

# INTERNATIONAL AIRLINES EXPLORE NEW DESTINATIONS IN CHINA



China's tourism moves a step higher as international airlines opt to open new routes to China's second and third-tier cities.

Aside from Beijing, Shanghai and Guang Zhou, which are China's top-tier cities, international air carriers see potential in its second and third-tiers, which are categorized as the provincial or rural capitals. "Sometimes industry goes into a destination first and the

airlines follow, sometimes it's the other way around." said Welf Ebeling, regional director for the Global Business Travelers Association Asia.

Last month, German airline Deutsche Lufthansa AG started serving business people in traveling to Frankfurt to Shenyang and Qingdao, cities of Liaoning province and Shandong province respectively.

Juerg Christen, managing director of Lufthansa in China says that their strategy is to grow with their customers. He says, "When they show a considerable demand for mobility and new destinations, we are happy to provide those connections when they make sense economically."

Lufthansa was the first to fly to China in 1926 and is now among those who fly to places less known to the world. Opening routes to China's (geographically huge) second-tiers appeared to be a great opportunity for growth to them.

Flights to the new destinations in China were opened to other international airlines as well, including Finnair and Qatar Airways, expecting an annual addition of 100,000 passengers.

In contrast, opening new routes is very risky in the airline industry. Aspects of global financial crisis like oil price changes can greatly affect and add up to an airline's tough times with air navigation costs. It would be incredibly expensive, "It's a multi-million dollar investment" according to Lars Olofsson, general manager for Scandinavian Airlines in China.

SAS partnered with Air China Ltd, to make the most out of their Beijing and Shanghai routes in searching for new locations. "From there we can determine which cities are most likely for us to expand into," Olofsson said. They search areas with Scandinavian influences like Suzhou, Wenzhou and Hangzhou.

However, Tony Tyler, CEO of the IATA predicted that if international airlines want to maintain profits, China is the way. He says, "China is a big market and it is growing fast.

It's a no-brainer that you're going to want to be here". Though it is great for airlines to have tourists go to China, the real potential comes in the hands of Chinese people going out of the country. The number of Chinese travelers is expected to increase to 25% by 2015 and "When the Chinese travel as much as the Americans do - considering the population here is six times that of the United States - just think of the number of passengers that will be," Tyler said. It would be very huge and positive.

China's population and fast growth are reasons why air carriers want to be there.

To put it short the opportunities are enormous.

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