fare conditions they know today will remain, however more conditions and options will gradually emerge with different airlines through your TMC during the last half of 2019.

#### AIRLINE CONTRACTS

- Ask your current airline partners for an update on their plans with NDC.
- Learn what their approach will be for NDC via your TMC.
- Understand their timing and ask how NDC may change your contract agreement.
- Prepare for a change in your commercial offers as Airlines using NDC mature.



## 1.NDC - DIFFUSION OF DISTRIBUTION

### IT DOESN'T STOP HERE

NDC will allow airlines to change more than just the distribution of airfares.

### ONE ORDER

**One Order** is the next phase of evolution in the airline travel industry. IATA describes this next phase as a 'single customer order record' concept, holding all data elements obtained and required for order fulfilment across the air travel cycle. This concept will capture customer data, order items, payment and billing information, fulfilment data and status.

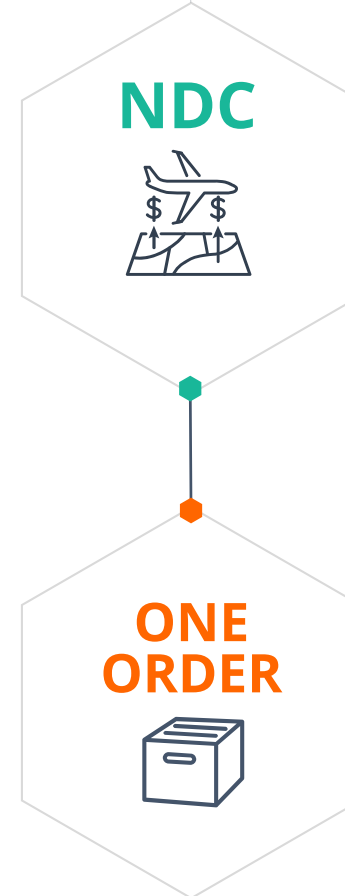
### ONE ORDER WILL ALLOW AIRLINES TO STREAMLINE PROCESSES, INCLUDING:

**One Reference** – combining separate items of travel information into one record allowing single access by various points of the air travel service.

**One Process** – delivery and purchase in a single standard order management process.

**One Industry** – allowing different airlines to combine services through a streamlined process that offers a seamless experience to end users.

Lufthansa (May 2019) piloted content delivery and payment for Wi-Fi concepts around One Order and is currently in a testing phase for this new system.



### SIMPLIFIED FULFILLMENT:

- Standardised retailing solutions.
- No more ticketing paper-based accountable documents.
- Facilitate "interlining" with any entities.



## 2.GETTING GREEN

**IN 2018 THERE WERE 41.9M FLIGHTS CARRYING 4.4B TRAVELLERS.**

With the global travel forecast set to reach 8B travellers in 2037, the impact we make on the cities and communities we visit will be significant.

- Many suppliers and industry groups are **rethinking** the way in which travellers use short term and single-use items, along with how we impact local infrastructure on cities when we travel for business and holidays.
- With 9B tonnes of plastic waste already existing in the world many organisations are creating environmental policies to reduce or eliminate waste. The environmentally conscious traveller is also making a preference to not use single-use plastic, packaging, cutlery, carrier bags, coffee cups or bottles and they are choosing like-minded airlines and hotel suppliers as part of their travel planning.
- 2021 is becoming a target for many corporations, communities and independent groups to eliminate as many single-use items as they physically can. In travel, progressive suppliers have already put real action into play to make a difference.
- **The Flight Centre Travel Group** has responsible travel initiatives in place to encourage travellers to have only a positive impact on the destinations they travel to for business and leisure.



**CONSERVE** water – much of the world suffers from a shortage of clean water. We can help by reusing hotel towels, taking short showers and turning off the tap.



**REDUCE** your waste – ditch the plastic bag, refuse unnecessary packaging, dispose of your waste responsibly and pick up rubbish too! Recycle as much as possible. Corporate travellers can go as far as avoiding single-use items, accepting e-receipts, choosing hotels with sustainable practices and car-pooling with colleagues.



**GO LOCAL** – enjoy locally owned and operated restaurants. Shop in the local markets & stores and utilise the expertise of local guides when booking tours and activities.



**CARE ABOUT** the wildlife – take a ‘look but don’t touch’ approach to wildlife and avoid any attractions that involve ‘performance’, riding or closely engaging with wild animals. As a rule, any activity that an animal would not do in the wild is the result of exploitation.



**RESPECT** the local people & culture - along with obeying local laws, this relates to dressing and behaving in a manner appropriate with the community. Learn about the peoples’ way of life, be polite and keep an open mind. Ensure that your interaction with locals is respectful





## 2.GETTING GREEN (cont.)

### AIRLINES

#### QANTAS AIRWAYS

This year, Qantas Airways committed to an ambitious plan to become the world's first airline to reuse, recycle and compost at least three-quarters of its general waste by the end of 2021.

Some examples of changes to be implemented across Qantas, QantasLink and Jetstar from later this year include:

- Introducing coffee cups that can be recycled or composted.
- Effectively eliminating single-use plastics by switching to alternative packaging.
- Removing unnecessary paper, such as boarding passes and operational manuals, by going digital.
- Increasing donation or composting of food.
- Recycling of old uniforms.

#### VIRGIN AUSTRALIA

Virgin Australia are focused on protecting and enhancing the places they fly to and have a number of initiatives in place that promote a greener way of flying.

- Preserving the Tasmanian forest - Each year offsetting 30,000 tonnes of CO2 emissions, helping to preserve more than 28,000 hectares of forest.
- Sustainable Fuel Trial - Leading the development of sustainable aviation fuel in the region through sustainability fuel trials in Queensland.
- Reducing food waste - donating over eight tonnes of food to OzHarvest each month, which provided over 16,000 meals to people in need.
- Up-cycling crew uniforms - donations to Dress For Success which assists low income earners with job interview ready attire. Other uniforms are donated to LOOP where the materials are sewn into bags used to store inflight pillows and blankets.
- Single-use plastics and compostable cutlery – in 2018 plastic straws and stirrers were removed from inflight and lounge operations, equating to more than 260,000 plastic straws and 7.5M stirrers a year being removed and replaced with paper straws and bamboo stirrers. The airline is also implementing 100% compostable cutlery, making them the first airline in the world to offer this product.
- Partnership with Greening Australia – working with Greening Australia to protect the Great Barrier Reef and re-vegetate key areas to reduce erosion onto the Reef.
- Carbon Offset – the airline will continue to grow their carbon offset program for travellers flights.





### 3. GROWTH IN ECONOMIC UNCERTAINTY

#### MIXED RESULTS IN 2018

2018 was a year of contrasts in the Australian economy, with the first half of the calendar year generating **+3.8%** economic growth above forecast due to a strong household sector and exports. However, in the last half of 2018 growth **slowed to +0.9%**, the lowest since 2008. In the second half of 2018, national housing prices dropped, prompting consumers to watch their wallet and reduce discretionary spending.

Melbourne and Sydney had the largest housing price reductions, which also resulted in slower housing developer activity. During this period government spending on infrastructure and resource exports helped improve economic conditions and in 2018 the value of **resource exports surged** to \$248B. These exports consisted of minerals, metals and petroleum and was recorded as the highest-ever annual export for the country.

#### 2019

The economy has been slow in the first half of 2019. The full year forecast is set to range an average of +2.2%, with longer term growth to increase to +2.75-3% in 2020 and 2021.

With the Federal election now over, the Australian economy will continue to be divided for the remainder of 2019 with decreased household spending and ongoing government investment in infrastructure, services and exports.

#### TRAVEL INDUSTRY IMPACT

Since October 2018, the domestic travel industry has been impacted by lower discretionary household spending. In response, both airlines and hotels are shifting their strategies to stimulate growth and maintain market share.

Airlines and hotels are looking to maintain core unit pricing for airfares and hotel rates and are focused on other value-add products and services to entice consumers. Campaigns including double or triple membership points, exclusive members-only packages and discounted vouchers for ancillary services have been offered periodically during H2-2018 and into 2019. As consumer buying is trending lower than forecast, airlines are manufacturing flash-sales to stimulate buying including:



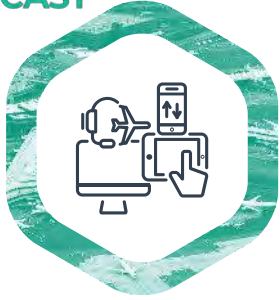
Special fares offered for a **limited 24-48hr** purchase period.



Fares requiring **immediate** booking and payment.



Sales for a **limited range** of travel dates and seat availability.



## 4. TAILORED TECHNOLOGY

### MORE CHANGE

Travel technology and innovation has been rapidly changing in recent years, and this is a strong indicator of what to expect in the next 10 years of leisure and corporate travel. Investment is significant across both traveller-facing products and back-office systems for suppliers and service providers.

Technology is the driving force behind how we search, buy and share our travel journey. Looking into the future, here's what we'll expect to see:



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### DISTRIBUTION

Distribution of travel content will gain momentum for airlines via NDC and also for hotels and ground providers. Aggregating and selling supplier content beyond the current basics of a seat, room or a car and retailing additional products and services will become the new basic of the travel purchase.



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### FRICTION-LESS

Friction-less bookings as online self-booking becomes smoother. OBT platforms will advance the traveller booking experience, creating an easier interface balanced with corporate policy guidelines. Investment in improved system performance is evident with several key players locally and globally building and updating on a regular basis. We predict several new disruptors to enter the market, with older, more traditional technology retiring due to unrealistic platform upgrade costs.



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### COMPRESSED

Compressed technology in the palm of your hand. Travellers are now able to use only a mobile phone to book their entire journey and are using a mix of mobile apps to search, book, check-in, eat, entertain, meet, sleep and reimburse. Travellers expect immediate and seamless service, ease of chat and predictive help through a virtual assistant when travel is disrupted due to weather or work demands.



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### A.I. MACHINE LEARNING

Travel channels with technology that automates more segments of the travel booking process and deliver services through predictive analytics of the travellers' behaviour will continue to develop and thrive. An example of this is seen in online search option results presented back to travellers based on their 'usual' travel patterns, offering commonly flown city destinations in itinerary creation, flight time preferences based on travel history and hotel options based on previous stays.



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### NEW DISRUPTORS

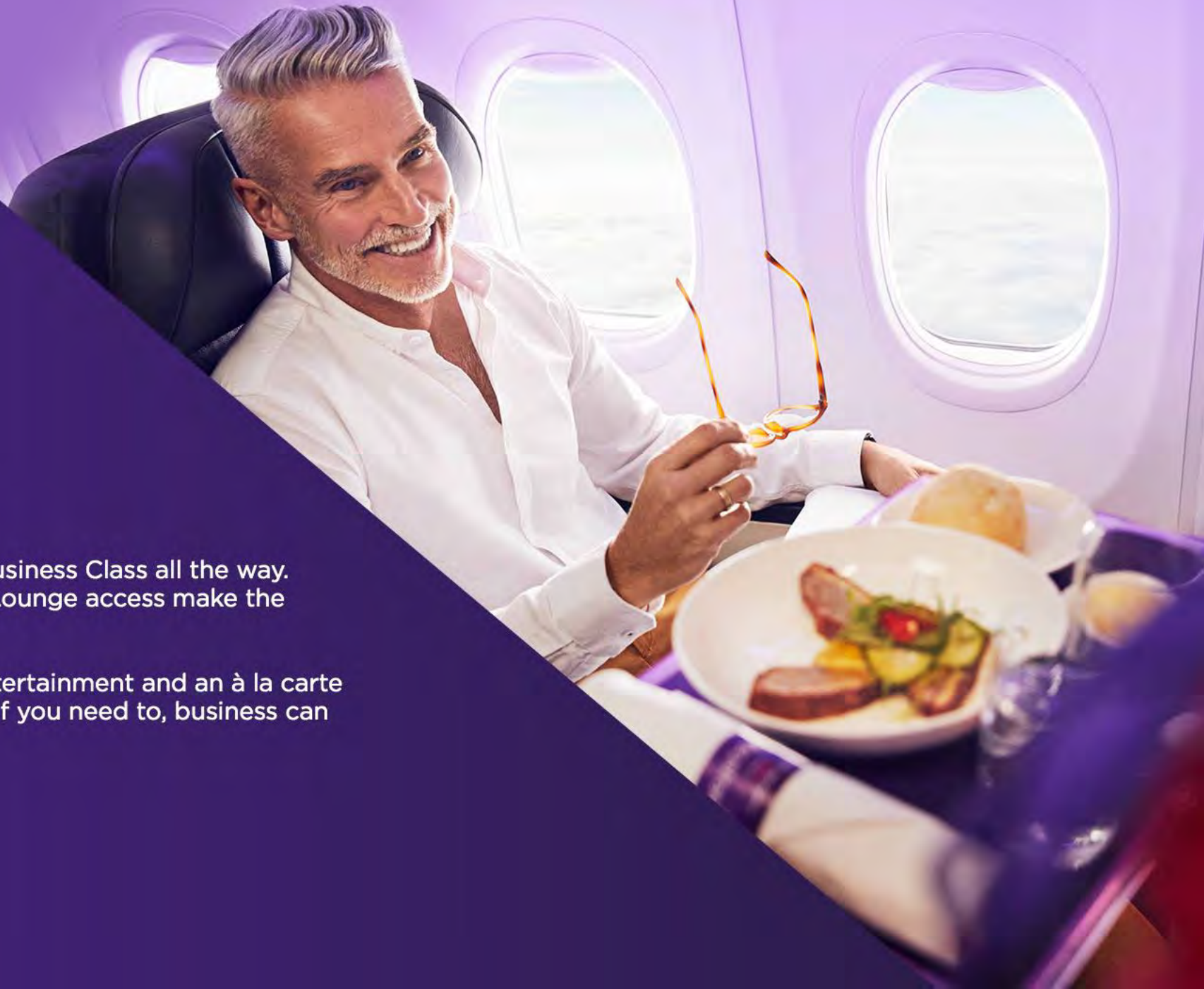
Uncertainty in traditional travel providers can drive changes in booking habits, encouraging even the most loyal traveller to try a new way to make a reservation. Disruptors such as AirBnB and Uber were created out of a desire to create more options and solutions during a time where uncertainty made us rethink the status quo. There will be more innovation in places we've not yet considered.

# The easiest business decision you'll make.

With Virgin Australia, you get the best of Business Class all the way. Priority Check-in and Boarding along with Lounge access make the airport experience effortless.

On-board, enjoy the best of our in-flight entertainment and an à la carte menu designed by chef Luke Mangan. And if you need to, business can continue in sky with in-flight WiFi.

 virgin australia



The background is a blurred photograph of an airplane cabin interior, showing rows of seats and overhead storage bins. A semi-transparent teal overlay covers the entire image. In the center, there is a large orange hexagon containing the number '06' and the text 'DOMESTIC BENCHMARKING'. To the right and bottom of the orange hexagon, there are several smaller, semi-transparent grey hexagons arranged in a honeycomb pattern.

**06**

**DOMESTIC  
BENCHMARKING**

6

# DOMESTIC AIRFARE TRENDS

## PUBLISHED FARES

This analysis includes the comparison of average fares published for sale during 2018 by both Qantas Airways and Virgin Australia compared to 2017. Published fares were monitored by 4D on 10 key domestic city pairs during 2018.

## 2018 AVERAGE INCREASE

Combined Business and Economy class

## AVERAGE ECONOMY FARE

Combined average published fare for top 10 domestic city pairs

## AVERAGE INCREASE FARE CLASS

From 2017 to 2018

Analysis of airfares indicates that travellers saw significant increases in the mid range fare classes, which are traditionally purchased by corporate travellers booking 7-10+ days in advance.

	QANTAS AIRWAYS	VIRGIN AUSTRALIA
<b>2018 AVERAGE INCREASE</b>	<b>▲ 9.9%</b>	<b>▲ 1.0%</b>
<b>AVERAGE ECONOMY FARE</b>	<b>\$485</b>	<b>\$440</b>
<b>AVERAGE INCREASE FARE CLASS</b>		
<b>BUSINESS</b>	+\$109 <b>+8.3%</b>	-\$108 <b>-5.2%</b>
<b>ECONOMY FLEX</b>	+\$64 <b>+10.4%</b>	+\$12 <b>+3.2%</b>
<b>ECONOMY SAVER</b>	+\$29 <b>+10.4%</b>	+\$3 <b>+2.5%</b>

## 6

# DOMESTIC BENCHMARKING

## PURCHASED ECONOMY FARES

	CORPORATE FARES				LEISURE FARES			
	2016	2017	2018	% Var.	2016	2017	2018	% Var.
ADL-MEL	\$133	\$136	<b>\$148</b>	+9%	\$107	\$119	<b>\$131</b>	+10%
ADL-SYD	\$175	\$185	<b>\$193</b>	+4%	\$131	\$149	<b>\$157</b>	+5%
BNE-MEL	\$177	\$182	<b>\$198</b>	+9%	\$144	\$158	<b>\$171</b>	+8%
BNE-PER	\$295	\$301	<b>\$321</b>	+7%	\$255	\$265	<b>\$283</b>	+7%
BNE-SYD	\$148	\$152	<b>\$155</b>	+2%	\$115	\$127	<b>\$130</b>	+2%
CBR-SYD	\$163	\$164	<b>\$175</b>	+7%	\$93	\$103	<b>\$121</b>	+17%
HBA-MEL	\$136	\$148	<b>\$156</b>	+5%	\$95	\$106	<b>\$114</b>	+8%
MEL-PER	\$277	\$286	<b>\$310</b>	+8%	\$239	\$256	<b>\$281</b>	+10%
MEL-SYD	\$186	\$193	<b>\$205</b>	+6%	\$143	\$163	<b>\$179</b>	+10%
PER-SYD	\$291	\$303	<b>\$324</b>	+7%	\$244	\$260	<b>\$280</b>	+8%
<b>ALL</b>	<b>\$198</b>	<b>\$205</b>	<b>\$219</b>	<b>+7%</b>	<b>\$157</b>	<b>\$171</b>	<b>\$185</b>	<b>+8%</b>

Data collected by 4D shows increases across all **purchased fares** for the top 10 city pairs analysed.

The city pair summary displayed includes average airfares for all leisure sectors and corporate segments including large enterprise and medium to small business.

### CORPORATE vs LEISURE

In 2018 the average purchased fare for leisure and corporate increased \$14, which was a +8% and +7% rise respectively.

The average purchase price gap between leisure and corporate fares remained at \$34, consistent for the past two years.

