

AirAsia X

On December 9, 2010, AirAsia X, the long-haul airline of the AirAsia Group, has begun to launch flights between Haneda and Kuala Lumpur (Malaysia) three times a week. Now, one of the largest low cost carriers (LCCs) in Asia has commenced flights to Japan.



AirAsia commenced service to Japan

AirAsia X's Future Visions and

Japan's High Demand for LCCs

The AirAsia Group, having Kuala Lumpur International Airport as its hub airport, flies a total of 139 routes, including short-haul routes to Singapore, Indonesia and Thailand, and medium- and long-haul routes to Australia, China, India, the UK, South Korea, France and Japan(as of December 2010).

The reasons why the company chose Japan for its destination include Japan's high potential demand for LCCs, and the extensive network of connections from Haneda Airport to other domestic airports. Mr. Shigeki Tsubokawa, AirAsia X's General Manager & Station Manager of Japan, is keen to add even more routes. "AirAsia Group strategy assumes several routes to Japan in the future. In addition to Haneda Airport, we want to fly to two other destinations." says Mr. Tsubokawa.

After the first two months of launching flights to Japan (December and January), the average seat occupancy ratio reached up to approximately 90%. This result shows that the company has attracted tourists from countries of Asia, starting with Malaysia,

to visit Japan. Japanese passengers are accounted for about 50% of the entire ratio of passengers during the holidays, and 30–40% the rest of the time. This shows that Japanese passengers have already accommodated with the company, even though it has just started its service in Japan.

Although LCCs are not yet firmly established in the Japanese market, this good start of AirAsia indicates that the low-cost air travel business is steadily taking root in Japan.

Japanese Government's Promotion of LCCs

The Japanese Ministry of Land, Infrastructure, Transport and Tourism released "The Growth Strategy of MLIT" in May 2010. This report considers that LCCs have not yet commenced full-scale services to Japan because of the limited number of arrival and departure slots at both Haneda and Narita Airport, the lack of infrastructure that allows low-cost operations including terminals for exclusive use of LCCs, and the high taxes which are used for maintenance and improvement of airports. The report also lists the following three issues for future policies: (1) Building terminals for the exclusive use of LCCs; (2) Relaxations of technological regulations that will help reduce costs; and (3) Revamping the landing fee structure. Through these measures, the government aims to attract tourists from Asia and increase the domestic demand for tourism.



Premium Flat Bed Seats

Comfortable service at reasonable prices

AirAsia's strength lies in its thorough streamlining and cost reductions. The company allows passengers to freely choose the services they want by charging customers for the services that ordinary airlines provided for free, such as in-flight meals and checking-in baggage. This enables the company to set reasonable pricing for the air fare. The company also uses fewer crew members compared to major carriers, and have them handle the cleaning as well as the in-flight service. Moreover, they shorten the time for the aircraft's stay at airports, in order to minimize and to reduce its parking costs.

On the other hand, while minimizing costs, the company also offers Premium Class (business class) on flights to and from Haneda, with a Premium Flat Bed Seat that reclines to the full-flat position and which also has a power socket, and a screen for privacy. The company pursues cost reductions, but makes no compromise on travel comfort for passengers.

AirAsia, which started out with just two airplanes in 2002, now operates 102 airplanes in the group as a whole, with 100 million passengers in total. The company is now one of the leaders in the LCC industry both in reputation and in reality. Due to this reputation, AirAsia X's parent company, AirAsia, was ranked as the world's top low cost carrier for two straight years (2009-2010), in the Skytrax World Airline Awards, an authoritative website that evaluates airline companies and airport service.



Azran Osman Rani, AirAsia X Chief Executive Officer (CEO) (right) and Tsubokawa Shigeki, AirAsia X General Manager & Station Manager of Japan (left)

JETRO's support

AirAsia X completed the procedures to establish its Japanese branch by using JETRO's temporary office (JETRO IBSC), located in a readily-accessible urban area in Tokyo and permanently staffed by JETRO's employees to help foreign companies invest in Japan.

Mr. Tsubokawa (AirAsia X General Manager & Station Manager of Japan) said, "JETRO's office had everything we needed, including Internet access, telephone and fax, and was very sufficient. Because JETRO's staffs, who are experienced at helping foreign companies set up in Japan, gave us advice on selecting outsourcing companies and establishing the office, we were able to set up the branch smoothly without losing sight of the route. We greatly appreciate their support. When new LCCs want to launch flights to Japan in the future, they will find that JETRO is there to help, in terms of preparation of launching services to Japan efficiently."

In addition to establishing the Japanese branch, AirAsia X had to complete innumerable tasks, including obtaining permissions and authorizations and preparing to start flights to Japan, with only a limited number of staff. Thus, to reduce the burden, JETRO provided various forms of assistance, such as procedures for establishing a branch in Japan. JETRO also offered consultation on taxes and social insurances, introduced outsourcing companies for back-office services and major banks in Japan for opening bank accounts, and provided useful information of airlines and tourism industries in Japan.

Operation outline (as of February 2011)

Places of departure and arrival	Time of departure/arrival	Flight number	Days of service
Kuala Lumpur to Tokyo (Haneda)	14:40/22:30	D7 2652	Tuesday, Thursday, Sunday
Tokyo (Haneda) to Kuala Lumpur	23:45/06:30	D7 2653	Tuesday, Thursday, Sunday

Corporate history

2002 AirAsia commenced service

2004 Listed on the Bursa Malaysia

2007 Established the long-haul airline AirAsia X (subsidiary of AirAsia),

2009 AirAsia X started launching flights to London

2010 AirAsia X started launching flights to Japan

Japanese Subsidiary of AirAsia X

Establishment: 2010

Business outline: International airline business

URL : <http://www.airasia.com>