SCOOT TARGETS CHINA, INDIA MARKETS

News / Airlines

Scoot chief executive Campbell Wilson plans to make the budget carrier a conduit between Australia and fast-growing markets such as China and India as it expands its network from its home base in Singapore.

A newly delivered Scoot Boeing 787 Dreamliner jetted into Melbourne yesterday to make the Victorian capital the long-haul budget carrier's fourth Australian destination after Sydney, the Gold Coast and Perth.

The move brings the Singapore Airlines subsidiary's total number of scheduled destinations to 17 using a mix of two-class 787-8s and bigger 787-9s.

In addition to internal growth, it expects its reach to further expand when it more closely aligns its operations with Singaporean sister carrier Tigerair next year through a shared reservations -system.

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China is a major target for Scoot, with Hangzhou recently joining its roster of Chinese destinations and Guangzhou coming online early next year. Guangzhou will be Scoot's sixth destination in China served from its Singapore base and the second in the Pearl River Delta area after Hong Kong.

The budget carrier is also launching services to as-yet unannounced destinations in India and to Jeddah in Saudi Arabia. Mr Wilson also expects both of these destinations to play well in Melbourne.

"Certainly with our expansion into China, with our closer co-operation with Tiger and the destination that adds for us and then our move into India early next year and also Jeddah from May, we felt there was good opportunity to carry people beyond Singapore and also from behind Singapore into Victoria," Mr Wilson said.

He said many of the airline's customers in China were part of a growing group travelling for the first time out of the country, and Australia was an aspirational destination. "Every time I go to China, every travel agent, every provincial governor, every mayor, every airport, they want a connection to Australia," he said.

The new Melbourne services means Scoot now serves the nation's four biggest cities -- Brisbane through the Gold Coast -- and Mr Wilson said the airline needed the Victorian capital in order to have a credible Australian network. He said the airline was happy with the way its existing routes were performing in terms of customer reception and passenger loads, despite the slowing economy and depreciating currency.

Overall traffic had not been greatly affected by the economic changes, although there had been a slight decrease in outbound figures and an increase in inbound passengers. However, he conceded that the impact of the Australian dollar's decline had been material in terms of yields, with a 9.5 percent year-on-year decline of the dollar against its Singaporean counterpart translating to a yield decrease of about 5 percent.

"Which is significant especially when our costs are predominantly in Singapore dollars or U.S. dollars, which appreciated still further," Mr Wilson said.

"It's not the best of things but it happens and it's cyclical and where the Australian dollar may depreciate, the yuan and other currencies may appreciate so it balances out at some point."

Scoot now uses Dreamliners only on its scheduled services but still has a Boeing 777 it uses on charters to Korea.

It has three 787-8s and six 787-9s with another Dreamliner arriving in December and a second in March as it moves towards a fleet of 20 of the 787s by early 2019.

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