

Most of us who fly Asian airlines won't be aware that on board, we're likely walking on carpets and sitting on seats woven by an Irish firm. Dublin-based Botany Weaving is one of a trio of specialised firms globally with the capacity and certification to provide textiles (carpets, curtains, seat coverings) for the world's passenger aircraft.

Approved by Airbus and Boeing, the company supplies airlines across Asia – the continent accounts for 60 per cent of its market, explains marketing director David Avery. Expansion of fleets in the region means he's visiting clients there every two weeks, with Vietnam Air one of his newest clients. "Asia is where the growth is and will be," he explains.

GROWING OPPORTUNITIES

Botany is one of numerous Irish firms capitalising on a growing aviation market in Asia. Within the continent, one of the fastest growing markets for aviation services is the sprawling Association of Southeast Asian Nations (ASEAN) bloc. It's made up of growing economies like the sprawling archipelagos of Indonesia and the Philippines; manufacturing-focused Vietnam and

Singapore, which acts as a financial and legal services hub for the region, and the tourist mecca of Thailand.

Driving the region's aviation market is the expansion of the middle class on the back of rising incomes. Asia's middle class stands at 525 million but this figure is set to rise to 1.75 billion in 2020, points out Peter Bagnell, quality manager at Irish aircraft engineering services firm Aero Inspection. "By 2030, Asia will represent 66 per cent of the global middle class population," notes Bagnell.

Aero Inspection services clients across the region from an office in Singapore. The city-state was the destination recently for a sizeable delegation of Irish aviation firms, which attended the giant Aviation Festival Asia, a gathering of 2,000 executives from major airlines and airport operators in the region. Enterprise Ireland's Singapore office helped arrange one-to-one business meetings for Irish attendees and a roundtable discussion showcasing Irish aviation expertise.

Huge investment in airports and aircraft and the aviation services sector have become drivers of ASEAN economies, explains Smruti Inamdar, ASEAN director at Enterprise Ireland.



"Its [aviation] economic footprint is far and wide, spanning airlines, ground infrastructure as well as manufacturing of aircraft parts and hospitality equipment. There are also opportunities in soft services such as ticketing, catering, in-flight entertainment and retail..."

Indeed the figures for aviation expansion in the ASEAN region are astounding. Airlines from the Asian Pacific region will take delivery of 12,470 new aircraft with 100-plus seats worth US\$2 trillion over the next 20 years, according to Sean Lee, head of communications for Asia at the aircraft maker Airbus. Notably, the region will account for a half of world demand in mid-size and very large jets. Within Asia, the ASEAN region is experiencing annual growth in passenger numbers in excess of the regional average of 5.7 per cent, with double-digit growth figures in some countries "reflecting economic growth and an increasing propensity to fly".

Much of the growth in passenger numbers has been facilitated by the rise of local low-cost carriers. These together have a 58 per cent share of the total seats sold each year in ASEAN, according to Lee.

