

## Juneyao Airlines Co., Ltd.

**Juneyao Airlines begins flight services between Shanghai and Naha (Okinawa) as well as Shanghai and Kansai International Airport. The carrier plans to expand operations in Japan as business opportunities between it and China grow.**

Juneyao Airlines Co., Ltd., a private Chinese airline, began flight service between Shanghai and Kansai International Airport in April 2014 after beginning flight service between Shanghai and Naha in January of the same year. Boosted by increased opportunities for exchange between Japan and China in tourism and business and efforts by the Japanese government to establish Japan as a tourism-oriented country, the carrier plans to further expand its business in Japan.



### **First foray was into Okinawa**

Juneyao Airlines started flight service in 2006 as a private Chinese airline financed by JuneYao Group. Currently it has extended its service to international routes connecting Shanghai with many Asian countries in addition to its more than 60 domestic routes with Shanghai as their hub, and its yearly volume of passengers has exceeded 7 million.

The airlines began to investigate the establishment of routes to Japan in 2009. At that time there was increasing enthusiasm among Chinese to visit Japan to shop for

electronics and cosmetics, as well as to tour the country and experience various aspects such as Japanese food and hot springs. At the same time there was increasing demand for travel from Japan to Shanghai for both tourism and business, making for a period of heightened bidirectional exchange, and the carrier saw an opportunity to meet the needs of new potential customers.

When considering starting service to Japan there were multiple candidate locations, but in the end they decided on starting with Okinawa, which is popular with Chinese tourists as a resort destination. The welcoming attitude of municipalities toward the company as well as the loosening of issuance requirements in 2011 for multi-entry visas granted to individual Chinese tourists visiting Okinawa also encouraged the start of service to the prefecture.

With the support of JETRO and municipalities, the Okinawa branch, which is the carrier's first base of operations overseas, was established in June 2012. Flight service between Shanghai and Naha began January 2014.

### **Flexible administration system**

Mr. Dong, branch manager of the Juneyao Airlines Okinawa branch, says that "the flexibility unique to private companies" is their strength. He says, "When expanding our business domestically and internationally, flexibility is essential in order to handle the needs of customers in each region. We also place a special emphasis on safety, service and value."

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The airline company had introduced 32 A320 series planes by June 2013, and it operates the newest equipment in China. The company is proud of its high on-time arrival ratio and has won the trust of customers in China, winning the "Shanghai Customer Satisfied Model Corporation" award, among others.

Also, with the successive entries into the low-cost carrier market in recent years resulting in a market environment where airfare prices continue to drop, the company wants to work toward providing high quality service at competitive prices and set itself apart. For example, it consigns the in-flight meals to a Japanese company and loads them in Japan in order to further satisfy Japanese customers. They are also considering hiring Japanese CAs and strengthening their system to provide a finer level of service.



Juneyao Airlines in-flight meal

### Future developments

The Japanese government has loosened issuance requirements for visas for Southeast Asia to establish Japan as a tourism-oriented country, as well as taking measures such as increasing international routes departing from or arriving at Haneda Airport. As a result, the number of foreign visitors to Japan exceeded 10 million in 2013 for the first time, and the number of visitors

has continued to increase steadily thereafter as well. In the revised Japan Revitalization Strategy, published by the Japanese government in June 2014, further efforts are planned to realize the following goals: 20 million foreign visitors in 2020, when the Tokyo Olympics will be held, and 30 million in 2030.

Boosted by these developments, Juneyao Airlines wants to aggressively expand its business in Japan. In addition to its routes from Shanghai to Okinawa and Kansai International Airport, in the future the carrier will make further efforts to begin flight service connecting to major Japanese cities such as Tokyo, Nagoya, Fukuoka, and Sapporo. Also, since there is an increasing trend of Chinese tourists travelling to multiple regions within Japan, it is also considering entry into domestic Japanese routes.

### JETRO's support

JETRO's Invest Japan Business Support Center (IBSC) has been supporting Juneyao Airlines and its plans for Japan since 2010. The IBSC provided the company with information regarding the investment environment and aviation industry and arranged inspection visits to a number of domestic airports. Meetings with relevant authorities, local airports, local governments and aviation-related companies were also facilitated. Furthermore, leading the way for the start of flight service between Shanghai and Kansai International Airport, it provides various services such as lending temporary offices of IBSC Osaka. Regarding the services of JETRO, Mr. Dong said, "We are very grateful for the considerable support of JETRO during the long period from the planning stages until the start of service. There were permit procedures and many

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situations where we needed to cooperate with the nation, municipalities and other private concerned institutions, but through JETRO we were able to expand our networks and realize the establishment of our base of operations and new routes. Also, utilizing JETRO's temporary offices and conference rooms has allowed us to reduce our initial cost. It was very reassuring to be able to consult with advisers and staff every day as we went forward."



Branch Manager Mr. Dong (center) and staff

(September 2014)

### Corporate history

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June 2012	Juneyao Airlines establishes Okinawa branch
January 2014	Starts flight service between Shanghai and Naha (Okinawa)
April 2014	Starts flight service between Shanghai and Kansai International Airport.
August 2014	Juneyao Airlines establishes Osaka branch

### 上海吉祥航空有限公司冲绳支店(日本拠点)

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Establishment:	June 2012
Business:	Airline Industry
Parent company:	Juneyao Airlines Co., Ltd.
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