**2019 FORECAST** DOMESTIC PURCHASED  
ECONOMY CLASS FARES  
**CORPORATE : +6%**  
**LEISURE : +4%**

# ADL MEL



## 2019/20 FARE OUTLOOK

CORPORATE **+5.0%**  
LEISURE **+3.0%**

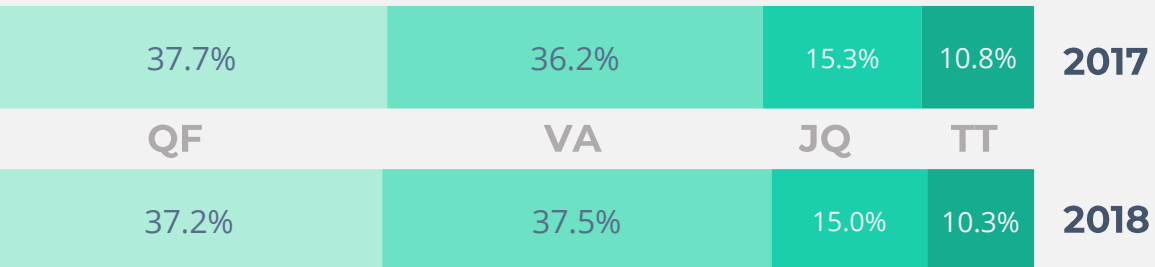


## WEEKLY AVERAGE AVAILABLE SEATS

BI-DIRECTIONAL

2018 **59,400**  
VS  
2017 **+1%**  
FORECAST  
2019 **+3%**

## AIRLINE SEAT MARKETSHARE SUPPLIED BY FLIGHTGLOBAL



## ANNUAL INDEX PUBLISHED PRICE

AS AT JAN 2018 VS JAN 2019. AVERAGE ACROSS ALL FARE CLASSES IN THE GROUP

48

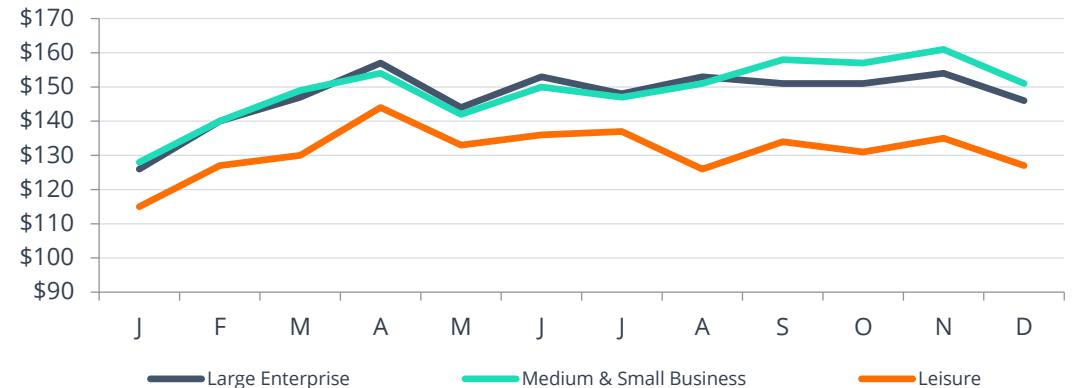
	BUSINESS	ECONOMY FLEX	ECONOMY SAVER
<b>QANTAS AIRWAYS</b>	<b>\$863</b>	<b>\$496</b>	<b>\$191</b>
Var	\$61 7.4%	\$68 15.4%	\$26 14%
<b>VIRGIN AUSTRALIA</b>	<b>\$742</b>	<b>\$437</b>	<b>\$162</b>
Var	\$4 0.5%	\$68 9.5%	\$13 7.9%

## ANNUAL SUMMARY PURCHASED PRICE

ECONOMY FARES ONLY ONE-WAY EXCLUDING TAX

	2016	2017	2018	% Growth
<b>LARGE ENTERPRISE</b>	\$134	\$135	<b>\$148</b>	+9.5%
<b>MEDIUM &amp; SMALL BUSINESS</b>	\$132	\$136	<b>\$149</b>	+9.2%
<b>LEISURE</b>	\$107	\$119	<b>\$131</b>	+9.9%

## 2018 - MONTHLY AVERAGE TICKET PURCHASE PRICE





# ADL SYD



## 2019/20 FARE OUTLOOK

CORPORATE **+5.0%**  
LEISURE **+3.0%**

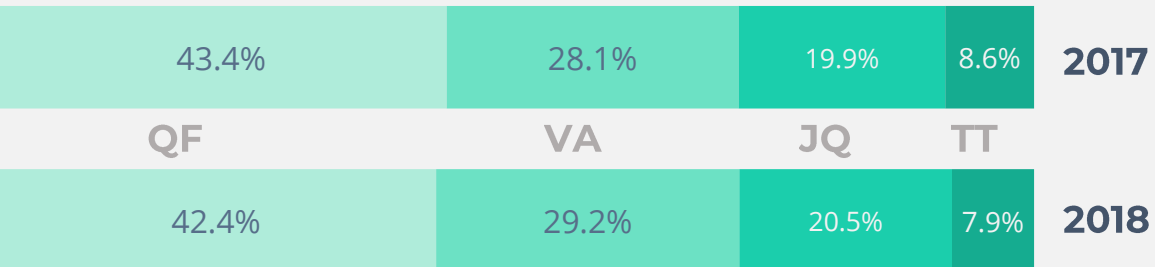


## WEEKLY AVERAGE AVAILABLE SEATS

BI-DIRECTIONAL

2018 **45,300**  
VS  
2017 **0%**  
FORECAST  
2019 **-2%**

## AIRLINE SEAT MARKETSHARE SUPPLIED BY FLIGHTGLOBAL



## ANNUAL INDEX PUBLISHED PRICE

AS AT JAN 2018 VS JAN 2019. AVERAGE ACROSS ALL FARE CLASSES IN THE GROUP

49

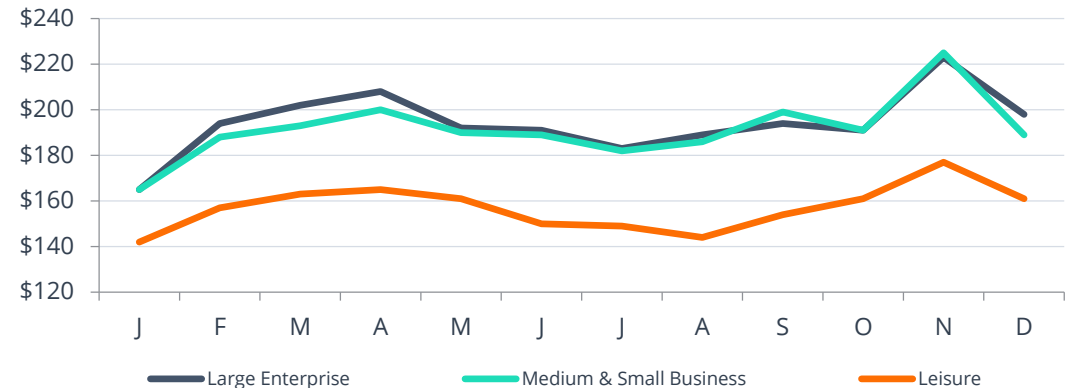
	BUSINESS	ECONOMY FLEX	ECONOMY SAVER
<b>QANTAS AIRWAYS</b>	<b>\$1,065</b>	<b>\$603</b>	<b>\$225</b>
Var	\$79 7.7%	\$39 11.1%	\$20 9.0%
<b>VIRGIN AUSTRALIA</b>	<b>\$931</b>	<b>\$541</b>	<b>\$199</b>
Var	\$3 0.3%	\$29 6.1%	\$6 2.4%

## ANNUAL SUMMARY PURCHASED PRICE

ECONOMY FARES ONLY ONE-WAY EXCLUDING TAX

	2016	2017	2018	% Growth
<b>LARGE ENTERPRISE</b>	\$177	\$185	<b>\$194</b>	+4.9%
<b>MEDIUM &amp; SMALL BUSINESS</b>	\$172	\$185	<b>\$191</b>	+3.5%
<b>LEISURE</b>	\$131	\$149	<b>\$157</b>	+5.0%

## 2018 - MONTHLY AVERAGE TICKET PURCHASE PRICE



# BNE MEL



## 2019/20 FARE OUTLOOK

CORPORATE **+7.0%**  
LEISURE **+3.0%**

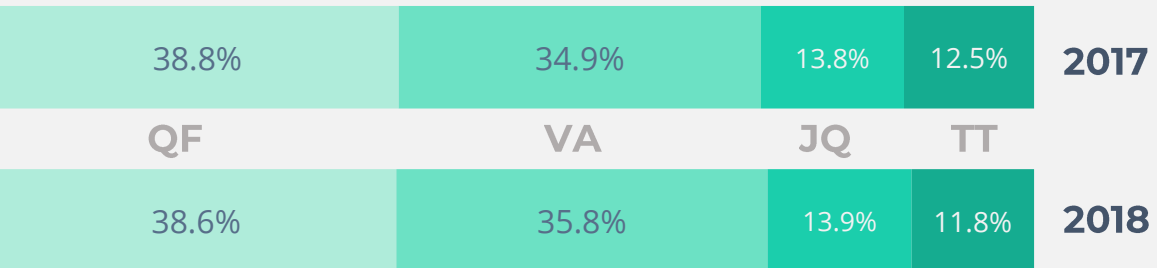


## WEEKLY AVERAGE AVAILABLE SEATS

BI-DIRECTIONAL

2018 **86,600**  
VS  
2017 **+0%**  
FORECAST  
2019 **+0%**

## AIRLINE SEAT MARKETSHARE SUPPLIED BY FLIGHTGLOBAL



## ANNUAL INDEX PUBLISHED PRICE

AS AT JAN 2018 VS JAN 2019. AVERAGE ACROSS ALL FARE CLASSES IN THE GROUP

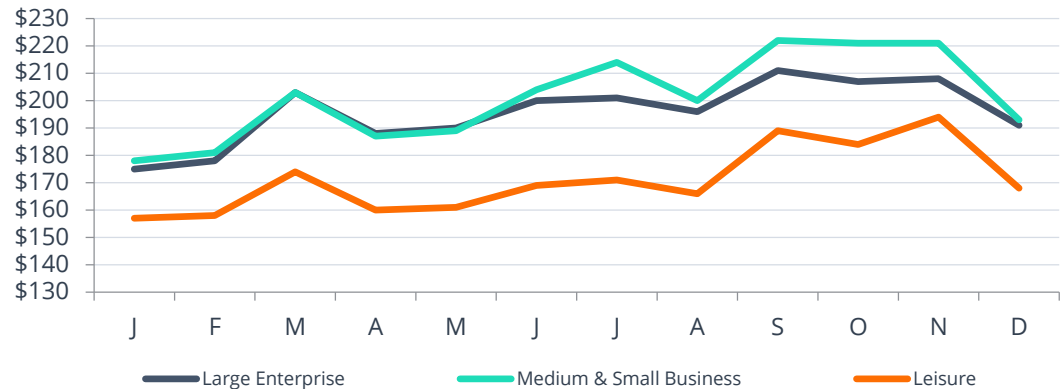
	BUSINESS	ECONOMY FLEX	ECONOMY SAVER
<b>QANTAS AIRWAYS</b>	<b>\$1,309</b>	<b>\$689</b>	<b>\$281</b>
Var	\$91 7.3%	\$60 9.7%	\$24 8.0%
<b>VIRGIN AUSTRALIA</b>	<b>\$1,136</b>	<b>\$631</b>	<b>\$278</b>
Var	\$0 0%	\$12 2.0%	\$7 2.4%

## ANNUAL SUMMARY PURCHASED PRICE

ECONOMY FARES ONLY ONE-WAY EXCLUDING TAX

	2016	2017	2018	% Growth
<b>LARGE ENTERPRISE</b>	\$176	\$179	<b>\$196</b>	+9.2%
<b>MEDIUM &amp; SMALL BUSINESS</b>	\$177	\$184	<b>\$201</b>	+9.2%
<b>LEISURE</b>	\$144	\$158	<b>\$171</b>	+8.6%

## 2018 - MONTHLY AVERAGE TICKET PURCHASE PRICE



# BNE PER



## 2019/20 FARE OUTLOOK

CORPORATE **+3.0%**  
LEISURE **+2.5%**

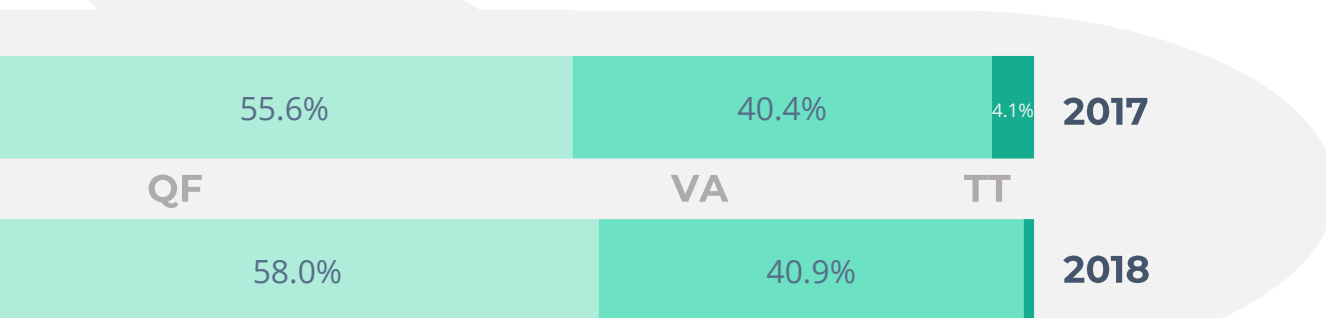


## WEEKLY AVERAGE AVAILABLE SEATS

BI-DIRECTIONAL

2018 **22,200**  
VS  
2017 **-4%**  
FORECAST  
2019 **-1%**

## AIRLINE SEAT MARKETSHARE SUPPLIED BY FLIGHTGLOBAL



## ANNUAL INDEX PUBLISHED PRICE

AS AT JAN 2018 VS JAN 2019. AVERAGE ACROSS ALL FARE CLASSES IN THE GROUP

51

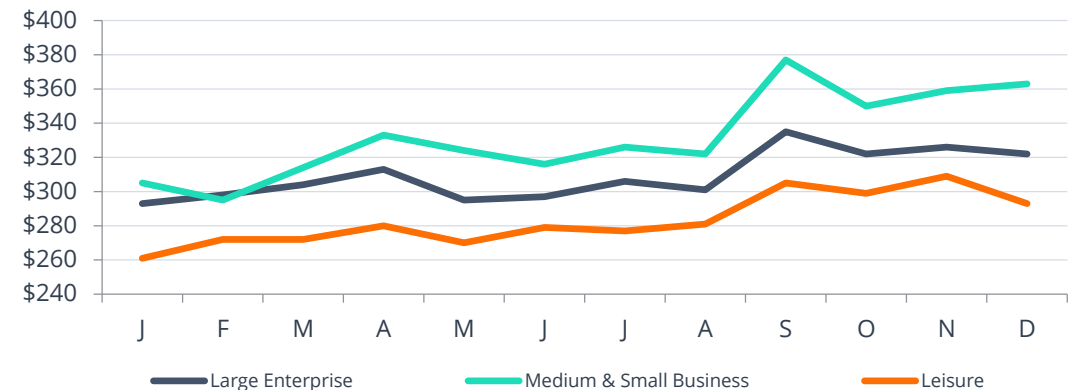
	BUSINESS	ECONOMY FLEX	ECONOMY SAVER
<b>QANTAS AIRWAYS</b>	<b>\$2,570</b>	<b>\$1,121</b>	<b>\$426</b>
Var	\$181 7.3%	\$99 9.8%	\$45 11.0%
<b>VIRGIN AUSTRALIA</b>	<b>\$2,359</b>	<b>\$1,007</b>	<b>\$380</b>
Var	-\$373 -15.5%	\$41 4.7%	\$26 7.1%

## ANNUAL SUMMARY PURCHASED PRICE

ECONOMY FARES ONLY ONE-WAY EXCLUDING TAX

	2016	2017	2018	% Growth
<b>LARGE ENTERPRISE</b>	\$288	\$295	<b>\$309</b>	+5.0%
<b>MEDIUM &amp; SMALL BUSINESS</b>	\$301	\$308	<b>\$332</b>	+7.8%
<b>LEISURE</b>	\$255	\$265	<b>\$283</b>	+6.8%

## 2018 - MONTHLY AVERAGE TICKET PURCHASE PRICE



# BNE SYD



## 2019/20 FARE OUTLOOK

CORPORATE **+2.5%**  
LEISURE **+1.5%**

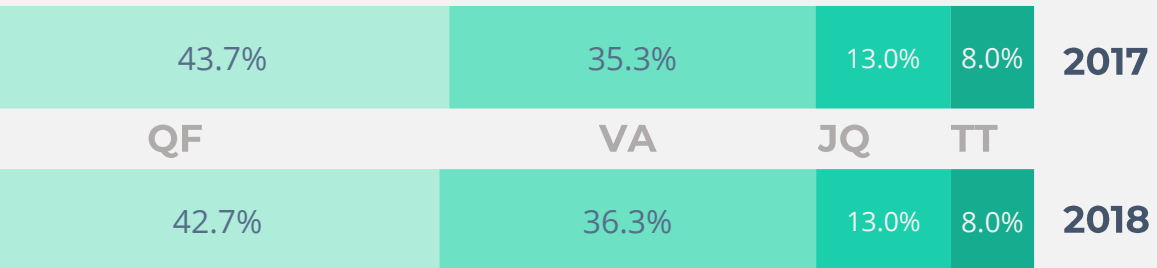


## WEEKLY AVERAGE AVAILABLE SEATS

BI-DIRECTIONAL

2018 **115,600**  
VS  
2017 **+1%**  
FORECAST  
2019 **+2%**

## AIRLINE SEAT MARKETSHARE SUPPLIED BY FLIGHTGLOBAL



## ANNUAL INDEX PUBLISHED PRICE

AS AT JAN 2018 VS JAN 2019. AVERAGE ACROSS ALL FARE CLASSES IN THE GROUP

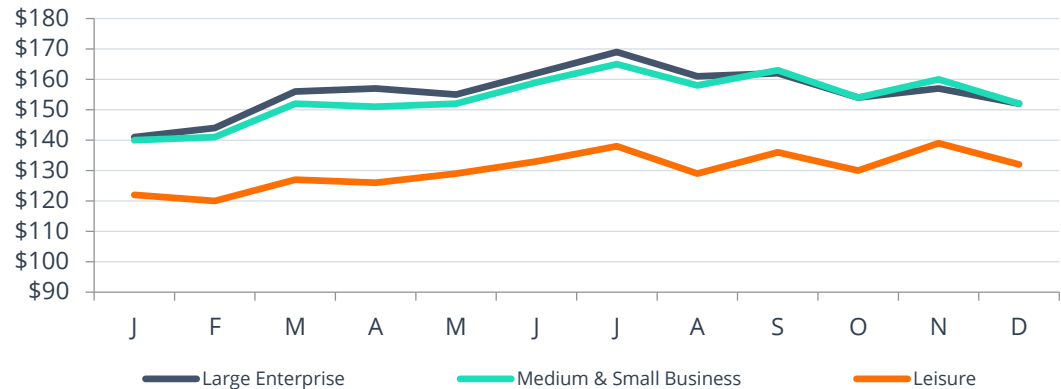
	BUSINESS	ECONOMY FLEX	ECONOMY SAVER
<b>QANTAS AIRWAYS</b>	<b>\$975</b>	<b>\$559</b>	<b>\$231</b>
Var	\$108 13.4%	\$55 9.8%	\$18 8.0%
<b>VIRGIN AUSTRALIA</b>	<b>\$810</b>	<b>\$494</b>	<b>\$201</b>
Var	-\$103 -11.2%	\$26 4.8%	\$9 4.5%

## ANNUAL SUMMARY PURCHASED PRICE

ECONOMY FARES ONLY ONE-WAY EXCLUDING TAX

	2016	2017	2018	% Growth
<b>LARGE ENTERPRISE</b>	\$149	\$151	<b>\$156</b>	+3.5%
<b>MEDIUM &amp; SMALL BUSINESS</b>	\$147	\$153	<b>\$154</b>	+0.5%
<b>LEISURE</b>	\$115	\$127	<b>\$130</b>	+2.8%

