

# ascend

Taking your airline to new heights

Focus  
on India

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# Take it Online

*An increase in online air travel bookings in India has created a need for robust Web-based capabilities.*

■ By Craig MacFarlane | *Ascend* Contributor

It's no mystery why more and more airlines are attracted to the India market. Despite a growing population of 1.1 billion, only 15 million people a year travel by air domestically. The country's middle class, forecast to increase from the current 300 million to 400 million by 2010, represents a largely untapped segment that is increasing its spending power as the nation's economy expands. Given the potential for increased air travel, carriers are taking steps to ensure they are primed to take advantage of the new opportunities.

One of the ways carriers will be able to reach the Indian market is through the Internet. The number of people with access to the Web continues to grow as Internet penetration increases throughout the country, boosting the ability of airlines to sell tickets electronically. The increasingly affluent middle class is rapidly adopting Internet usage, leading to a significant increase of online travel bookings and direct-to-traveler interactions.

Studies indicate that Indians are more likely to purchase travel online. Recent surveys show that 36 percent of Indians making purchases online bought airline tickets, making it the most popular category of Internet sales. That compares to the global figure of 21 percent for the category. Beyond that, the Internet & Mobile Association of India reports that nearly 24 percent of the 11.8 billion rupees (US\$263 million) Indians spend online each year goes to purchase travel by rail, still the most popular method of transportation in India. And 47 percent of all online rail ticket buyers are in the key demographic between the ages of 26 and 35. When rail purchases are added to airline tickets, overall travel represents almost 58 percent of total Indian online spending.

The amount of monthly online travel transactions continues to increase. According to estimates by the Internet & Mobile Association of India, the average number of transactions has increased from 207,000 a month in 2003 to 795,000 in 2005. Airline online bookings are expected to double in India during the next

two years to US\$40 million. Web sites for low-cost carriers and specialized travels portals such as makemytrip.com and ghumo.com continue to grow, drawing increasing numbers of online shoppers who purchase airline tickets. Makemytrip.com reports selling 800 tickets and hotel reservations a day.

The growth of the Indian middle class, combined with its willingness to shop for and purchase travel online, makes India an ideal market for airlines, particularly in terms of online travel bookings. Due to the surging middle class with its growing appetite for conducting business through the Internet, airlines are focusing heavily on their online presence in India, spurring them to develop methods and tools for efficient and effective online commerce.

*SabreSonic™ Web*, a powerful, flexible Internet booking tool, is a complete, fully hosted online booking system that enables airlines to display and sell their products most

efficiently and leverage choices of other partner airlines, car and hotel products directly to customers at anytime, from anywhere. The *Web* component has realized tremendous growth in passenger sales in India. In 2004, more than 33,000 reservations were booked online for more than 44,000 passengers via the *Web* component. The entrance into the Indian market produced associated sales revenues of US\$7.1 million for the respective airlines for the year. The growth trend in 2005 showed a dramatic increase in reservations booked online — more than 375 percent. In 2005, airline sales for India through the *Web* component topped US\$25.8 million. Projections for this year suggest continued growth, with online bookings forecasted to exceed more than 200,000 passengers.

The *Web* component is a flexible Internet booking engine that enables airlines to create a self-service environment for their customers

Directory PAGE: Request Flight

WORLD WIDE/AIR

My Airline Travel Main Section 3 Main Section 4

0 Itinerary Items

Main Menu Home Page My Reservations Logout

Language English

Hyperlink 1 Hyperlink 2 Hyperlink 3 Hyperlink 4 Hyperlink 5

> Request > Select > Review > Purchase > Confirm

click here for taxes and fees information

1. Where and when are you travelling? add multiple destinations indicates required fields

\* From: Denver, CO (DEN) Roundtrip:  One-way:

