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UNWTO and PolyU Jointly Published Special Report on Development of Low-Cost Carriers in Asia and the Pacific

In an effort to address the emerging trends in Asia and the Pacific and better equip NTAs, NTOs and other industry stakeholders with the right strategies, the United Nations World Tourism Organisation (UNWTO) is publishing an annual report on the Mega-Trends of Tourism in Asia and the Pacific, in collaboration with The Hong Kong Polytechnic University (PolyU). This special report on Development of Low-Cost Carriers in Asia and the Pacific is published as part of the Mega-Trends Study Series with an aim to address the evolving development of Low-Cost Carriers in the region.

“The concept of Low-Cost Carriers (LCCs) first appeared in the US almost 30 years ago,” as Mr Francesco Frangialli, Secretary General of UNWTO, remarked, “but it has not become noticeable in Asia and the Pacific region until 2002.” The major catalysts of the spread of LCCs in the Asia-Pacific are the deregulation of aviation industry, government support, burgeoning economic development, increasing number of middle class (especially in China and India) with greater disposable income, greater demand for short-break holidays, easy access to the Internet in major cities, and the privatisation of airports.

Impediments to the development of LCCs may indeed deter the intra-subregional open sky policy to be materialized, however, the development of LCCs is still being perceived as one of the most prevailing trends in tourism. The phenomenon of LCCs is resulting in significant impact on the tourism industry, particularly affecting the travel pattern of the tourists and the business model of the airlines. It is encouraging to note that India will become the world’s largest LCC market with a market penetration reaching 70% by 2010. China is certainly another market which has a huge potential.

Prof Kaye Chon, Chair Professor and Director of PolyU’s School of Hotel and Tourism Management, summed up: “This report confirms the findings in the Mega-Trends annual report that LCCs are picking up momentum in the Asia-Pacific regions. These have helped make the travel market more competitive. Through closer cooperation with host destinations in terms of managing the carrying capacity to achieve sustainable development and promote healthy competition, LCCs can help with the re-allocation of scarce economic resources in order to achieve higher efficiency in the airline industry.”

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