## 2018 - MONTHLY AVERAGE TICKET PURCHASE PRICE



# CBR SYD



## 2019/20 FARE OUTLOOK

CORPORATE **+5.0%**  
LEISURE **+3.5%**

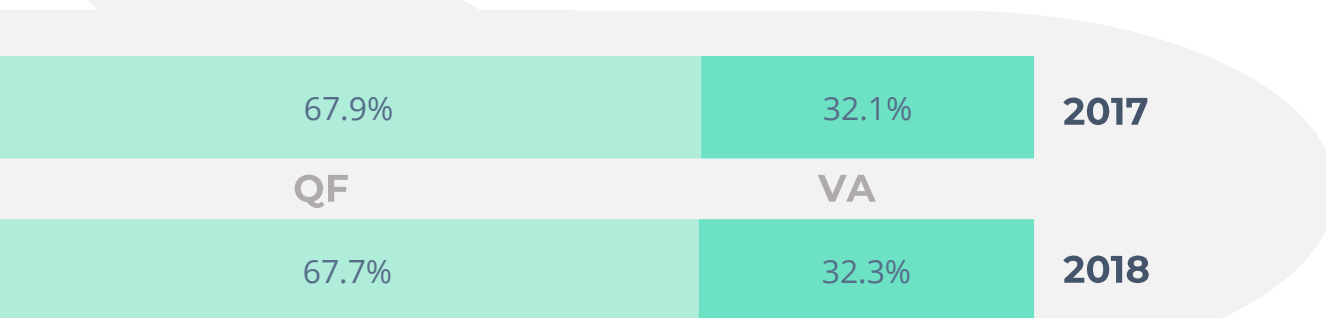


## WEEKLY AVERAGE AVAILABLE SEATS

BI-DIRECTIONAL

2018 **25,300**  
VS  
2017 **-2%**  
FORECAST  
2019 **0%**

## AIRLINE SEAT MARKETSHARE SUPPLIED BY FLIGHTGLOBAL



## ANNUAL INDEX PUBLISHED PRICE

AS AT JAN 2018 VS JAN 2019. AVERAGE ACROSS ALL FARE CLASSES IN THE GROUP

53

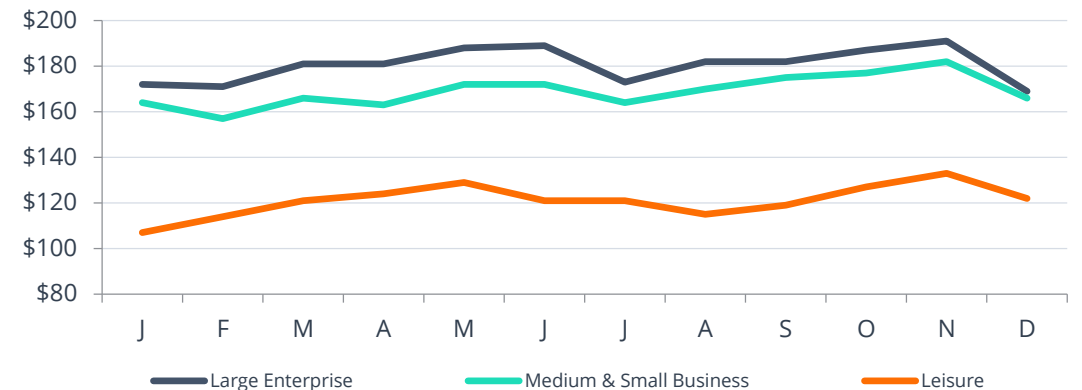
	BUSINESS	ECONOMY FLEX	ECONOMY SAVER
<b>QANTAS AIRWAYS</b>	<b>\$734</b>	<b>\$409</b>	<b>\$202</b>
Var	\$60 8.5%	\$41 10.7%	\$20 11.0%
<b>VIRGIN AUSTRALIA</b>	<b>\$629</b>	<b>\$365</b>	<b>\$183</b>
Var	\$0 0.0%	\$18 5.4%	\$8 4.1%

## ANNUAL SUMMARY PURCHASED PRICE

ECONOMY FARES ONLY ONE-WAY EXCLUDING TAX

	2016	2017	2018	% Growth
<b>LARGE ENTERPRISE</b>	\$171	\$172	<b>\$181</b>	+5.0%
<b>MEDIUM &amp; SMALL BUSINESS</b>	\$155	\$155	<b>\$169</b>	+8.9%
<b>LEISURE</b>	\$93	\$103	<b>\$121</b>	+17.2%

## 2018 - MONTHLY AVERAGE TICKET PURCHASE PRICE



# HBA MEL



## 2019/20 FARE OUTLOOK

CORPORATE **+4.5%**  
LEISURE **+3.0%**

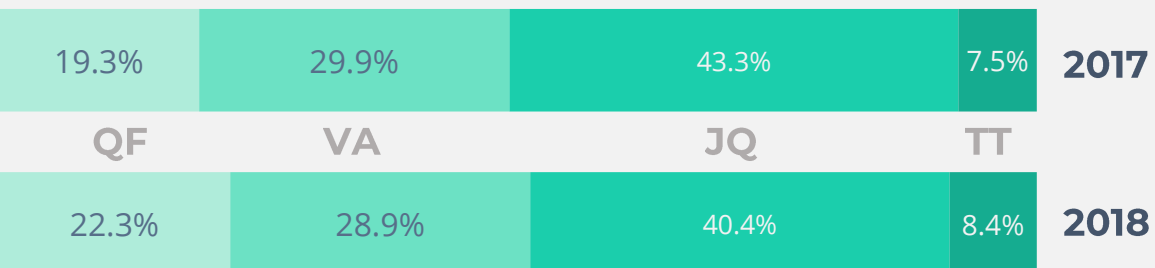


## WEEKLY AVERAGE AVAILABLE SEATS

BI-DIRECTIONAL

2018 **40,200**  
VS  
2017 **+8%**  
FORECAST  
2019 **+1%**

## AIRLINE SEAT MARKETSHARE SUPPLIED BY FLIGHTGLOBAL



## ANNUAL INDEX PUBLISHED PRICE

AS AT JAN 2018 VS JAN 2019. AVERAGE ACROSS ALL FARE CLASSES IN THE GROUP

54

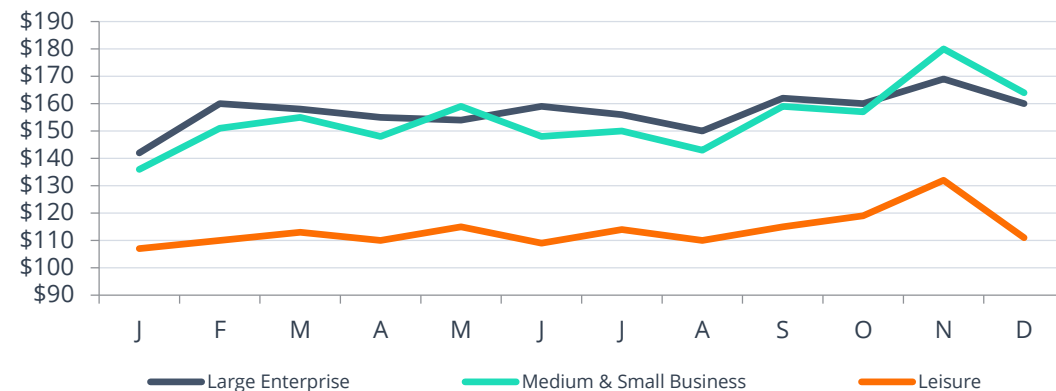
	BUSINESS	ECONOMY FLEX	ECONOMY SAVER
<b>QANTAS AIRWAYS</b>	<b>\$857</b>	<b>\$468</b>	<b>\$199</b>
Var	\$60 7.3%	\$44 10.0%	\$20 10.0%
<b>VIRGIN AUSTRALIA</b>	<b>\$754</b>	<b>\$424</b>	<b>\$175</b>
Var	-\$3 -0.4%	\$13 3.6%	\$8 4.8%

## ANNUAL SUMMARY PURCHASED PRICE

ECONOMY FARES ONLY ONE-WAY EXCLUDING TAX

	2016	2017	2018	% Growth
<b>LARGE ENTERPRISE</b>	\$139	\$150	<b>\$157</b>	+5.1%
<b>MEDIUM &amp; SMALL BUSINESS</b>	\$134	\$147	<b>\$154</b>	+5.0%
<b>LEISURE</b>	\$95	\$106	<b>\$114</b>	+7.0%

## 2018 - MONTHLY AVERAGE TICKET PURCHASE PRICE



# MEL PER



## 2019/20 FARE OUTLOOK

CORPORATE **+5.0%**  
LEISURE **+6.0%**

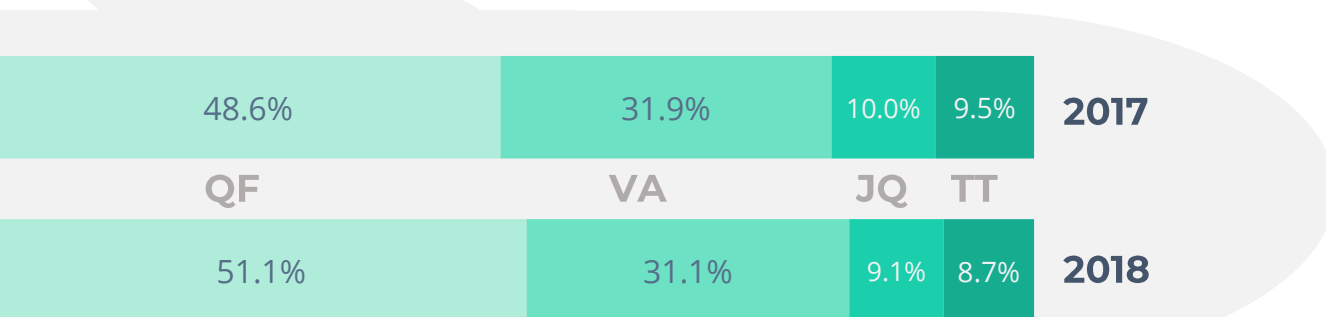


## WEEKLY AVERAGE AVAILABLE SEATS

BI-DIRECTIONAL

2018 **48,400**  
VS  
2017 **+1.0%**  
FORECAST  
2019 **0.0%**

## AIRLINE SEAT MARKETSHARE SUPPLIED BY FLIGHTGLOBAL



## ANNUAL INDEX PUBLISHED PRICE

AS AT JAN 2018 VS JAN 2019. AVERAGE ACROSS ALL FARE CLASSES IN THE GROUP

55

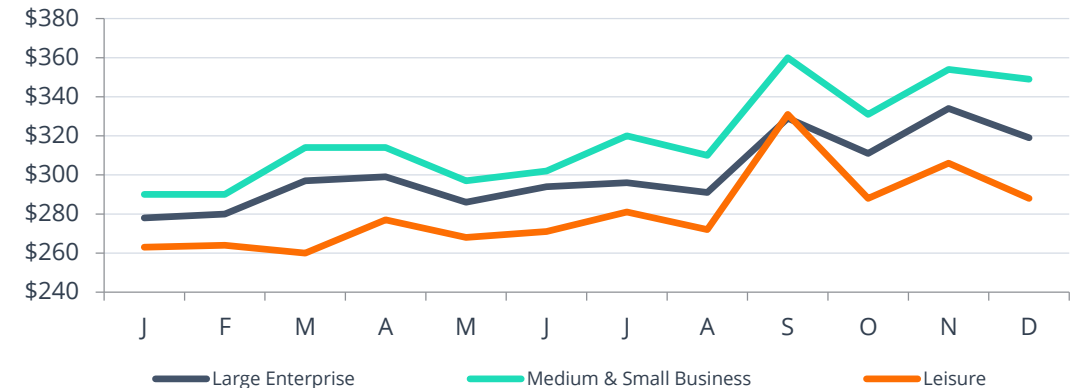
	BUSINESS	ECONOMY FLEX	ECONOMY SAVER
<b>QANTAS AIRWAYS</b>	<b>\$2,436</b>	<b>\$953</b>	<b>\$390</b>
Var	\$184 7.9%	\$79 9.3%	\$40 11.0%
<b>VIRGIN AUSTRALIA</b>	<b>\$2,232</b>	<b>\$929</b>	<b>\$388</b>
Var	-\$196 -8.8%	-\$98 -10.9%	-\$74 -16.9%

## ANNUAL SUMMARY PURCHASED PRICE

ECONOMY FARES ONLY ONE-WAY EXCLUDING TAX

	2016	2017	2018	% Growth
<b>LARGE ENTERPRISE</b>	\$274	\$282	<b>\$301</b>	+7.0%
<b>MEDIUM &amp; SMALL BUSINESS</b>	\$280	\$291	<b>\$319</b>	+9.8%
<b>LEISURE</b>	\$239	\$256	<b>\$281</b>	+9.6%

## 2018 - MONTHLY AVERAGE TICKET PURCHASE PRICE



# MEL SYD



## 2019/20 FARE OUTLOOK

CORPORATE **+6.5%**  
LEISURE **+7.5%**

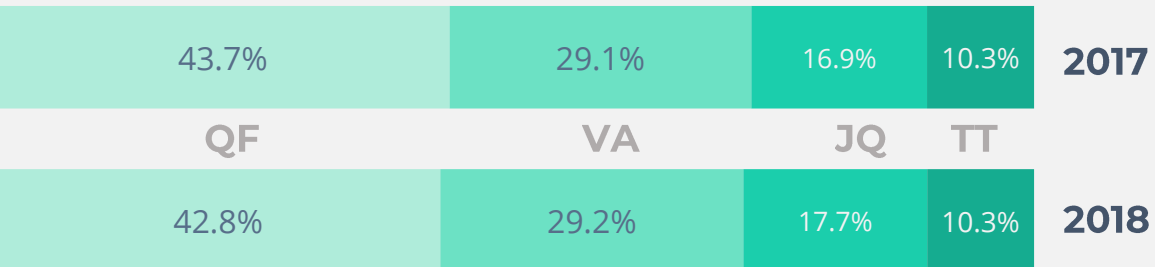


## WEEKLY AVERAGE AVAILABLE SEATS

BI-DIRECTIONAL

2018 **205,700**  
VS  
2017 **+1.0%**  
FORECAST  
2019 **0.0%**

## AIRLINE SEAT MARKETSHARE SUPPLIED BY FLIGHTGLOBAL



## ANNUAL INDEX PUBLISHED PRICE

AS AT JAN 2018 VS JAN 2019. AVERAGE ACROSS ALL FARE CLASSES IN THE GROUP

56

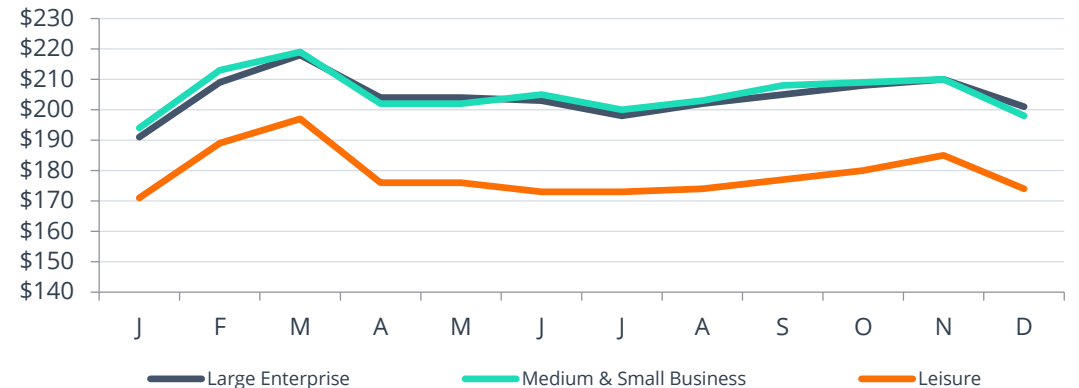
	BUSINESS	ECONOMY FLEX	ECONOMY SAVER
<b>QANTAS AIRWAYS</b>	<b>\$987</b>	<b>\$567</b>	<b>\$255</b>
Var	\$83 8.8%	\$54 10.3%	\$28 11.0%
<b>VIRGIN AUSTRALIA</b>	<b>\$846</b>	<b>\$518</b>	<b>\$227</b>
Var	\$0 0.0%	\$22 4.3%	\$8 3.3%

## ANNUAL SUMMARY PURCHASED PRICE

ECONOMY FARES ONLY ONE-WAY EXCLUDING TAX

	2016	2017	2018	% Growth
<b>LARGE ENTERPRISE</b>	\$185	\$191	<b>\$204</b>	+7.0%
<b>MEDIUM &amp; SMALL BUSINESS</b>	\$186	\$195	<b>\$205</b>	+5.2%
<b>LEISURE</b>	\$143	\$163	<b>\$179</b>	+9.4%

## 2018 - MONTHLY AVERAGE TICKET PURCHASE PRICE





# PER SYD



## 2019/20 FARE OUTLOOK

CORPORATE **+3.5%**  
LEISURE **+3.5%**

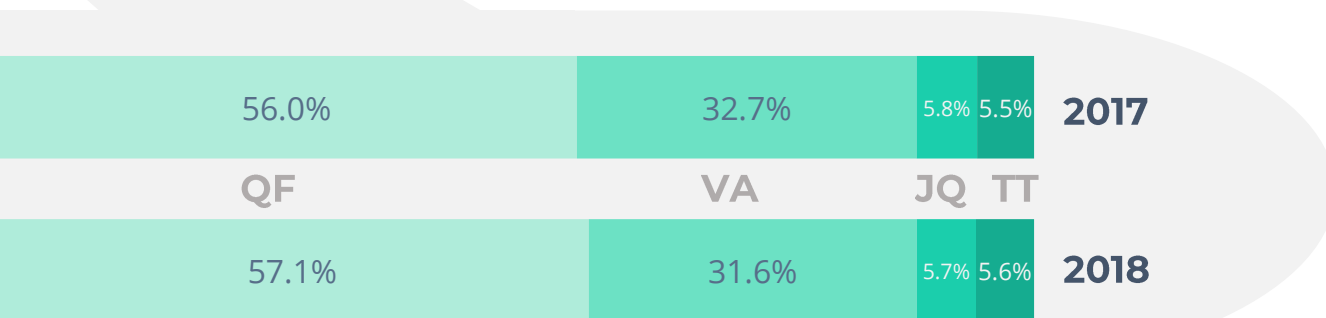


## WEEKLY AVERAGE AVAILABLE SEATS

BI-DIRECTIONAL

2018 **40,000**  
VS  
2017 **-2.0%**  
FORECAST  
2019 **-2.0%**

## AIRLINE SEAT MARKETSHARE SUPPLIED BY FLIGHTGLOBAL



## ANNUAL INDEX PUBLISHED PRICE

AS AT JAN 2018 VS JAN 2019. AVERAGE ACROSS ALL FARE CLASSES IN THE GROUP

57

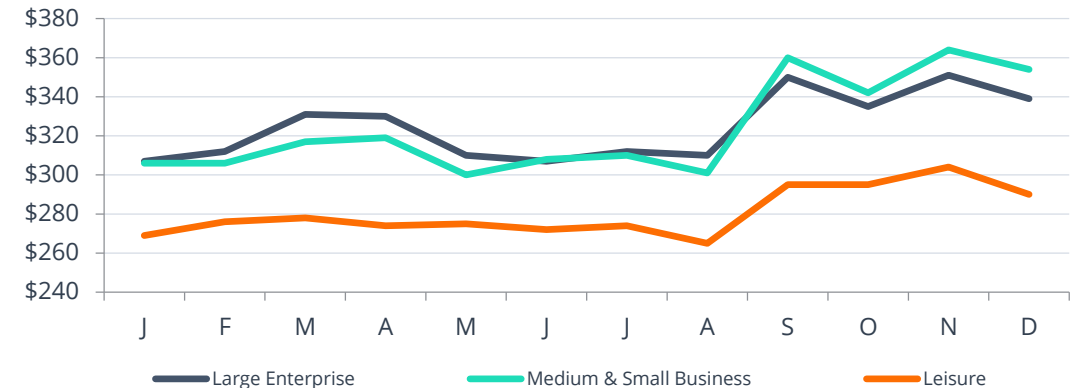
	BUSINESS	ECONOMY FLEX	ECONOMY SAVER
<b>QANTAS AIRWAYS</b>	<b>\$2,653</b>	<b>\$1,012</b>	<b>\$413</b>
Var	\$184 7.2%	\$75 7.5%	\$45 11.0%
<b>VIRGIN AUSTRALIA</b>	<b>\$2,417</b>	<b>\$916</b>	<b>\$379</b>
Var	-\$416 -17.3%	\$21 2.0%	\$23 5.8%

## ANNUAL SUMMARY PURCHASED PRICE

ECONOMY FARES ONLY ONE-WAY EXCLUDING TAX

	2016	2017	2018	% Growth
<b>LARGE ENTERPRISE</b>	\$294	\$306	<b>\$324</b>	+6.2%
<b>MEDIUM &amp; SMALL BUSINESS</b>	\$288	\$301	<b>\$324</b>	+7.6%
<b>LEISURE</b>	\$244	\$260	<b>\$280</b>	+7.7%

## 2018 - MONTHLY AVERAGE TICKET PURCHASE PRICE



# FLYING BY THE SEAT OF YOUR PANTS?

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An aerial photograph of a city, likely Hobart, Tasmania, viewed from a hillside. The city is densely packed with buildings and greenery. In the background, a large body of water is visible under a cloudy sky. A large, semi-transparent orange hexagon is overlaid on the center of the image, containing the number '06' and the text 'TRANS-TASMAN BENCHMARKING'. To the right of the orange hexagon, there is a pattern of smaller, semi-transparent grey hexagons.