\* Depart Date: 18 Oct anytime

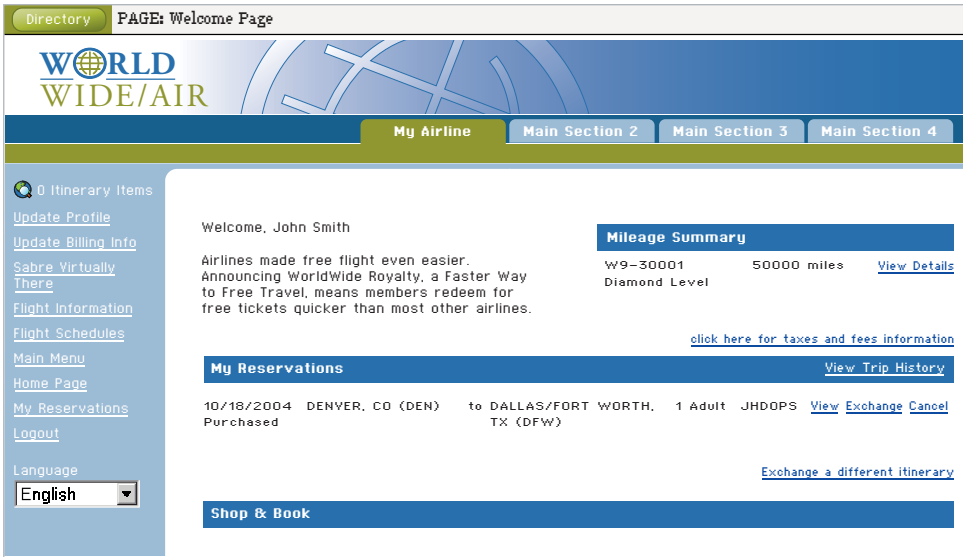
\* To: Dallas/Fort Worth (DFW)

\* Depart Date: 22 Oct anytime

Search Alternate Dates

Search Alternate Dates

*SabreSonic Web* provides configurable shopping choices based on airline-defined configurations with the ability to book one-way, round-trip and multiple-destination itineraries.



The SabreSonic Web component's personalized welcome page presents travelers with a consolidated view of their current bookings and trip history, and it is integrated with the Sabre® Traveler Loyalty System, which provides real-time frequent flyer account information on the welcome page.

while still maintaining control over how those customers interact with the airline. In addition to the customer-direct attributes of the component, it offers travel agency portal functionality as well as corporate portal functionality. These features help carriers in India and around the world work directly with travel agencies and corporations to streamline the booking process and ensure their ability to capture all forms of online bookings whether driven directly by the end traveler, a travel agent or a corporation.

The current trends and numbers for online travel bookings in India make it an extremely exciting market that is poised to

continue growing and providing increased value for airlines. The Web component will help airlines capture that value as consumers and agents rely more on the Internet to book airline travel. The component has a number of robust features that position it as the Internet booking tool of choice for the Indian market:

- It enables airlines to offer the choice of three distinct shopping paths to travelers based on their individual shopping needs. Travelers can shop by price, schedule or date, offering them the flexibility they demand.
- It provides redemption capabilities for loyalty customers.

- It offers a tool that enables airlines to quickly configure the look and feel of their booking engine, allowing for optimal flexibility.
- It offers a highly flexible and powerful administration tool, providing an effective solution for managing online content.
- It enables airlines to react rapidly to market changes to ensure their online presence maximizes its revenue potential.
- It reduces distribution costs.

The tool can also be adapted to the unique needs of the India marketplace. For example, the country's airlines utilize courier services to deliver tickets to their customers, where the payment for that ticket is then received. The Web component will soon include a feature enabling customers to pay by invoice, which will accommodate payment through courier services.

The picture is clear. The online marketplace in India is growing at a tremendous rate and is on the cusp of transforming the travel business. Airlines are excited by the opportunity, and the Web component can help airlines achieve success by expanding their online booking capabilities. It is a time of constant change and transition, but the opportunities that are beginning to present themselves are limitless. The population is growing. Internet adoption is growing. Online travel purchase is growing. The online travel business in India presents a new frontier full of challenge and tremendous reward for those carriers that best position themselves. ■

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## +count it up

**7** — Percentage of India's economic growth in 2003.

**15.9 billion** — Total revenue, in U.S. dollars, for India's software industry during the 2003/2004 fiscal year.

**75,000** — Average monthly salary, in rupees, of a senior air hostess in India.

**0** — Number of big shopping malls in India five years ago. Today, there are at least 100.

**800** — Estimated percentage increase in Indian wages during the next four decades.

**45 million** — Expected increase in the number of passengers in the Indian aviation market during the next five years.