IN CONVERSATION

Monday, 11 November, 2019, 10 : 33 AM [IST]

'India needs to address its air infrastructure bottleneck to reach full potential'

Travelport is focusing heavily on scaling up partnerships with airlines and travel agencies to stay competitive in the market, and remain relevant in the current business environment. **Martin Herbert**, Regional Managing Director for India and Sri Lanka, Travelport speaks to **Disha Shah Ghosh** about their revised plan for India with the withdrawal of Jet Airways, and the growth prospects of markets in Asia.

Martin Herbert
Regional Managing Director for India and Sri Lanka, Travelport

Q Travelport had plans to increase its market share in India from 50% to 65% with the new signings of Air India and Jet Airways. With Jet having ceased operations, what is the revised strategy to reach this goal?
While the grounding of Jet Airways has naturally impacted Indian passenger traffic this year, we see this as a short-term blip on Indian aviation's otherwise impressive growth story – the longer-term fundamentals of which remain unchanged.

Since Jet ceased operations, we've seen other Indian carriers quickly adding significant amounts of capacity. As the leading GDS in India, connected to the country's biggest travel agencies – both online as well as brick & mortar – in addition to our extensive global agency network; we have been able to support our other Indian airline partners as they've sought to fill the capacity gap.

In addition, the tender we won with Air India last year for sole provision of its domestic flight content is on track to be fully implemented by the end of 2019. Combined with the long-term potential we see in India – with its growing middle-class driving tourism demand, as well as being one of the world's fastest-growing business travel markets – we remain very positive on India's aviation growth story, and Travelport's growth in support of it.

Q What are some of the key challenges that India poses for Travelport?
The Indian aviation industry's rapid growth represents a challenge in itself – although this is clearly a happy challenge to have!
Rapidly scaling up our partnerships with Indian airlines on one hand, and agencies on the other, is something we are spending a great deal of effort on. We're also making continuous investments in technology to ensure we can handle the sheer volume of India's demand for travel. It's crucial to us that even as volumes grow; our customers are able to use our platforms to access all the content they need, with a speed and efficiency which will enable them to serve their customers well.

Additionally, as India continues to expand its aviation network beyond the main metro cities and into smaller regional cities, we will need to adapt our technology where necessary to suit local needs - for example lighter products as there are more bandwidth restrictions, etc.

India's OTAs are the source of another good challenge, as they've developed themselves to address the country's characteristics: a large market with a young population looking for affordable travel; and a transformative shift towards online channels. They've met these changes by staying on the global forefront of innovation – and they've challenged us to ensure our latest APIs, for example, meet their needs.

Taking a macro perspective, India will also need to address its air infrastructure bottleneck to reach its full potential. With all its airports already at or over their maximum capacity, continued growth will depend on continued investment in expanding or building new airports. The government's plans to expand, upgrade, and build new airports in many major cities are a positive step, but maintaining this investment will be key to support the growth trajectory of air traffic.

Another factor which India can look to boost its growth is with international tourism. Currently, foreign visitor spending accounts for only 12.8% of travel and tourism's contribution to India's GDP in 2017 (WTTC, 2018). By taking steps to boost its travel and tourism competitiveness – currently ranked 40th in Asia Pacific (IATA, 2018) - India's vast cultural and natural resources could easily attract more foreign visitors. The recent move to liberalise visa rules was a good step towards this.

Q As far as the Asia market is concerned, what kind of potential comparison would you draw between India and China?
The Chinese distribution landscape has regulatory requirements which are quite unique to it, so in many respects it's not necessarily meaningful to draw direct comparisons against India, or indeed other markets.

What does unite India and China is the strong underlying growth potential we see – for instance, China is set to become the world's largest aviation market by 2024; while India's passenger volumes are eight times larger than current GDS volumes even as the country is set to become the world's third largest aviation market by 2028[IATA, 2018].

Another similarity is the expansion of air travel demand beyond the main Tier-I and Tier-II cities. As the industry scales up to meet this demand, it will similarly need to adapt to more local needs. One thing that is clear in both countries however, is the huge runway for growth from their still largely-untapped aviation markets.

Other markets in Asia we expect to see growth from are China; Japan – which has seen swift growth since 2010; Indonesia – where the travel market is growing twice as fast as the global average; and Thailand – which is a popular regional entry point for global players like Priceline.

disha.shah@saffronsynergies.in