**06**

**TRANS-TASMAN  
BENCHMARKING**



# TRANS-TASMAN BENCHMARKING

## PURCHASED FARES

Travel between Australia and New Zealand ranks as the number one frequented international destination when travelling overseas.

Of the top five city pairs reviewed by 4D the overall average economy class purchased fares in 2018 increased \$49 or +7.2%. This increase is significant on previous years where the average rise was \$7-10.

### CORPORATE vs LEISURE

Advance purchase behaviour of leisure travellers combined with periodic fare specials has resulted in Leisure travellers securing fares on average -27.6% or -\$158 lower than corporate fares in economy class.

### 2019 FORECAST

**CORPORATE : +4%**

**LEISURE : +3%**

TRANS-TASMAN PURCHASED  
ECONOMY CLASS FARES

	ECONOMY CLASS						BUSINESS CLASS					
	2016	2017	2018	% Var.	LEISURE Fare	Variance to CORP Fare	2016	2017	2018	% Var.	LEISURE Fare	Variance to CORP Fare
<b>BNE-AKL</b>	\$631	\$637	<b>\$718</b>	<b>+12.7%</b>	<b>\$531</b>	<b>-35.3%</b>	\$1,289	\$1,295	<b>\$1,550</b>	<b>+19.7%</b>	<b>\$1,254</b>	<b>-23.6%</b>
<b>MEL-AKL</b>	\$685	\$691	<b>\$724</b>	<b>+4.7%</b>	<b>\$566</b>	<b>-28.0%</b>	\$1,445	\$1,432	<b>\$1,596</b>	<b>+11.5%</b>	<b>\$1,339</b>	<b>-19.2%</b>
<b>SYD-AKL</b>	\$686	\$712	<b>\$728</b>	<b>+2.3%</b>	<b>\$589</b>	<b>-23.6%</b>	\$1,431	\$1,604	<b>\$1,728</b>	<b>+7.8%</b>	<b>\$1,324</b>	<b>-30.6%</b>
<b>SYD-CHC</b>	\$704	\$665	<b>\$681</b>	<b>+2.4%</b>	<b>\$556</b>	<b>-22.5%</b>	\$1,944	\$1,467	<b>\$1,521</b>	<b>+3.7%</b>	<b>\$1,166</b>	<b>-30.5%</b>
<b>SYD-WLG</b>	\$663	\$720	<b>\$820</b>	<b>+13.9%</b>	<b>\$636</b>	<b>-28.8%</b>	\$1,247	\$1,209	<b>\$1,868</b>	<b>+54.5%</b>	<b>\$1,673</b>	<b>-11.7%</b>
<b>ALL</b>	<b>\$674</b>	<b>\$685</b>	<b>\$734</b>	<b>+7.2%</b>	<b>\$576</b>	<b>-27.6%</b>	<b>\$1,471</b>	<b>\$1,401</b>	<b>\$1,653</b>	<b>+17.9%</b>	<b>\$1,351</b>	<b>-22.3%</b>

# BNE AKL



## 2019/20 CORPORATE FARE OUTLOOK

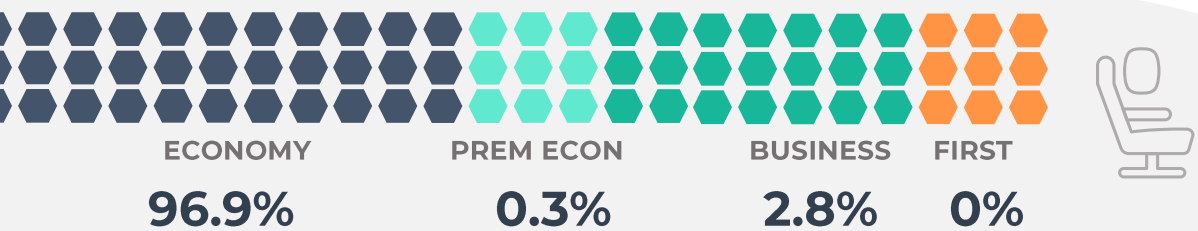
ECONOMY **+6.5%**  
BUSINESS **+2.0%**



## WEEKLY AVERAGE AVAILABLE SEATS BI-DIRECTIONAL

2018 **24,800**  
vs 2017 **-4.9%**  
FORECAST 2019 **+1.6%**  
DAILY FLIGHTS **14+**

### WHERE ARE BUSINESS TRAVELLERS SITTING



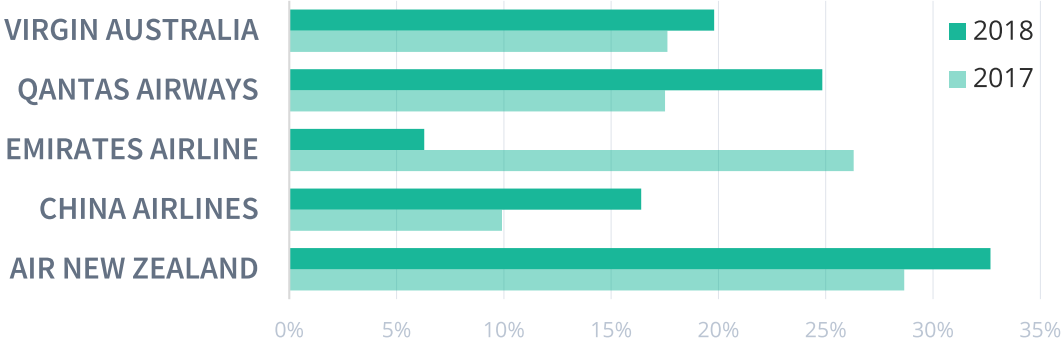
## ANNUAL SUMMARY PURCHASED PRICE

ADULT FARES ONLY, RETURN TICKET, INCLUDING TAX

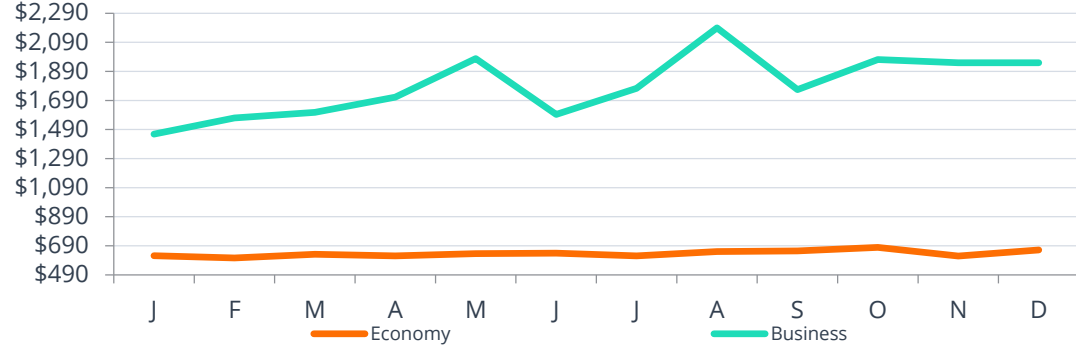
CORPORATE	2016	2017	2018	% GROWTH
ECONOMY CLASS	\$631	\$637	<b>\$718</b>	+12.7%
BUSINESS CLASS	\$1,289	\$1,295	<b>\$1,550</b>	+19.7%

## SEAT MARKET SHARE

SUPPLIED BY FLIGHTGLOBAL



## 2018 - CORPORATE AVERAGE PURCHASE PRICE



The average paid fare is return in cabin class for one adult, gross fare plus tax. The average fare is reported as return tickets

# MEL AKL



## 2019/20 CORPORATE FARE OUTLOOK

ECONOMY **+3.5%**  
BUSINESS **+2.5%**



## WEEKLY AVERAGE AVAILABLE SEATS BI-DIRECTIONAL

2018 **30,200**  
vs 2017 **-3.6%**  
FORECAST 2019 **+0.4%**  
DAILY FLIGHTS **18+**

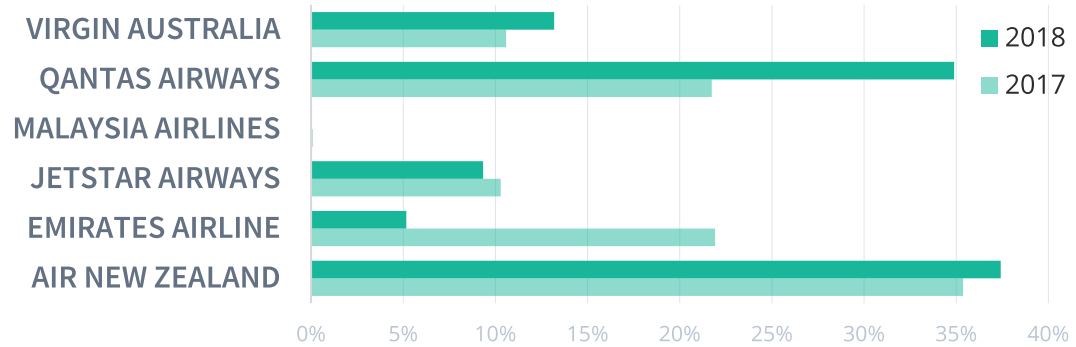
## ANNUAL SUMMARY PURCHASED PRICE

ADULT FARES ONLY, RETURN TICKET, INCLUDING TAX

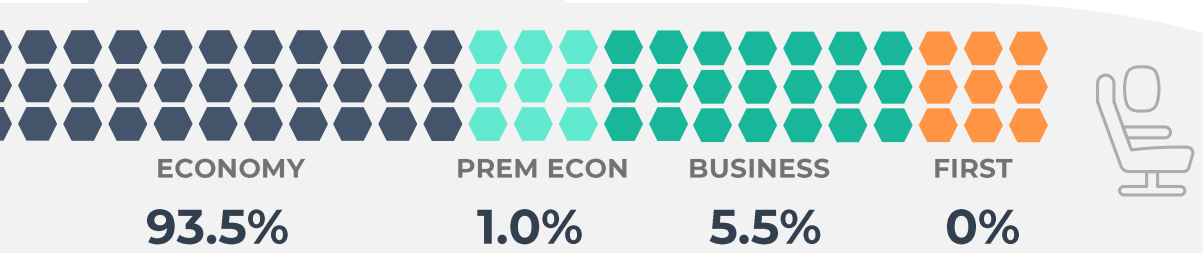
CORPORATE	2016	2017	2018	% GROWTH
ECONOMY CLASS	\$685	\$691	\$724	+4.7%
BUSINESS CLASS	\$1,445	\$1,432	\$1,596	+11.5%

## SEAT MARKET SHARE

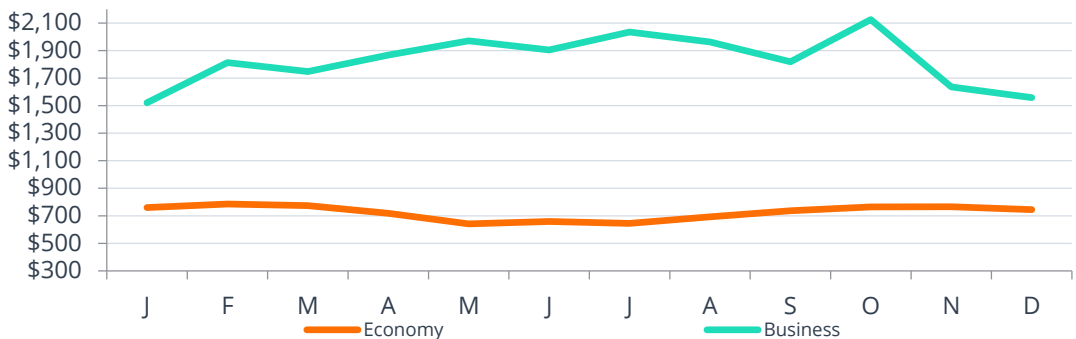
SUPPLIED BY FLIGHTGLOBAL



## WHERE ARE BUSINESS TRAVELLERS SITTING



## 2018 - CORPORATE AVERAGE PURCHASE PRICE



The average paid fare is return in cabin class for one adult, gross fare plus tax. The average fare is reported as return tickets

# SYD AKL



## 2019/20 CORPORATE FARE OUTLOOK

ECONOMY **+4.5%**  
BUSINESS **+2.5%**



## WEEKLY AVERAGE AVAILABLE SEATS BI-DIRECTIONAL

2018 **42,000**  
vs 2017 **-5.3%**  
FORECAST 2019 **+7.1%**  
DAILY FLIGHTS **24+**

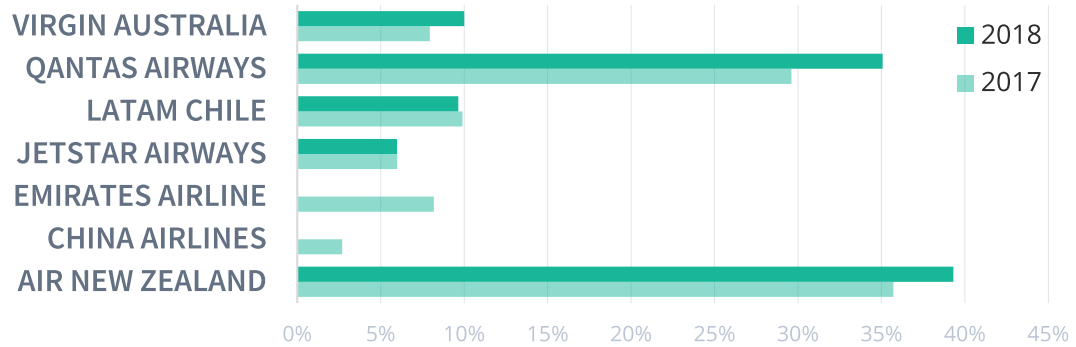
## ANNUAL SUMMARY PURCHASED PRICE

ADULT FARES ONLY, RETURN TICKET, INCLUDING TAX

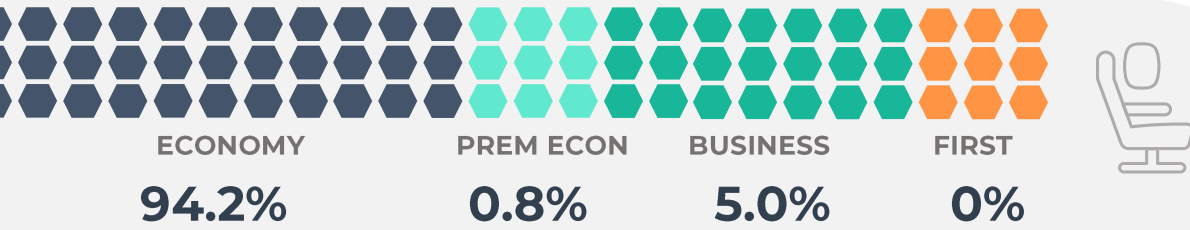
CORPORATE	2016	2017	2018	% GROWTH
ECONOMY CLASS	\$686	\$712	\$728	+2.3%
BUSINESS CLASS	\$1,431	\$1,604	\$1,728	+7.8%

## SEAT MARKET SHARE

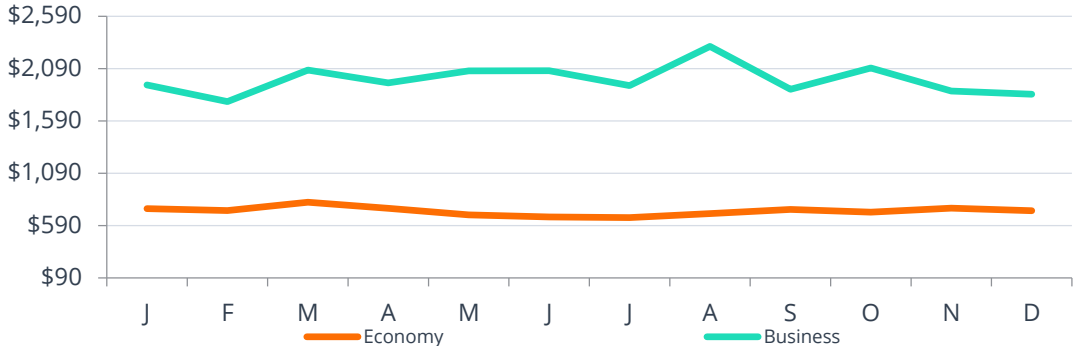
SUPPLIED BY FLIGHTGLOBAL



## WHERE ARE BUSINESS TRAVELLERS SITTING



## 2018 - CORPORATE AVERAGE PURCHASE PRICE



The average paid fare is return in cabin class for one adult, gross fare plus tax. The average fare is reported as return tickets

# SYD CHC



## 2019/20 CORPORATE FARE OUTLOOK

ECONOMY **+2.5%**  
BUSINESS **FLAT**



## WEEKLY AVERAGE AVAILABLE SEATS BI-DIRECTIONAL

2018 **8,400**  
vs 2017 **+2.6%**  
FORECAST 2019 **+2.0%**  
DAILY FLIGHTS **8+**

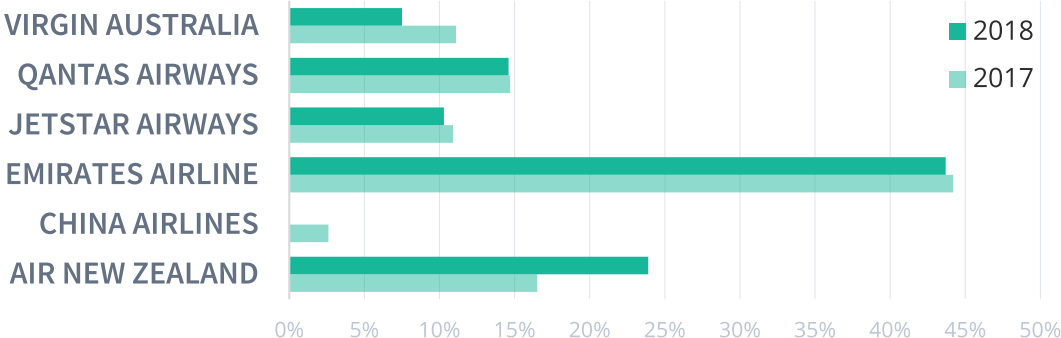
## ANNUAL SUMMARY PURCHASED PRICE

ADULT FARES ONLY, RETURN TICKET, INCLUDING TAX

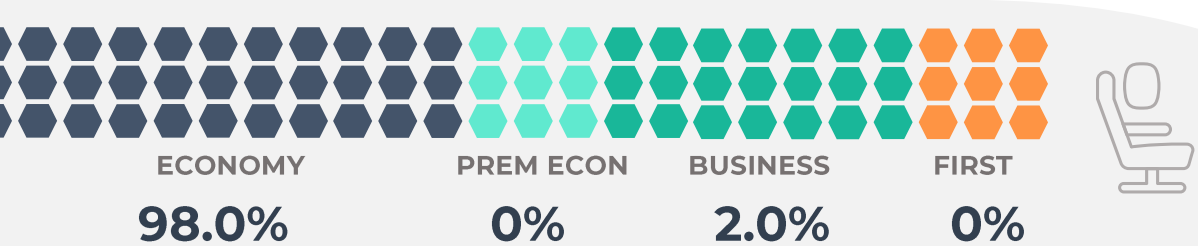
CORPORATE	2016	2017	2018	% GROWTH
ECONOMY CLASS	\$704	\$665	\$681	+2.4%
BUSINESS CLASS	\$1,944	\$1,467	\$1,542	+3.7%