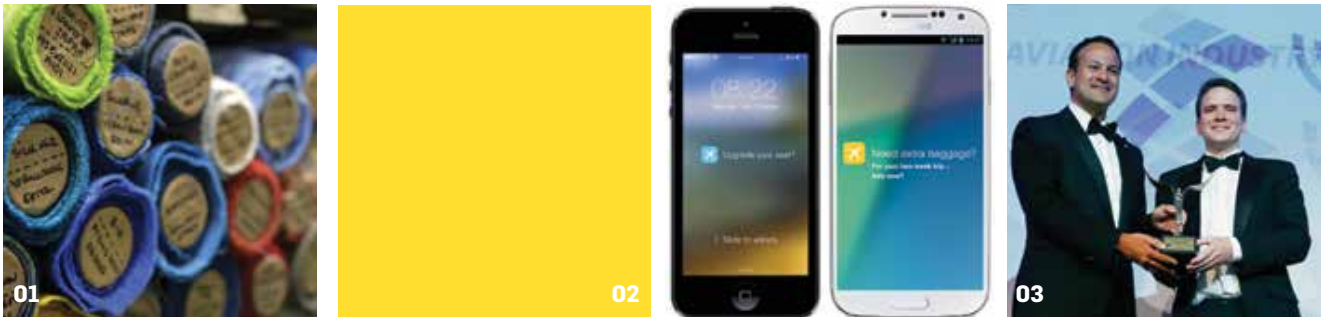
GEOGRAPHIC AND DEMOGRAPHIC DRIVERS

The region's growing population and geography are also particular drivers for long-term growth in ASEAN, says James Drudy, engineering services manager at CAE Parc Aviation, a Dublin-based firm, sourcing pilots as well as engineering services for airlines worldwide. He looks at Indonesia, an archipelago of 250 million people: "If you want to travel from Medan to Surabaya [two cities in Indonesia], you can fly it in three hours as opposed to spending two days travelling by other modes of transport. Given the choice, you will fly every time. Airlines have a captive market."

The increased number of aircraft operators and aircraft lessors targeting the ASEAN region was a key deciding factor in Aero Inspection opening its office in Singapore. The Shannon-based maintenance firm's main customer base is aviation leasing firms, explains company quality manager Peter Bagnell. He explains how Singapore has attracted a lot of larger leasing firms through its Aviation Leasing Scheme, which offers incentives to firms who locate their Asian headquarters there.

Winning deals from Southeast Asia's aviation players may not be all plain sailing, but if the region's growth stays on track, it seems that for this market, the only way is up. [Mark Godfrey reports from Asia.](#)

PLANE SAILING IN SOUTHEAST ASIA



1. SOME OF BOTANY WEAVING'S SEATING FABRIC. 2. MTT'S MOBILE APP. 3. PETER BAGNELL, QUALITY MANAGER, AERO INSPECTION

ASEAN comprises growing economies like the sprawling archipelagos of Indonesia and the Philippines; manufacturing-focused Vietnam, Singapore, a financial and legal services hub for the region, and the tourist mecca of Thailand.

Singapore is also home to the Asia office of CAE Parc, but while lots of companies might have a regional office in Singapore, your approach will need to change depending on where and with whom you're trying to do business, says James Drudy. "...If you're looking to work with leasing companies only, then clearly Singapore is the place to be. However, if you're looking to generate business directly from airlines or MROs, you will need to focus your attention across the region."

Mobile Travel Technologies Ltd (MTT) plans to increase its ASEAN presence after it was selected by Singapore Airlines as a strategic mobile partner to relaunch the airline's smartphone apps followed by a new tablet app. MTT already keeps staff in both Manila and a sales representative in Bangkok. Increasing numbers of private, especially low-cost airlines are "quick to respond to changing technologies", explains Kathrina Gallogly, marketing director at the firm. She explains that a unique feature of Southeast Asia is that mobile phones are often the primary internet access point rather than computers. "Therefore airlines need to serve their customers via the channel that they use most."

The ASEAN region also differs from key regional economies like China (where the state carriers dominate the airlines sector) in the number of private players. Intense competition is giving airport and airline operators a run for their money, explains Smruti Inamdar at Enterprise Ireland. "To differentiate their offerings, airport operators are trying to provide a seamless customer experience from the time they do their ticketing to the retail shopping environment. Most importantly, airports are seeking to diversify and improve ancillary revenues, for example, providing car rentals and hotel bookings."

MAXIMISING EARNINGS

Helping the industry to maximise earnings is the forte of another Irish company, Dublin-based CarTrawler – which works with key Southeast Asian low-cost airlines Air Asia and Tiger Air to match air passengers up with car rentals and other types of ground transport. Chief technology officer Bobby Healy explains how airlines "give us their traffic, and we generate the most revenue possible out of it".

