

AVIATION & TOURISM

Thai AirAsia, Nok Air clip THAI's wings

Budget airlines close in on flag carrier

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Thai Airways International (THAI) and sister budget airline Thai Smile are facing strong competition in Thailand's fast-growing domestic air travel market as no-frills carriers flex their muscles in pursuit of the market leader.

The group saw its market share drop to 29.3% last year, down from 33.7% in 2012 and 35.6% in 2011.

Major no-frills operators Thai AirAsia (TAA) and Nok Air saw their respective market shares last year grow to 27.8% and 27.2%, putting them only slightly behind the flag carrier.

Nok Air's increase in market share has been dramatic over the past three years, rising by an annual rate of 17.6% from 19.7% in 2011, as the airline has continued to focus on expanding its domestic operation.

Full-service airline Bangkok Airways has more or less maintained its domestic market share at about 14% over the past three years, ending 2013 with a 14.2% share compared with 14.8% in 2012 and 14.6% in 2011, according to figures

compiled by the Civil Aviation Department and Nok Air.

Orient Thai has seen its share plunge steadily from 6.6% to 1.4% last year. The privately owned airline has been winding down its domestic flight operation amid fierce fare competition to focus on international charter businesses.

The five domestic players and new entrant Thai Lion Air carried 22.3 million passengers last year. Thai Lion Air, which started domestic flights on Dec 4, carried 22,504 passengers in December.

Last year's passenger traffic underscored the rapid growth in the Thai air travel market from 17.8 million passengers in 2012 and 15.4 million in 2011.

The market is expected to continue growing rapidly over the next few years despite the slowdown in the first half of this year caused by the political turmoil.

Nok Air, whose operation is mainly domestic, expects to increase its passenger volume to 7-8 million this year, up from 5.89 million last year (according to Nok Air annual report), as it expands its domestic network. Owned 39% by THAI, Nok Air plans to add three new B737-800 aircraft later this year to its fleet of 15 aircraft of similar type.

Competition will intensify as Thai Lion Air steps up its operation and Thai VietJet Air enters the fray in the second half of this year.

DOMESTIC PASSENGER TRAFFIC

Airlines	Number of passengers			Average growth rate (%)
	2011	2012	2013	
■ Thai Airways + THAI Smile	5,475,428	5,992,179	6,540,342	9.3
■ Thai AirAsia	3,620,878	4,528,975	6,198,067	30.8
■ Nok Air	3,024,205	3,969,918	6,068,217	41.7
■ Bangkok Airways	2,252,810	2,632,374	3,175,720	18.7
■ Orient Thai Airlines	1,010,616	653,049	309,498	-44.7
■ Thai Lion Air**	-	-	22,504	-
Total	15,383,937	17,776,495	22,314,348	20.4

Remark: *The number of passengers arriving and departing does not include no-show passengers.
**Thai Lion Air launched its first commercial flight on Dec 4, 2013.

Source: Civil Aviation Department

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