## SEAT MARKET SHARE

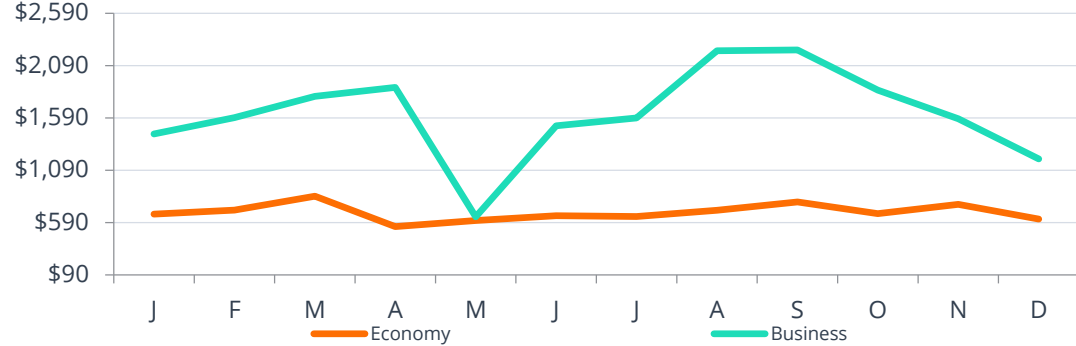
SUPPLIED BY FLIGHTGLOBAL



## WHERE ARE BUSINESS TRAVELLERS SITTING



## 2018 - CORPORATE AVERAGE PURCHASE PRICE



The average paid fare is return in cabin class for one adult, gross fare plus tax. The average fare is reported as return tickets



# SYD WLG



## 2019/20 CORPORATE FARE OUTLOOK

ECONOMY **FLAT**  
BUSINESS **+3.5%**



## WEEKLY AVERAGE AVAILABLE SEATS

BI-DIRECTIONAL

2018 **9,000**  
vs 2017 **+3.5%**  
FORECAST 2019 **+15.3%**  
DAILY FLIGHTS **6+**

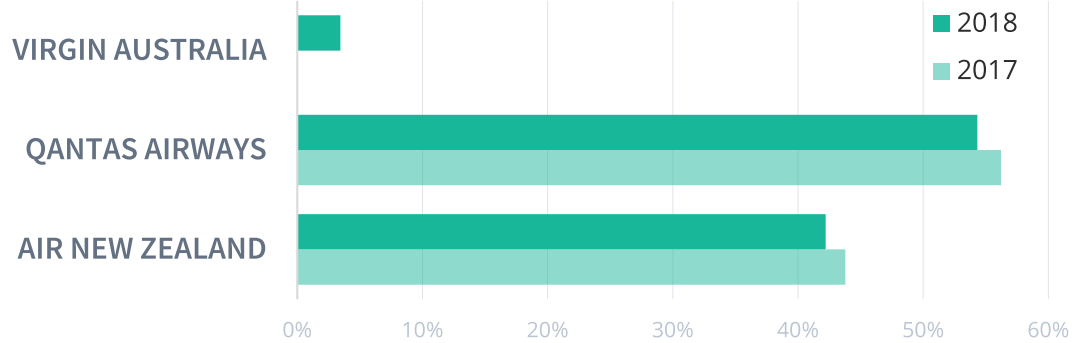
## ANNUAL SUMMARY PURCHASED PRICE

ADULT FARES ONLY, RETURN TICKET, INCLUDING TAX

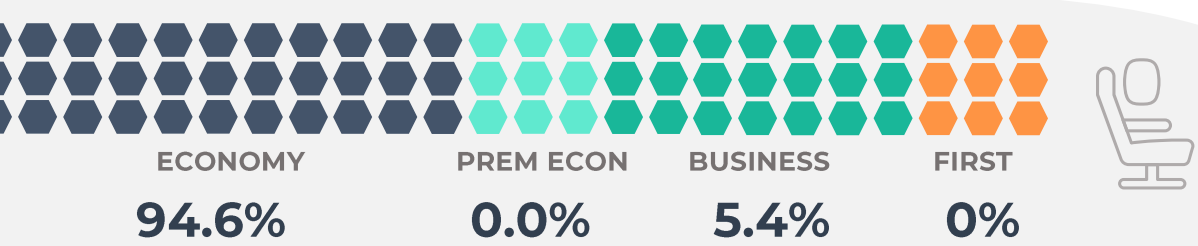
CORPORATE	2016	2017	2018	% GROWTH
ECONOMY CLASS	\$663	\$720	\$820	+13.9%
BUSINESS CLASS	\$1,247	\$1,209	\$1,868	+54.5%

## SEAT MARKET SHARE

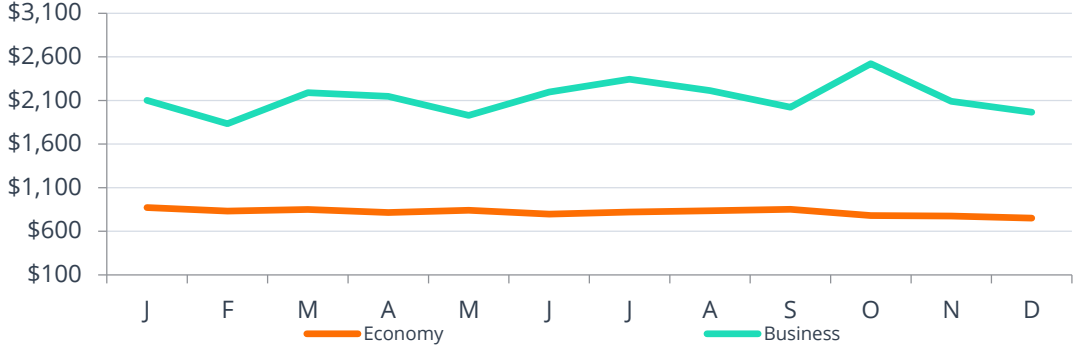
SUPPLIED BY FLIGHTGLOBAL



## WHERE ARE BUSINESS TRAVELLERS SITTING



## 2018 - CORPORATE AVERAGE PURCHASE PRICE



The average paid fare is return in cabin class for one adult, gross fare plus tax. The average fare is reported as return tickets



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GOING PLACES TOGETHER

The background features an aerial view of a large stadium with a teal overlay. A central orange hexagon contains the text. The overall design is modern and geometric, with a hexagonal pattern of light teal lines on the right side.

**06**

**INTERNATIONAL  
BENCHMARKING**

6

# INTERNATIONAL BENCHMARKING

## PURCHASED FARES

The international city-pair summary includes average airfares for all corporate segments including large enterprise and medium to small business. Due to the broad range of international travel itineraries, 4D focus on key city-pairs into high frequency destinations for 2018.

The average purchase fares in economy class continued a further year with **nominal change**.

In business class, fares had an overall average increase of **+7.5%** or **\$426**.



### LEISURE vs CORPORATE

For the past four years the leisure travel buying behaviour of planning and purchasing six to nine months in advance resulted in securing some of the lowest fares on offer. On average leisure travellers will purchase fares 30% cheaper in both Economy and Business Class than corporate travellers.

**2019 FORECAST** INTERNATIONAL PURCHASE PRICE  
ECONOMY CLASS FARES  
**CORPORATE : FLAT**  
**LEISURE : FLAT**



## 6

## INTERNATIONAL BENCHMARKING

## PURCHASED FARES

	ECONOMY CLASS						BUSINESS CLASS					
	2016	2017	2018	% Var.	LEISURE Fare	Variance to CORP Fare	2016	2017	2018	% Var.	LEISURE Fare	Variance to CORP Fare
<b>BNE-SIN</b>	\$1,226	\$1,235	<b>\$1,261</b>	+2.1%	<b>\$998</b>	-26.3%	\$4,014	\$4,045	<b>\$4,219</b>	+4.3%	<b>\$6,073</b>	-41.1%
<b>BNE-LAX</b>	\$1,640	\$1,826	<b>\$1,809</b>	-0.9%	<b>\$1,303</b>	-38.9%	\$7,849	\$7,574	<b>\$8,568</b>	+13.1%	<b>\$3,642</b>	-135.3%
<b>MEL-HKG</b>	\$1,427	\$1,318	<b>\$1,171</b>	-11.2%	<b>\$863</b>	-35.6%	\$5,318	\$5,157	<b>\$5,280</b>	+2.4%	<b>\$4,192</b>	-26.0%
<b>MEL-LAX</b>	\$1,755	\$1,610	<b>\$1,769</b>	9.9%	<b>\$1,305</b>	-35.6%	\$7,754	\$7,619	<b>\$9,538</b>	+25.2%	<b>\$5,995</b>	-59.1%
<b>MEL-SIN</b>	\$1,231	\$1,255	<b>\$1,204</b>	-4.0%	<b>\$946</b>	-27.3%	\$4,210	\$4,212	<b>\$4,208</b>	-0.1%	<b>\$3,645</b>	-15.4%
<b>PER-SIN</b>	\$925	\$1,028	<b>\$973</b>	-5.4%	<b>\$738</b>	-31.9%	\$2,337	\$3,494	<b>\$4,000</b>	+14.5%	<b>\$2,857</b>	-40.0%
<b>SYD-HKG</b>	\$1,266	\$1,195	<b>\$1,091</b>	-8.8%	<b>\$875</b>	-24.6%	\$5,104	\$5,009	<b>\$5,432</b>	+8.4%	<b>\$4,427</b>	-22.7%
<b>SYD-LAX</b>	\$1,581	\$1,698	<b>\$1,665</b>	-1.9%	<b>\$1,346</b>	-23.7%	\$7,792	\$8,557	<b>\$8,843</b>	+3.3%	<b>\$6,107</b>	-44.8%
<b>SYD-SHA</b>	\$1,231	\$1,244	<b>\$1,256</b>	+1.0%	<b>\$966</b>	-30.0%	\$5,221	\$5,807	<b>\$5,496</b>	-5.4%	<b>\$4,476</b>	-22.8%
<b>SYD-TYO</b>	\$1,513	\$1,502	<b>\$1,548</b>	+3.0%	<b>\$1,175</b>	-31.7%	\$5,554	\$5,441	<b>\$5,594</b>	+2.8%	<b>\$4,633</b>	-20.7%
<b>ALL</b>	<b>\$1,379</b>	<b>\$1,391</b>	<b>\$1,375</b>	-1.2%	<b>\$1,051</b>	-30.8%	<b>\$5,515</b>	<b>\$5,692</b>	<b>\$6,118</b>	+7.5%	<b>\$4,605</b>	-32.9%

Average Air Ticket Price Tracking Comparison Year on Year The average fare is return fare per cabin class for one adult, gross fare plus tax.

# BNE SIN



## 2019/20 CORPORATE FARE OUTLOOK

ECONOMY **+2.2%**  
BUSINESS **+1.8%**



## WEEKLY AVERAGE AVAILABLE SEATS BI-DIRECTIONAL

2018 **23,800**  
vs 2017 **+1.8%**  
FORECAST 2019 **+6.0%**  
DAILY FLIGHTS **12+**

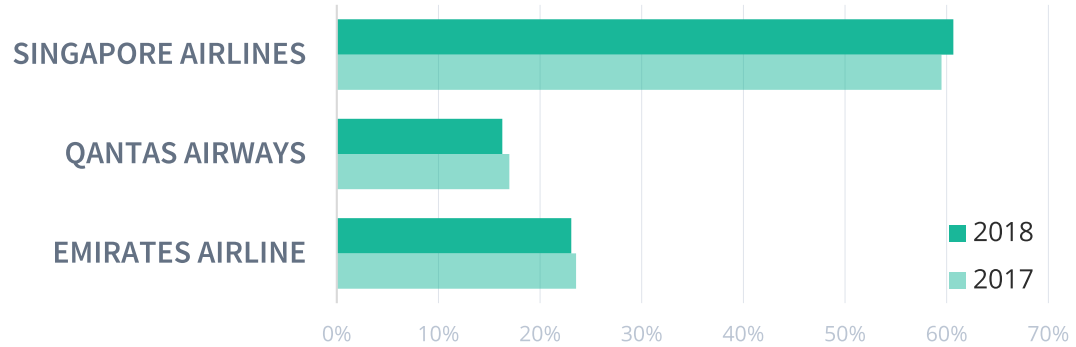
## ANNUAL SUMMARY PURCHASED PRICE

ADULT FARES ONLY, RETURN TICKET, INCLUDING TAX

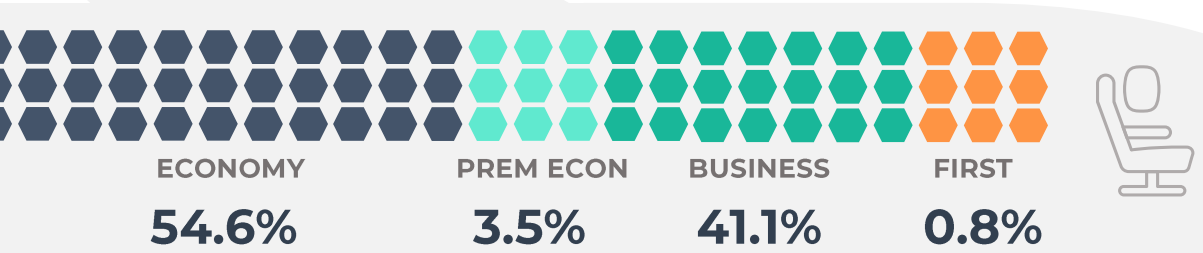
CORPORATE	2016	2017	2018	% GROWTH
ECONOMY CLASS	\$1,226	\$1,235	\$1,261	+2.1%
BUSINESS CLASS	\$4,014	\$4,045	\$4,219	+4.5%

## SEAT MARKET SHARE

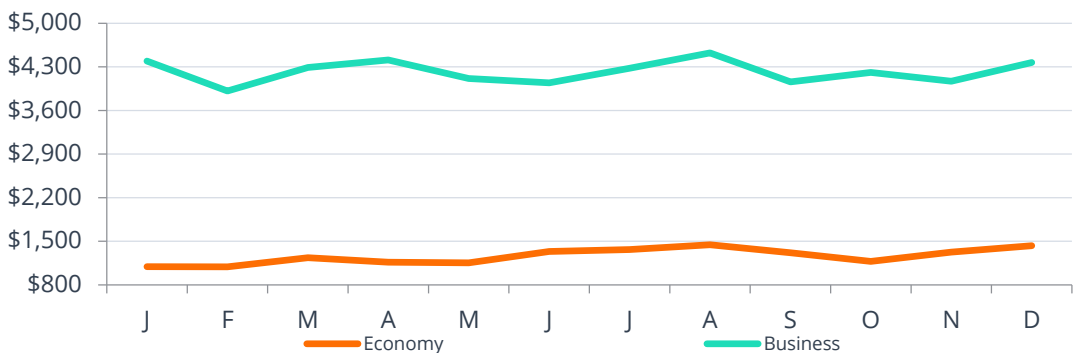
SUPPLIED BY FLIGHTGLOBAL



## WHERE ARE BUSINESS TRAVELLERS SITTING



## 2018 - CORPORATE AVERAGE PURCHASE PRICE



The average paid fare is return in cabin class for one adult, gross fare plus tax. The average fare is reported as return tickets

# BNE LAX

## 2019/20 CORPORATE FARE OUTLOOK

ECONOMY **+5.2%**  
BUSINESS **+10.0%**

## WEEKLY AVERAGE AVAILABLE SEATS

BI-DIRECTIONAL

2018 **4,570**  
vs 2017 **-6.5%**  
FORECAST 2019 **0.0%**  
DAILY FLIGHTS **4+**

## ANNUAL SUMMARY

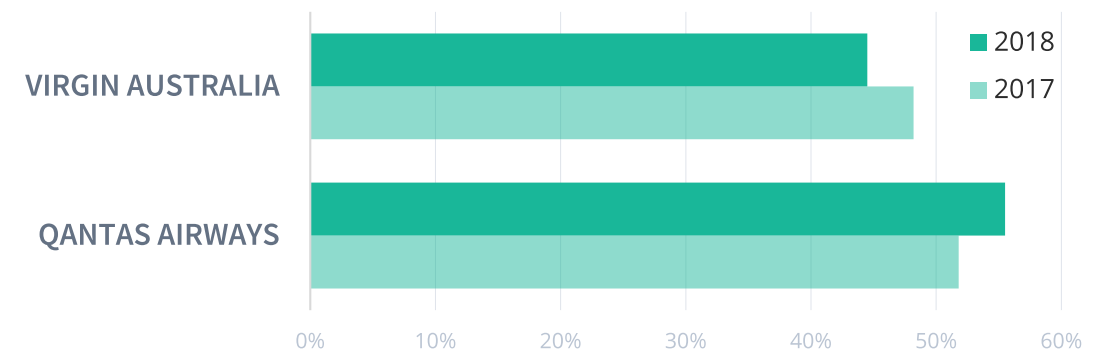
### PURCHASED PRICE

ADULT FARES ONLY, RETURN TICKET, INCLUDING TAX

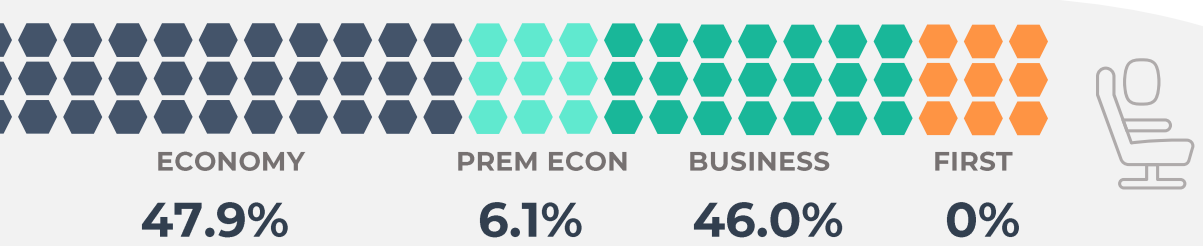
CORPORATE	2016	2017	2018	% GROWTH
ECONOMY CLASS	\$1,640	\$1,826	\$1,809	-0.9%
BUSINESS CLASS	\$7,849	\$7,574	\$8,568	+13.1%