Asia offers the strongest growth in the region, "albeit from a much lower base. In the medium to long-term, there is a big market space," says Healy. However, while there are no competitors in the region offering an equivalent to the firm's services, Asia remains slow to take up car rental: it accounts for 8 per cent of the global car rental market. Thus CarTrawler has adjusted to include ground transport options like taxi and chauffeur driven cars. "We look at every way out of the airport and integrate that into our core product.."

Airlines in the region have an awareness of firms like CarTrawler, says Healy. "There is strong knowledge in Asia too of what we do...aviation is a parochial industry and everyone knows everyone. Right now, it's about acquiring business partners and making sure we have the most up to-date products [for them]" he says. However, the region is not without its challenges: the lack of market research on the Southeast Asian market meant CarTrawler painstakingly built up the data itself, largely through hiring "feet on the ground" to do questionnaires and samples.

MARKET CHALLENGES

Indeed while opportunities are obvious, there are plenty of barriers to growth too in ASEAN aviation. "ASEAN is a highly competitive



04. CTO CARTRAWLER, BOBBY HEALY. 05. HANOI AIRPORT

Airlines from the Asian Pacific region will take delivery of 12,470 new aircraft with 100-plus seats worth US\$2 trillion over the next 20 years.

marketplace with similar products and services, with price, in-market support and delivery times as differentiators," explains Smruti Inamdar. While an in-market presence would be ideal, the high cost of market entry may deter clients from paying for a permanent presence in the region. In turn, a lack of market presence may signify lack of commitment, notes Inamdar. "Often end-customers want face-to-face meetings with suppliers and may perceive companies without a market presence as 'here today, gone tomorrow.'" Another challenge meanwhile is the presence of foreign airport consortiums: "this may mean a squeeze for the small players unless there is early engagement with end customers".

Helping overcome some of the barriers perhaps, Ireland's own reputation as a centre for aviation has been helpful in some cases. There's a strong network of Irish working in the aviation sector in Asia, says Bagnell. "I have found that Ireland's expertise and competencies with regard to aviation are very well renowned." Likewise, James Drudy at CAE Parc has found that executives in many of the airlines he's spoken with in Asia are familiar with Ireland's leasing experience. "That has helped open some doors for us." Many airlines unfamiliar with CAE Parc's flight crew business, meanwhile, know the firm's technical capacities. "Many of our technical consultants have liaised with airlines on behalf of leasing companies during re-deliveries, and, prior to opening our office in Singapore in 2014, we had provided ferry flight services and design modifications to a number of airlines in the region."

Looking ahead, it seems that Southeast Asia will offer lots of opportunities to those who do establish a presence. The drivers of

future air travel growth are clearly in place in ASEAN, which looks set to become the world's fourth largest economy by 2050, based on International Monetary Fund projections. New airports have been built, not only at the hubs like Bangkok and Singapore (which is adding a fourth passenger terminal), but also in secondary destinations: Hanoi is building a second. About US\$115 billion has been committed to airport construction and development across the Asia-Pacific region, which is 45 per cent more than what Europe or North America are spending, according to estimates from the Centre for Aviation, a Sydney-based consultancy.

Airbus spokesman Sean Lee believes "the speed at which infrastructure growth can keep up with the demand for air travel will be an important factor as we move forward and will have a direct effect on whether we see continued increases in the frequency of the number of flights or a move towards larger aircraft on shorter services".

Smruti Inamdar sees airlines in the region eager to get ahead of intense competition through differentiation. "They're developing products targeted at different traveller classes, such as the establishment of low-cost subsidiary airlines, including low-cost, long-haul flights, and even designing business classes for low-cost budget carriers. They are also seeking to open new routes, increasing their fleets and expanding their networks."

Domestic operations are growing fast, especially in Indonesia and Vietnam. But there's also enormous growth potential, says Sean Lee. Countries like Indonesia, Vietnam and Cambodia and Laos are "only at the start of the cycle in terms of air travel, with enormous growth potential."