## SEAT MARKET SHARE

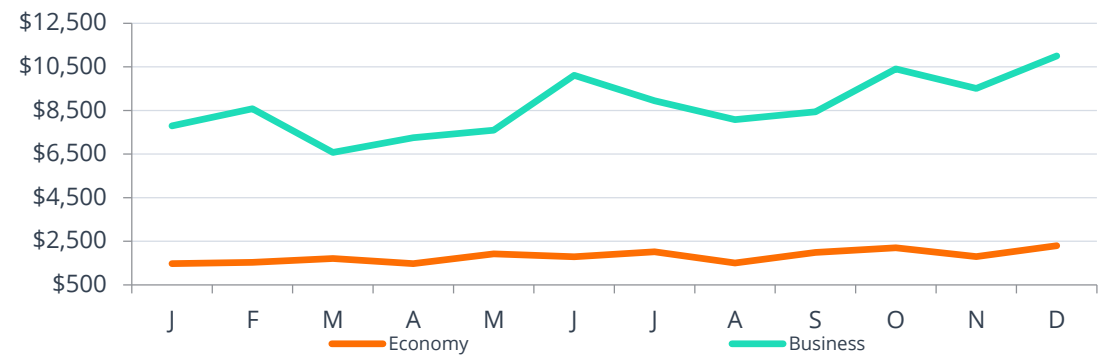
SUPPLIED BY FLIGHTGLOBAL



## WHERE ARE BUSINESS TRAVELLERS SITTING



## 2018 - CORPORATE AVERAGE PURCHASE PRICE



The average paid fare is return in cabin class for one adult, gross fare plus tax. The average fare is reported as return tickets

# MEL HKG



## 2019/20 CORPORATE FARE OUTLOOK

ECONOMY **FLAT**  
BUSINESS **FLAT**



## WEEKLY AVERAGE AVAILABLE SEATS BI-DIRECTIONAL

2018 **19,600**  
vs 2017 **+9.4%**  
FORECAST 2019 **+3.4%**  
DAILY FLIGHTS **10+**

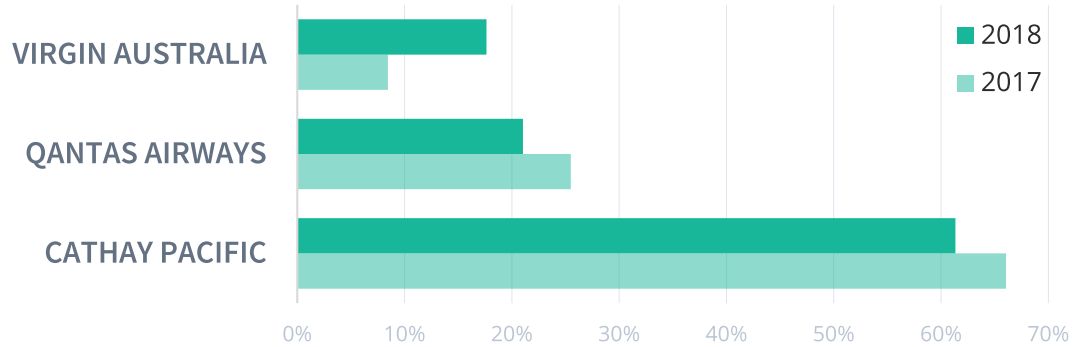
## ANNUAL SUMMARY PURCHASED PRICE

ADULT FARES ONLY, RETURN TICKET, INCLUDING TAX

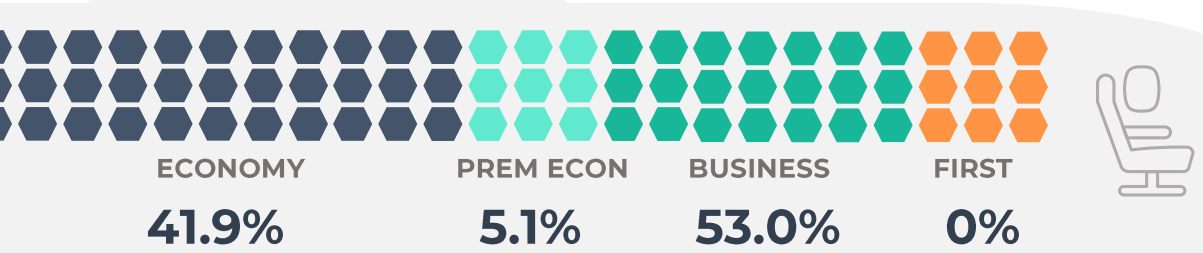
CORPORATE	2016	2017	2018	% GROWTH
ECONOMY CLASS	\$1,427	\$1,318	\$1,171	-11.2%
BUSINESS CLASS	\$5,318	\$5,157	\$5,280	+2.4%

## SEAT MARKET SHARE

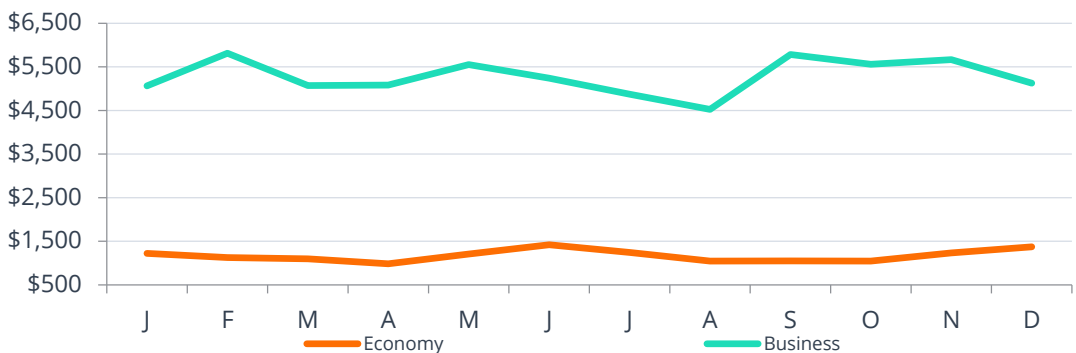
SUPPLIED BY FLIGHTGLOBAL



## WHERE ARE BUSINESS TRAVELLERS SITTING



## 2018 - CORPORATE AVERAGE PURCHASE PRICE



The average paid fare is return in cabin class for one adult, gross fare plus tax. The average fare is reported as return tickets



# MEL LAX

## 2019/20 CORPORATE FARE OUTLOOK

ECONOMY **+5.5%**  
BUSINESS **+4.5%**

## WEEKLY AVERAGE AVAILABLE SEATS

BI-DIRECTIONAL

2018 **15,200**  
vs 2017 **+15.7%**  
FORECAST 2019 **-4.6%**  
DAILY FLIGHTS **6+**

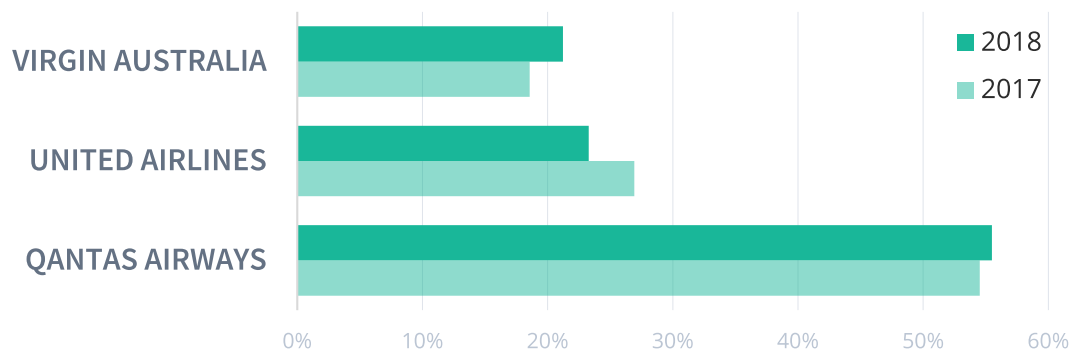
## ANNUAL SUMMARY PURCHASED PRICE

ADULT FARES ONLY, RETURN TICKET, INCLUDING TAX

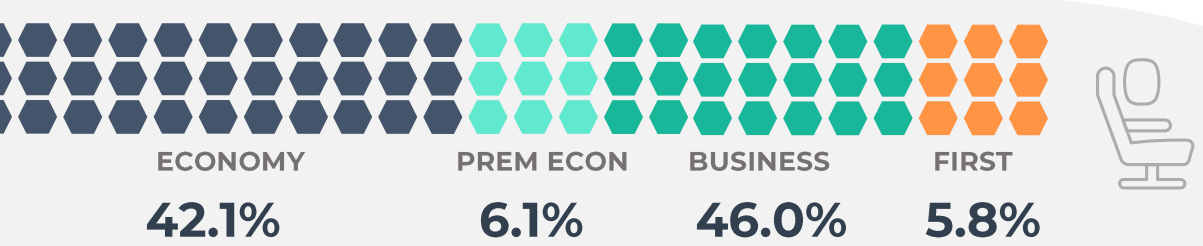
CORPORATE	2016	2017	2018	% GROWTH
ECONOMY CLASS	\$1,755	\$1,610	\$1,769	+9.9%
BUSINESS CLASS	\$7,754	\$7,619	\$9,538	+25.2%

## SEAT MARKET SHARE

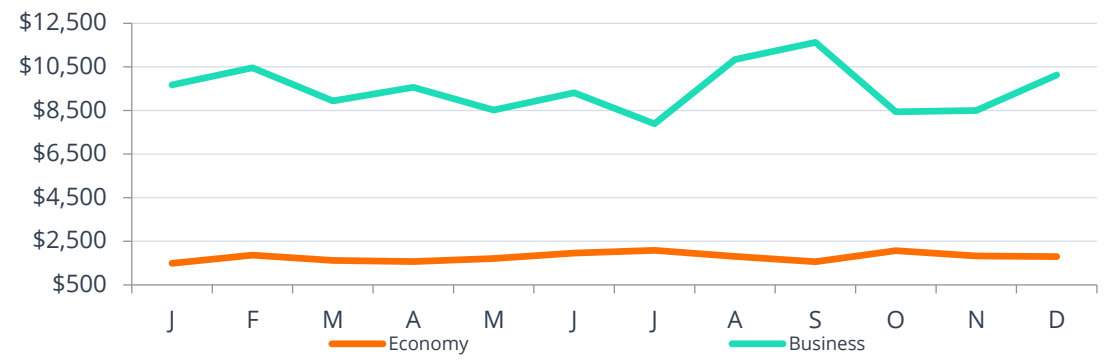
SUPPLIED BY FLIGHTGLOBAL



## WHERE ARE BUSINESS TRAVELLERS SITTING



## 2018 - CORPORATE AVERAGE PURCHASE PRICE



The average paid fare is return in cabin class for one adult, gross fare plus tax. The average fare is reported as return tickets

# MEL SIN

## 2019/20 CORPORATE FARE OUTLOOK

ECONOMY **FLAT**  
BUSINESS **FLAT**

## WEEKLY AVERAGE AVAILABLE SEATS

BI-DIRECTIONAL

2018 **39,300**  
vs 2017 **+9.0%**  
FORECAST 2019 **+5.3%**  
DAILY FLIGHTS **16+**

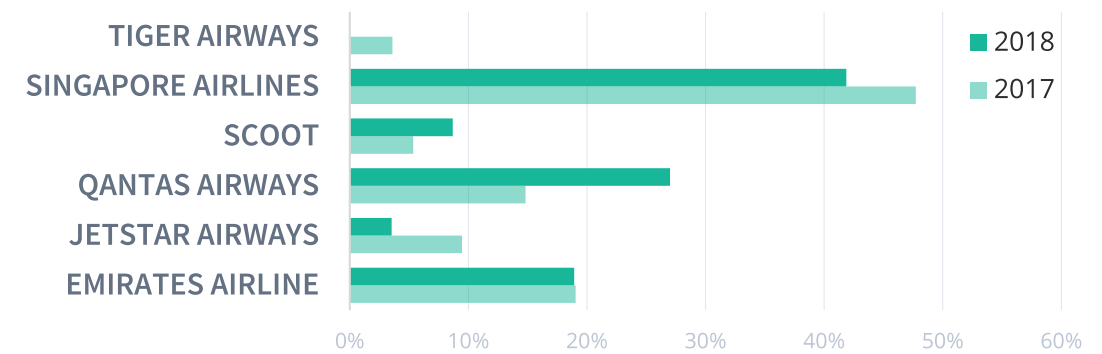
## ANNUAL SUMMARY PURCHASED PRICE

ADULT FARES ONLY, RETURN TICKET, INCLUDING TAX

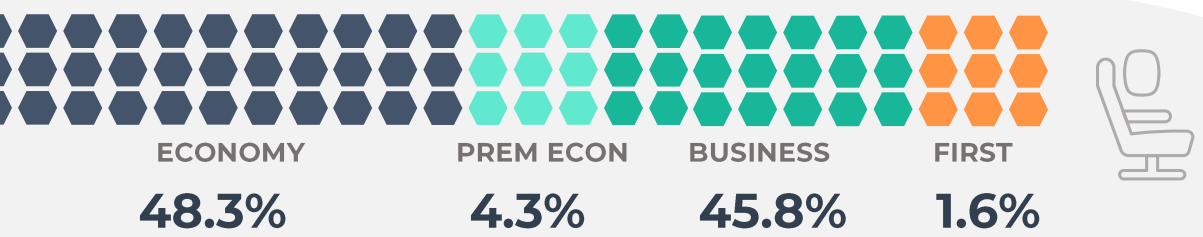
CORPORATE	2016	2017	2018	% GROWTH
ECONOMY CLASS	\$1,231	\$1,255	\$1,204	-4.0%
BUSINESS CLASS	\$4,309	\$4,210	\$4,208	-0.1%

## SEAT MARKET SHARE

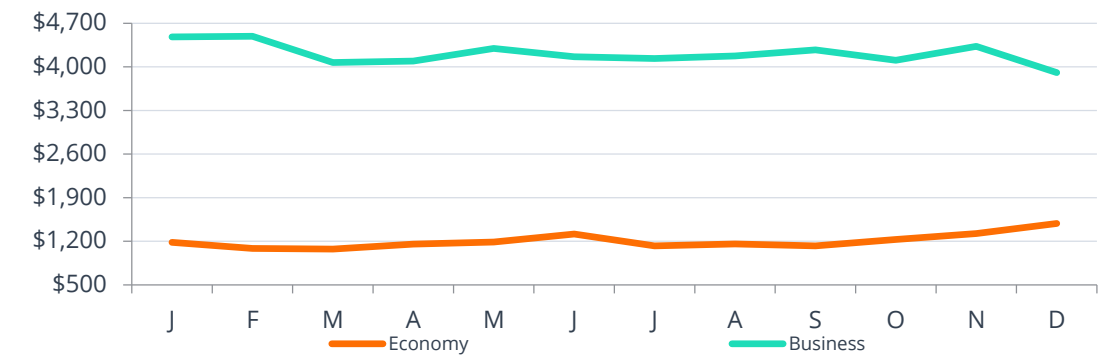
SUPPLIED BY FLIGHTGLOBAL



## WHERE ARE BUSINESS TRAVELLERS SITTING



## 2018 - CORPORATE AVERAGE PURCHASE PRICE



The average paid fare is return in cabin class for one adult, gross fare plus tax. The average fare is reported as return tickets

# PER SIN

## 2019/20 CORPORATE FARE OUTLOOK

ECONOMY **FLAT**  
BUSINESS **+4.0%**

## WEEKLY AVERAGE AVAILABLE SEATS

BI-DIRECTIONAL

2018 **25,500**  
vs 2017 **-7.4%**  
FORECAST 2019 **+1.9%**  
DAILY FLIGHTS **10+**

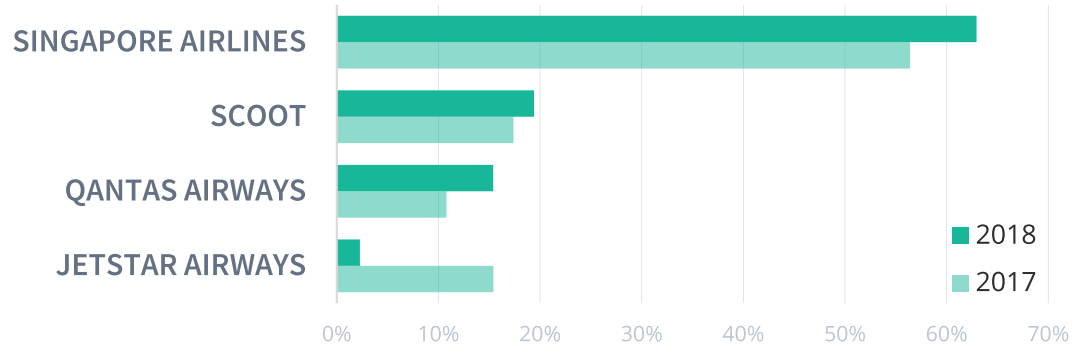
## ANNUAL SUMMARY PURCHASED PRICE

ADULT FARES ONLY, RETURN TICKET, INCLUDING TAX

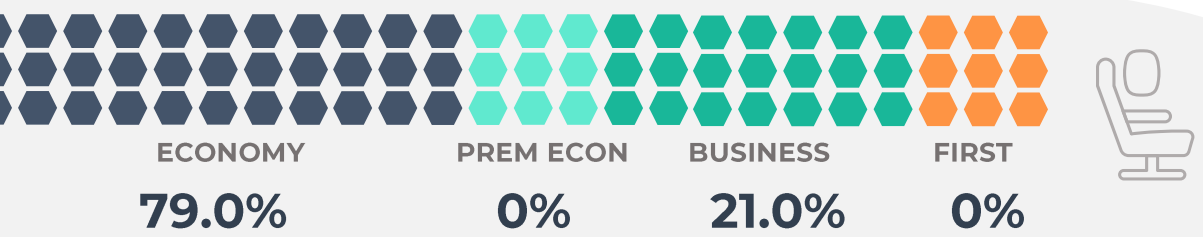
CORPORATE	2016	2017	2018	% GROWTH
ECONOMY CLASS	\$925	\$1,028	\$973	-5.4%
BUSINESS CLASS	\$2,337	\$3,494	\$4,000	+14.5%

## SEAT MARKET SHARE

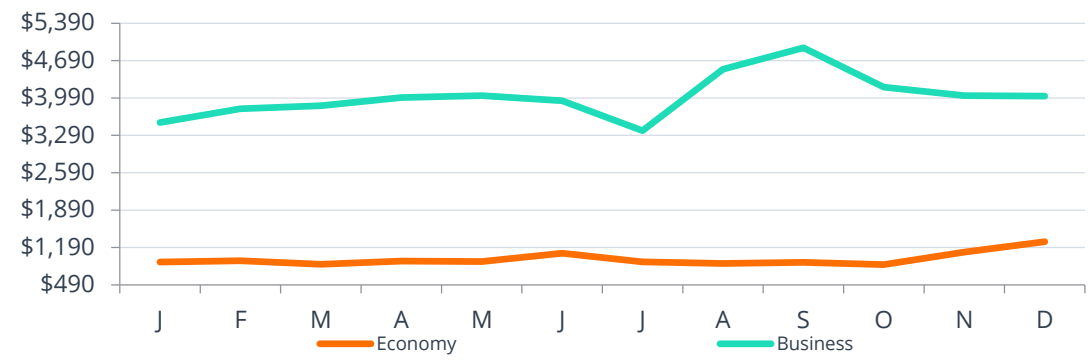
SUPPLIED BY FLIGHTGLOBAL



## WHERE ARE BUSINESS TRAVELLERS SITTING



## 2018 - CORPORATE AVERAGE PURCHASE PRICE



The average paid fare is return in cabin class for one adult, gross fare plus tax. The average fare is reported as return tickets

# SYD HKG



## 2019/20 CORPORATE FARE OUTLOOK

ECONOMY **FLAT**

BUSINESS **FLAT**



## WEEKLY AVERAGE AVAILABLE SEATS

BI-DIRECTIONAL

2018 **28,500**  
 VS 2017 **+10.7%**  
 FORECAST 2019 **0.0%**  
 DAILY FLIGHTS **14+**

## ANNUAL SUMMARY

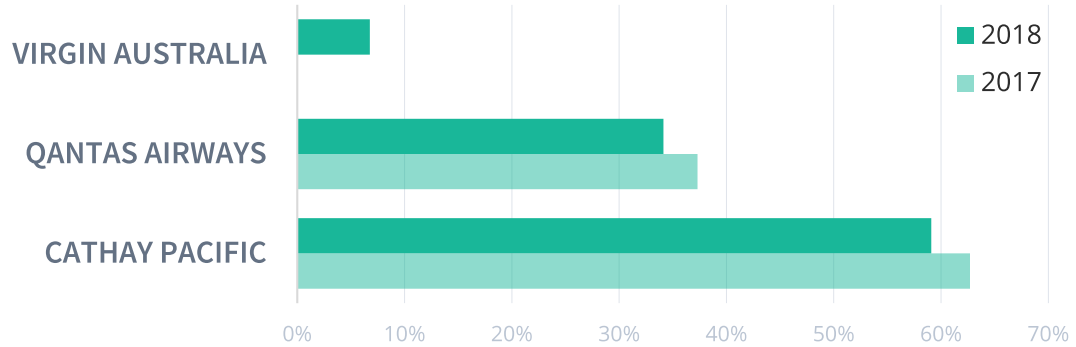
ADULT FARES ONLY, RETURN TICKET, INCLUDING TAX

### PURCHASED PRICE

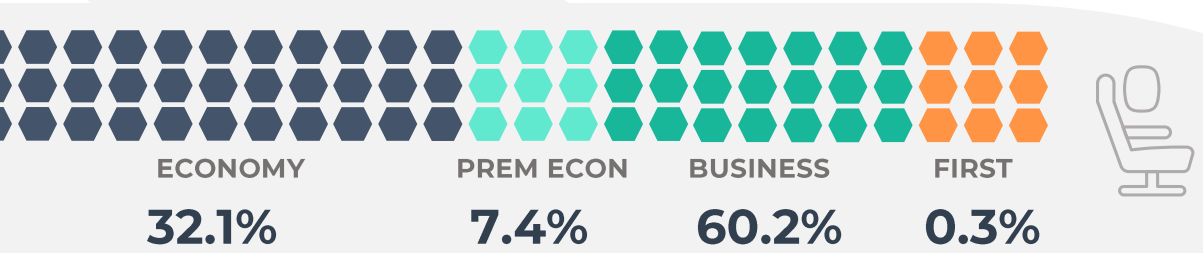
CORPORATE	2016	2017	2018	% GROWTH
ECONOMY CLASS	\$1,266	\$1,195	<b>\$1,091</b>	-8.8%
BUSINESS CLASS	\$5,104	\$5,009	<b>\$5,432</b>	+8.4%

## SEAT MARKET SHARE

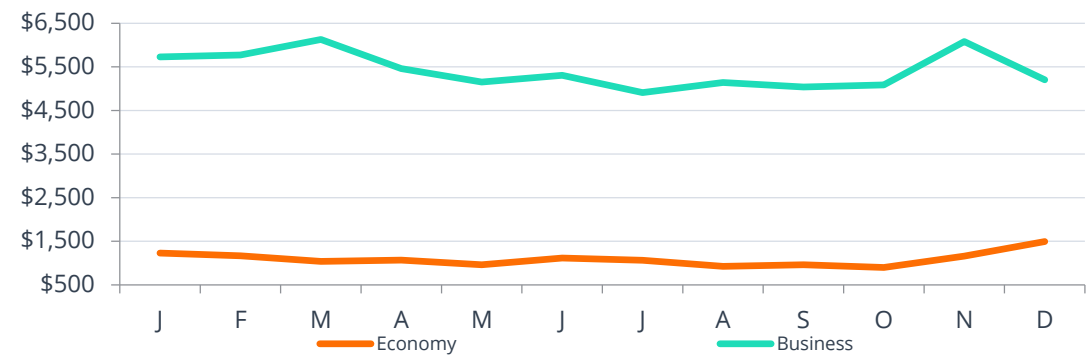
SUPPLIED BY FLIGHTGLOBAL



## WHERE ARE BUSINESS TRAVELLERS SITTING



## 2018 - CORPORATE AVERAGE PURCHASE PRICE



The average paid fare is return in cabin class for one adult, gross fare plus tax. The average fare is reported as return tickets

# SYD LAX



## 2019/20 CORPORATE FARE OUTLOOK

ECONOMY **-4.0%**  
BUSINESS **+10.0%**



## WEEKLY AVERAGE AVAILABLE SEATS BI-DIRECTIONAL

2018 **18,427**  
vs 2017 **-1.0%**  
FORECAST 2019 **+3.4%**  
DAILY FLIGHTS **8+**

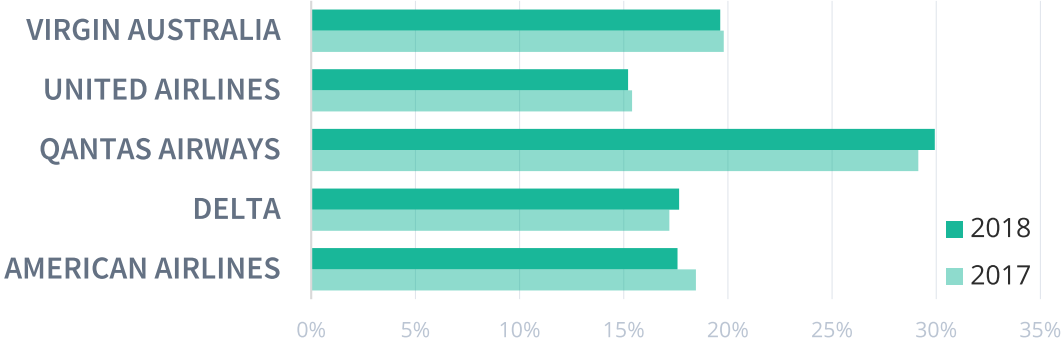
## ANNUAL SUMMARY PURCHASED PRICE

ADULT FARES ONLY, RETURN TICKET, INCLUDING TAX

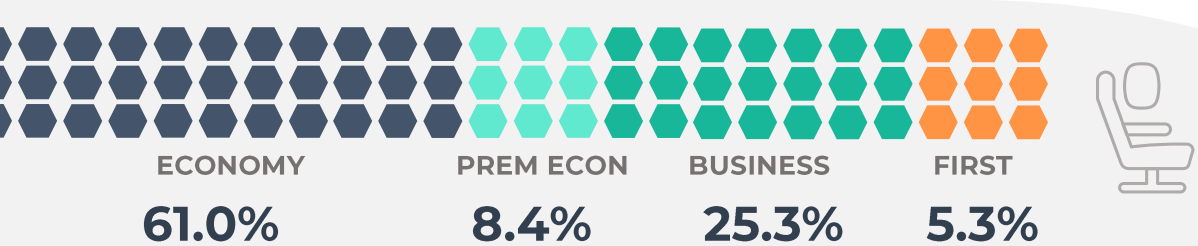
CORPORATE	2016	2017	2018	% GROWTH
ECONOMY CLASS	\$1,581	\$1,698	\$1,665	-1.9%
BUSINESS CLASS	\$7,792	\$8,557	\$8,843	+3.3%

## SEAT MARKET SHARE

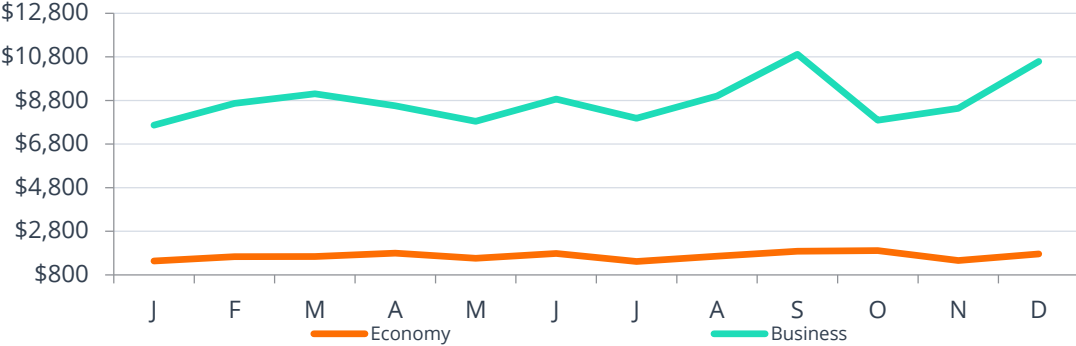
SUPPLIED BY FLIGHTGLOBAL



## WHERE ARE BUSINESS TRAVELLERS SITTING



## 2018 - CORPORATE AVERAGE PURCHASE PRICE



The average paid fare is return in cabin class for one adult, gross fare plus tax. The average fare is reported as return tickets

# SYD SHA



## 2019/20 CORPORATE FARE OUTLOOK

ECONOMY **+5.0%**  
BUSINESS **+2.0%**



## WEEKLY AVERAGE AVAILABLE SEATS BI-DIRECTIONAL

2018 **11,000**  
vs 2017 **+2.3%**  
FORECAST 2019 **+10.4%**  
DAILY FLIGHTS **6+**

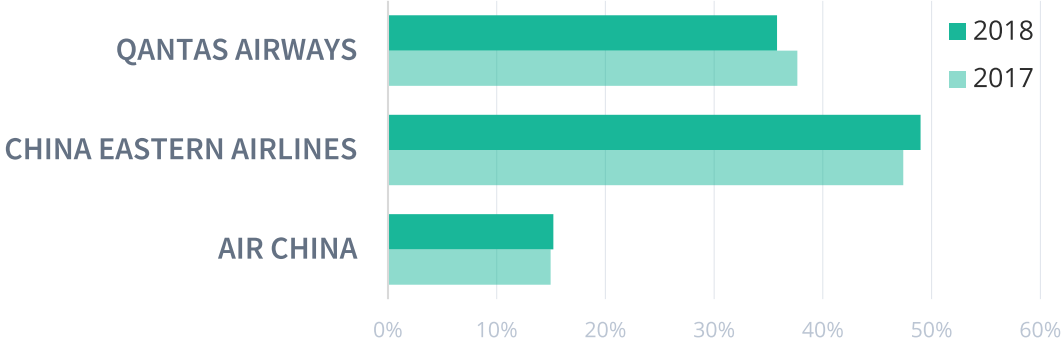
## ANNUAL SUMMARY PURCHASED PRICE

ADULT FARES ONLY, RETURN TICKET, INCLUDING TAX

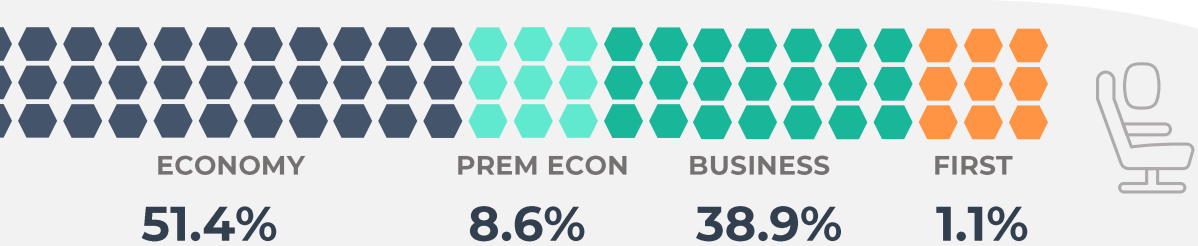
CORPORATE	2016	2017	2018	% GROWTH
ECONOMY CLASS	\$1,231	\$1,244	\$1,256	+1.0%
BUSINESS CLASS	\$5,874	\$5,807	\$5,496	-5.4%

## SEAT MARKET SHARE

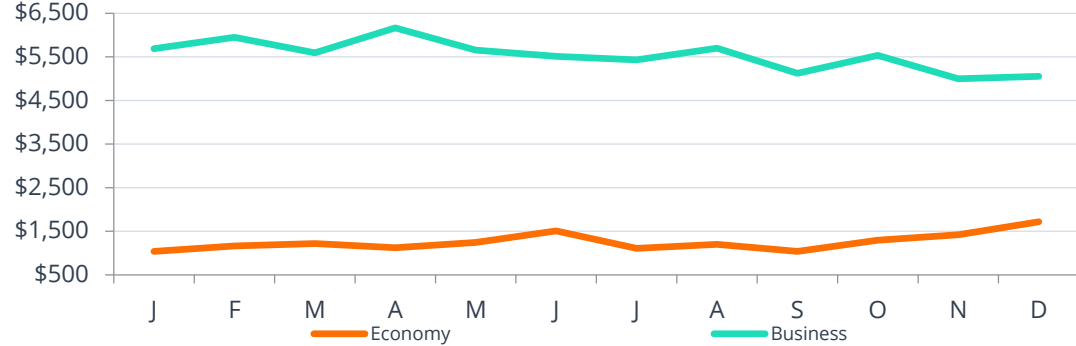
SUPPLIED BY FLIGHTGLOBAL



## WHERE ARE BUSINESS TRAVELLERS SITTING



## 2018 - CORPORATE AVERAGE PURCHASE PRICE



The average paid fare is return in cabin class for one adult, gross fare plus tax. The average fare is reported as return tickets

# SYD TYO



## 2019/20 CORPORATE FARE OUTLOOK

ECONOMY **+2.0%**  
BUSINESS **+3.0%**



## WEEKLY AVERAGE AVAILABLE SEATS BI-DIRECTIONAL

2018 **5,600**  
vs 2017 **-10.0%**  
FORECAST 2019 **0.0%**  
DAILY FLIGHTS **6+**

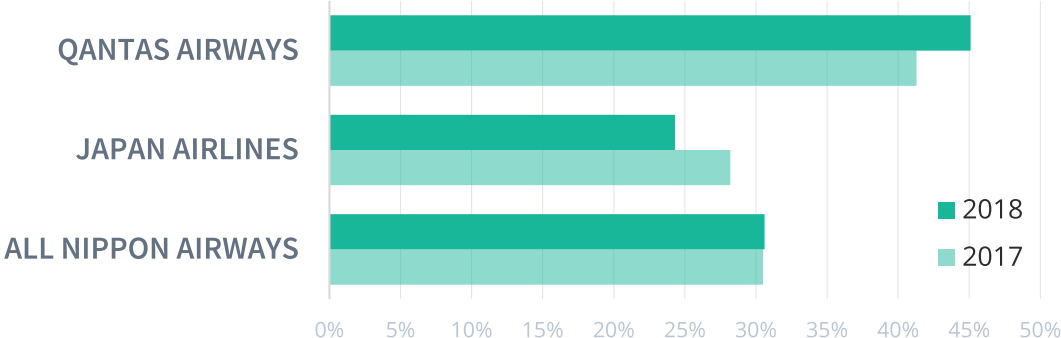
## ANNUAL SUMMARY PURCHASED PRICE

ADULT FARES ONLY, RETURN TICKET, INCLUDING TAX

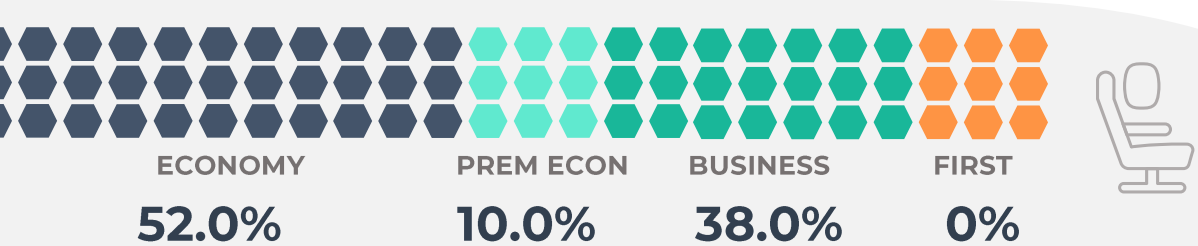
CORPORATE	2016	2017	2018	% GROWTH
ECONOMY CLASS	\$1,513	\$1,502	\$1,548	+3.0%
BUSINESS CLASS	\$5,554	\$5,441	\$5,594	+2.8%

## SEAT MARKET SHARE

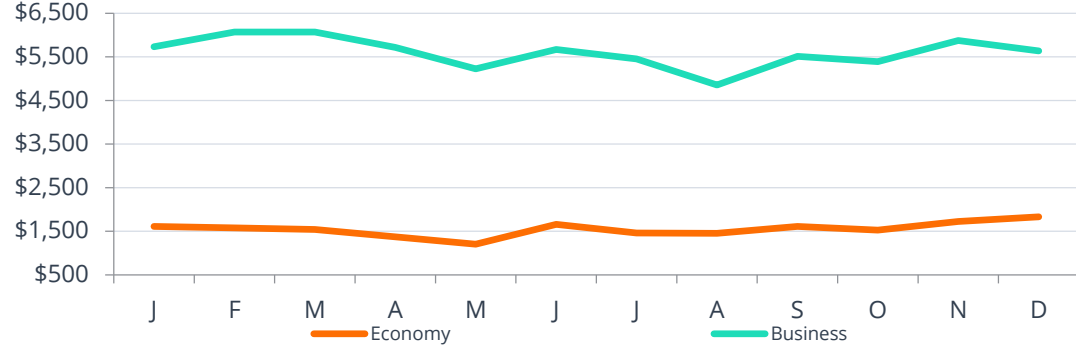
SUPPLIED BY FLIGHTGLOBAL



## WHERE ARE BUSINESS TRAVELLERS SITTING



## 2018 - CORPORATE AVERAGE PURCHASE PRICE



The average paid fare is return in cabin class for one adult, gross fare plus tax. The average fare is reported as return tickets

The background is a blurred photograph of a coffee shop counter. On the left, there are stacks of white coffee cups and a clear plastic water bottle. In the center, a hand is visible holding a coffee machine's handle. The entire image is overlaid with a semi-transparent teal color. A large, solid orange hexagon is positioned in the center, containing the text '07' and 'CUSTOMER EXPERIENCE'. To the right of the orange hexagon, there is a pattern of overlapping, semi-transparent grey hexagons.

**07**

**CUSTOMER  
EXPERIENCE**





# WI-FI

## QANTAS AIRWAYS

A total of **42** of Qantas' targeted 75 Boeing 737 aircraft have been equipped with Wi-Fi technology in 2018, with the remainder scheduled for upgrade by the end of 2019.

This falls short of a previous promise that all of Qantas' single-aisle Boeing aircraft would be Wi-Fi equipped by early 2019. The carrier attributed the extended rollout schedule to aircraft availability on the network and matching up Wi-Fi installation with other scheduled maintenance of the aircraft. Qantas also commenced the installation of Wi-Fi technology on-board their larger A330 aircraft in late 2018 and a further nine more will be fitted in 2019.

The Qantas Wi-Fi speed ranges between 10-15 Mbps and it remains complimentary on all domestic services.

## JETSTAR AIRWAYS & TIGERAIR AUSTRALIA

Neither airline offers Wi-Fi connectivity on any of its aircraft and they have no plans to introduce the product.

## VIRGIN AUSTRALIA

A total of **59** of its 80 Boeing 737 aircraft are currently equipped with Wi-Fi technology.

The carrier also noted it has commenced the installation of the technology on-board its A330 fleet of aircraft, with six A330-200s to be completed by mid 2020. Virgin Australia offers two Wi-Fi speeds on-board domestic flights; 'basic' with a speed of 1 Mbps and 'premium' with speed of up to 12 Mbps. The first remains complimentary on all domestic flights, however, the faster option is available at a cost.

On Trans-Tasman routes, the faster Wi-Fi starts from \$7 per hour and USA flights it starts from \$9 per hour, or a per-flight pass at \$13 and \$24.99 respectively. The carrier is planning to introduce a multi-use product, which will be valid across a series of flights. This is something Virgin Australia's technology partner Gogo currently offers at US\$50 per month via Alaska Airlines, American Airlines and Delta Air Lines.



There are numerous reasons for flight delays and cancellations. Most notable in 2018 for regular corporate domestic travellers is the impact of weather resulting in significant delays, airport diversions and last-minute overnight stays. Using the simple definition of 'what's **WITHIN** or **OUTSIDE** the AIRLINES CONTROL' guides travellers in knowing what assistance to expect if the weather closes in.

# DELAYS & CANCELLATIONS

FLIGHT OR TRAVEL DELAY	2+hrs	<12hrs	>12hrs
<b>WITHIN THEIR CONTROL</b>			
<b>Qantas Airways</b>	Away From Home ✓ Meal Voucher	<b>If booked by QF</b> ✓ Meal Voucher \$30 ✓ Accommodation ✓ Transfers  <b>If booked by traveller</b> ✓ Meal allowance AU\$30 ✓ Accommodation up to AU\$200	<b>If booked by QF</b> ✓ Meal Voucher \$50 ✓ Accommodation ✓ Transfers  <b>If booked by traveller</b> ✓ Meal allowance AU\$50 ✓ Accommodation up to AU\$200
	At Home Airport ✓ Meal Voucher	✓ Cab Charge	
<b>Virgin Australia</b>	Away From Home ✓ Meal Voucher or claim a Reasonable Expense	<b>If booked by VA</b> ✓ Meal Voucher \$30 ✓ Accommodation ✓ Transfers  <b>If booked by traveller</b> ✓ Meal allowance AU\$50 ✓ Transfers ✓ Accommodation up to AU\$220 ✓ Reasonable Personal items	
	At Home Airport ✗	✗	
<b>OUTSIDE THEIR CONTROL</b>			
<b>Qantas Airways</b>	Away From Home ✗	<b>If booked by QF</b> ✓ Accommodation  <b>If booked by traveller</b> ✓ Accommodation up to AU\$200	
	At Home Airport ✗	✗	
<b>Virgin Australia</b>	Away From Home ✗	✗	
	At Home Airport ✗	✗	

- Reimbursement for flight delays should be coordinated with the airline's customer care contact.
- Airlines will endeavour to contact the travellers' travel agent, travellers mobile or email to advise in advance of any booking changes, delays or cancellations.
- Within four hours of departure time travellers may not receive direct contact by the airline, so the use of an airline app or TMC app such as 'SAM Trip Planner & Assistant', will allow travellers and travel bookers to receive updates on last minute changes.



# AIRLINE LOUNGES

## QANTAS AIRWAYS

Qantas operates 53 lounges across its domestic, regional and international network including First Lounges in Sydney, Melbourne and Los Angeles.

In the past five years Qantas has built, upgraded or refreshed 85 percent of its lounges, including new facilities in London, Hong Kong, Singapore and Brisbane.

The airline recently announced a multi-million dollar investment in a new First Lounge and an expansion of the airline's existing Business Lounge at Singapore Changi Airport. Set to open in November, the Singapore First Lounge will offer seating for 240 customers, a luxurious design and premium a la carte dining with Asian-inspired menus. The existing Business Lounge, which opened in 2013, will also be expanded. Combined, the First and Business Lounges will offer seating for more than 800 customers.

## VIRGIN AUSTRALIA

In 2018, Virgin Australia announced a new offering for guests visiting New Zealand, with the launch of a new international lounge network in Australia and New Zealand. Seven new international lounges commenced rolling out from the end of October 2018 and once the roll out is complete, Virgin Australia guests will be able to access:

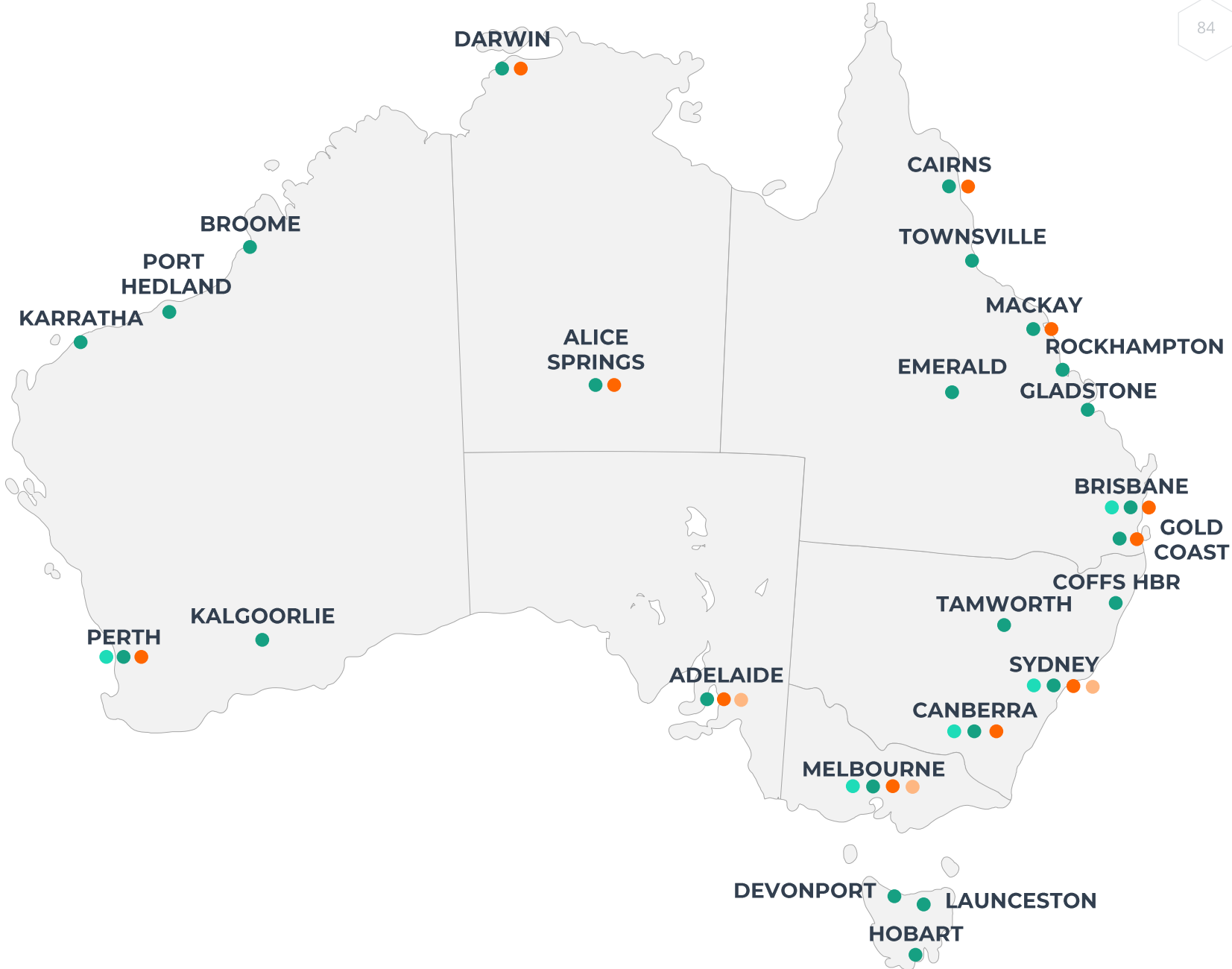
- Three international lounges located in Australia (SYD, MEL, BNE), in partnership with No1 Lounges; and
- Four international lounges located in New Zealand. (including Virgin Australia's very first international lounge located in Wellington)

The international lounges in Australia will be in Brisbane, Sydney and Melbourne, while in New Zealand, they will be found in Auckland (Strata Lounge), Christchurch (Manaia Lounge), Queenstown (Manaia Lounge) and Wellington (Virgin Australia Lounge).

The announcement expands on the airline's already strong domestic lounge network, consisting of 12 premium lounges across the country.

# AIRLINE LOUNGES

- 24 QANTAS
- 5 QANTAS - BUSINESS
- 11 VIRGIN AUSTRALIA
- 3 REGIONAL EXPRESS



AIRLINE  
LOUNGES

12

QANTAS/NZ

4

VIRGIN AUSTRALIA

## QANTAS AIRWAYS

The codeshare deal between Qantas Airways and Air New Zealand will open up NZ's domestic **Koru Lounges** in New Zealand to Qantas Frequent Flyers travelling on Air New Zealand-Qantas codeshare flights.

## VIRGIN AUSTRALIA

Auckland to Australia (BNE, MEL, OOL, SYD, NTL), Rarotonga, Nuku'alofa

- **Strata Lounge**

Christchurch to Australia (BNE, MEL, SYD)

- **Manaia Lounge**

Queenstown to Australia (BNE, MEL, SYD)

- **Manaia Lounge**

Wellington to Australia (BNE, SYD)

- **Virgin Australia Lounge** (The Wellington 'Virgin Australia' lounge will be opening in early 2019)





**08**

**JET FUEL**

8

# JET FUEL

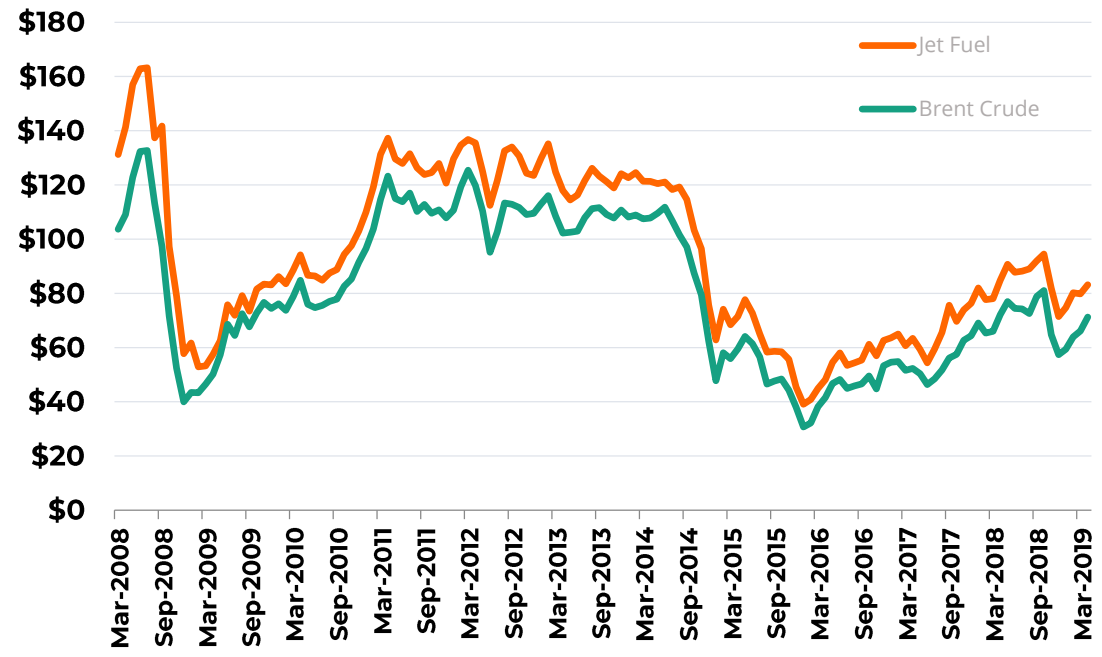
During 2018, fuel prices averaged at US\$86 a barrel with the peak seen in October 2018 hitting a high of US\$95 a barrel. Current indications show for the first four months of 2019 the average was US\$79, with the highest amount reported at US\$83 a barrel in April 2019. The short term forecast for fuel is uncertain however, expected to remain volatile.

Aviation’s annual passenger numbers are expected to grow up to 8B by 2037, meaning that effective action on reducing carbon emissions is essential to ensure the sustainable development of the industry.

The aviation industry has set three global goals to address its climate impacts:

1. An average annual improvement in fuel efficiency of 1.5% from 2009 to 2020.
2. A cap on net aviation CO2 emissions at 2020 levels through carbon-neutral growth.
3. Halving net CO2 emissions by 2050, compared to 2005 levels.

source : IATA





09

**AIRLINE FLEET**



9

# AIRLINE FLEET

131

**QANTAS  
AIRWAYS**

18

A330-200

10

A330-300

12

A380-800

75

Boeing 737-800

2

Boeing 747-400

6

Boeing 747-400ER

8

Boeing 787-9

99

**VIRGIN  
AUSTRALIA**

6

A330-200

8

ATR 72-600

2

Boeing 737-700

78

Boeing 737-800

5

Boeing 777-300ER

71

**JETSTAR  
AIRWAYS**

52

A320-200

8

A321-200

11

Boeing 787-8

15

**TIGERAIR  
AUSTRALIA**

10

A320-200

5

Boeing 737-800

55

**REGIONAL  
EXPRESS AIRLINES**

3

SAAB340A

21

SAAB340B

31

SAAB340BPLUS

Regional Fleet Excluded



**10**

**ON TIME  
PERFORMANCE**

# ON TIME PERFORMANCE

## DOMESTIC 2018

The delay and cancellation of flights can have a vast array of reasons. What has been most notable for domestic travellers this year is the impact of weather causing significant delays, airport diversions and additional overnight stays.

	DEPARTURE	ARRIVAL	CANCELLATIONS
Jetstar	73.1 %	75.3 %	2.5 % 2,172
Qantas	81.5 %	80.9 %	1.9 % 2,030
QantasLink	85.2 %	84.3 %	1.5 % 1,790
Regional Express	83.0 %	79.6 %	0.9% 671
Tigerair Australia	69.3 %	68.0 %	3.5 % 996
Virgin Australia	82.5 %	80.8 %	1.7 % 2,400
Virgin Australia Regional Airlines	78.2 %	75.3 %	2.7 % 260
<b>NATIONAL AVG (vs 2017)</b>	<b>80.8%</b> -1.9%	<b>79.8%</b> -2.2%	<b>1.8%</b> -0.1%

### ALL QANTAS NETWORK

**83.5%** -1.6%  
DEPART vs 2017

**82.7%** -1.7%  
ARRIVE vs 2017

CANCELLATIONS **1.9%**

### ALL VIRGIN NETWORK

**82.2%** -3.1%  
DEPART vs 2017

**80.4%** -3.0%  
ARRIVE vs 2017

CANCELLATIONS **2.1%**

Source : BITRE. A flight arrival or departure is counted as 'on time' if it arrives or departs the gate 15 minutes before or after the scheduled arrival or departure time shown in the carriers' schedule

11

AIRLINE  
ALLIANCES



# AIRLINE ALLIANCES

	STAR ALLIANCE	SKY TEAM	ONE WORLD	VALUE ALLIANCE	U-FLY ALLIANCE	VANILLA ALLIANCE
<b>DESTINATIONS</b>	1,317	1,150	1,100	160+	149	89
<b>COUNTRIES</b>	193	175+	180	25	18	26
<b>LOUNGES</b>	1,000+	750+	650			
<b>DAILY DEPARTURES</b>	18,800	14,500+	14,000			
<b>ANNUAL PASSENGERS</b>	725m	630m+	535m	47m	44m	2.3m
<b>MEMBER AIRLINES</b>	28	19	13	6	5	5

## MEMBER AIRLINES

---

28

### STAR ALLIANCE

Adria Airways,  
 Aegean Airlines,  
 Air Canada,  
 Air China,  
 Air India,  
 Air New Zealand,  
 All Nippon Airways,  
 Asiana Airlines,  
 Australian Airlines,  
 Avianca,  
 Avianca Brazil,  
 Brussels Airlines,  
 Copa Airlines,  
 Croatia Airlines,  
 EgyptAir,  
 Ethiopian Airlines,  
 EVA Air,  
 LOT Polish Airlines,  
 Lufthansa,  
 SAS,  
 Shenzhen Airlines,  
 Singapore Airlines,  
 South African Airways,  
 SWISS,  
 TAP Portugal,  
 Thai Airways,  
 Turkish Airlines,  
 United Airlines.

19

### SKY TEAM

Aeroflot,  
 Aerolineas  
 Argentinas,  
 Aeromexico,  
 Air Europa,  
 Air France,  
 Alitalia,  
 China Airlines,  
 China Eastern  
 Airlines,  
 CSA Czech Airlines,  
 Delta Air Lines,  
 Garuda Indonesia,  
 Kenya Airways,  
 KLM,  
 Korean Air,  
 Middle East Airlines,  
 Saudia,  
 TAROM,  
 Vietnam Airlines,  
 Xiamen Airlines.

13

### ONE WORLD

American Airlines,  
 British Airways,  
 Cathay Pacific,  
 Finnair,  
 Iberia,  
 Japan Airlines,  
 LATAM Airlines,  
 Malaysia Airlines,  
 Qantas Airways,  
 Qatar Airways,  
 Royal Jordanian  
 Airlines,  
 S7 Airlines,  
 Sri Lankan Airlines.

6

### VALUE ALLIANCE

Cebu Pacific,  
 JEJU Air,  
 Nok Air,  
 NokScoot,  
 Scoot,  
 Cebgo.

5

### U-FLY ALLIANCE

Eastar Jet,  
 HK Express,  
 Lucky Air,  
 Urumqi Air,  
 West Air.

5

### VANILLA ALLIANCE

Air Austral,  
 Air Madagascar,  
 Air Mauritius,  
 Air Seychelles,  
 Int'air Iles.





12

ABOUT US

The team at 4D provide data analytics, strategic sourcing, outsourcing, research and travel programme elevation to help companies generate more value with their corporate travel spend. 4D works with clients in large enterprise, medium to small businesses, and industry bodies. Our global team of over 20 consultants and analysts are located in Australia, Asia, Americas and Europe and provide a variety of innovative solutions to clients.

**Felicity Burke:** [felicity.burke@4dconsulting.com.au](mailto:felicity.burke@4dconsulting.com.au)

## 4D AIRLINE ANALYTICS

Performance tracking an airline program is complicated, which is why 4D offer a variety of services from capacity reporting, supplier feasibility, contract utilisation and contract market share metrics. Throughout our strategic partnership, you will have a single point of contact who will track your airline contract performance and determine the best airline solutions to suit your needs. Our extensive product knowledge, global supplier relationships and sophisticated Airline Contract Management technology will lead and manage all elements of the procurement and contract management process for you. Whether your airline program is unmanaged or mature, we have a viable solution to maximise your situation for the future.

**CONTACT:** [enquiry@4dconsulting.com.au](mailto:enquiry@4dconsulting.com.au)

## FLIGHT CENTRE TRAVEL GROUP

After starting with one shop in the early 1980s, Flight Centre Travel Group (FCTG) has enjoyed remarkable growth to become a \$19.6 billion business consisting of more than 40 brands. As one of the world's largest travel agency groups, it has company-owned operations in 23 countries and a corporate travel management network that spans more than 90 countries. It employs more than 19,000 people globally and has a total of 2800 businesses.

In 1995, FCTG was listed on the Australia Securities Exchange (ASX: FLT) and has been nominated for major industry awards in Australia and around the world. In addition to the flagship Flight Centre Brand, FCTG's corporate travel and specialty brands include:

- FCM Travel Solutions
- 4th Dimension Business Travel Consulting
- Corporate Traveller
- Stage & Screen
- cievents

## PITCHFORK PRESENTATIONS

You have just finished reading our work. We are a small communication and design team based in Sydney, Australia. We enjoy the challenge of helping companies and people simplify their messages for greater impact.

We work with some of Australia's leading companies on a range of business communications; from presentation coaching through to document production.

Visit us online [HERE](#) or email [info@pitchforkprez.com](mailto:info@pitchforkprez.com)



# 4TH DIMENSION

BUSINESS TRAVEL CONSULTING

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