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F.Y.I.

The Japan Association of Travel Agent's (JATA) diffusion index (DI) is a quarterly opinion survey of Japanese travel agents indicating the direction of change in the Japan market. The following are a few of the points in the September 2003 survey:

- A sharp positive increase of 42 points for business/inspection tour travel for Jul.-Sep.
- Business travel continues to improve through December 2003.
- Guarded optimism for all outbound destinations with a 20-point increase in Jul-Sep.
- Europe was the top destination for travelers during the 2003 Jul.-Sept. period.
- Agent outlook for outbound destinations (except China and Asia) to return 2002 levels by December 2003.

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ANA: Bringing ET Home

All Nippon Airways (NH) recently launched Electronic Ticketing with INFINI in Japan on June 2003. We spoke with Yasuo Asada, Manager of ANA's Distribution Planning to hear about ANA's view on the importance of ET for ANA and the Japanese market.

IU: What are ANA's reasons for starting INFINI ET?

NH: Until now ANA's E-ticketing has been limited to our Internet and direct counter sales. The start of ET services opens purchase opportunities for ANA international ET tickets via travel agents and allows us to expand sales channels in Japan.

Specifically, there are three reasons for introducing ET. First, we want to remove the inconvenience of ticket pick-up from the passenger's experience. ET accomplishes this while eliminating the possibility of loss and theft and enhancing the ease of use for the customer. Second, we want to reduce the cost of ticket management and expand business opportunities by taking advantage of ET's capacity to accommodate last-minute bookings. Third, ET usage in the US and EU has expanded rapidly and as an international airline, ANA, views ET as an essential part of its business infrastructure. The benefits that this tool can bring to customers, travel agents, and ANA are important.

IU: What is ANA's target for ET ticketing in Japan?

NH: We aim to raise worldwide usage of ET for ANA tickets to 50% by 2005.

IU: What is your impression of



Yasuo Asada
Manager of ANA's Distribution Planning

INFINI ET since the release in June?

NH: Until June 2003 ANA's ET ticketing level was only 1%, but looking at our data for the first three months (Jun.-Aug.03) since the release of INFINI ET we have seen this increase to 3%. As a large majority of ANA ticketing in Japan is done via INFINI, these numbers are encouraging. It supports our belief that INFINI can help increase ET usage. However, when we consider our own objective of shifting 50% of all ANA tickets to ET by 2005, we realize that we still have work to do.

IU: With INFINI ET can ANA say that it is 100% ET equipped for the Japan market?

NH: We will not be able to include domestic E-ticketing or interline ET immediately. We are, however, planning to proceed with that development. We also plan to extend our ET usage with regional and global coverage.

IU: Can you specify some of the challenges that you face with full implementation?

NH: Actually, one the biggest challenge is shifting ET eligible tickets from paper to electronic ticketing.

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ANA ET-Continued from pg.1

We find that only 10% of ET eligible tickets are actually being ticketed as Electronic Tickets. This leaves 90% of the potential ET ticketing still being handled with paper ticketing. Transforming this portion of ET eligible ticketing will be the focus of our actions herein.

IU: Is Electronic Ticketing a topic of discussion among your Star Alliance partners?

NH: Yes. One of the main topics of discussion is Interline Electronic Ticketing. We are considering ideas that simplify the administration and development logistics of moving the existing interline traffic agreements to a multilateral level. We hope to reduce the costs of maintaining the hundreds of bilateral agreements that each airlines has.

IU: Carriers in other countries have been more aggressive

about "going 100% ET". Do you think this is possible?

NH: I think carriers want to ticket 100% of ET eligible itineraries in ET. There are, however, still some itineraries that cannot be completed with electronic ticketing. Cities like Dalian, Shenyang, and Xiamen in China cannot use ET due to limitations of local airport facilities. In some cases, whether we can or cannot provide electronic ticketing depends upon the airport. I think "going 100% ET" is possible if it only refers to ET eligible itineraries.

IU: ET usage in Japan is considerably lower than that of other countries. How does ANA plan to promote the concept of electronic ticketing in Japan?

NH: With only 4-5% of international air tickets completed in ET, the reality here is that usage has not spread. We believe that ANA needs to introduce the real benefits that ET brings to the actual customer. To do so, however,

we need the cooperation of the travel agent community with this promotion. Once the end user realizes the true value of ET for their travel we believe that ET can promote itself.

IU: Specifically, what aspects could be improved?

NH: Increasing the convenience of ET is the key. For example, under the present BSP Japan regulations carriers are required to deliver the Passenger Itinerary/Receipt (PIR) to the customer. I think we could enhance the convenience of ET if we could adopt the US carrier approach, which allows customers access their own PIR via an airline homepage.

Now airlines in Japan still deliver the PIR to the customer leaving him or her wondering what is the difference between delivering the paper ticket. I think we need to cooperate with BSP Japan to consider how to raise the level of service that ET offers the customer in Japan.

INFINI Pinpoints Chinese Market in Japan

Since the opening of the 2nd runway at Narita -New Tokyo International Airport in 2002 Chinese carriers have shown explosive growth in capacity to Japan. Although, SARS delivered a harsh blow to business in the last 6 months, it has not diminished the overwhelming potential that China offers as a destination. INFINI, sensitive to the needs of this market, brought together travel agents and airlines to exchanges ideas about how to generate business more effectively for the outbound China market.

Sponsored by INFINI and supported by Air China (CA), China Southern (CZ), and China Eastern (MU) all parties joined to reassure travel agents that China is back as an attraction for Japan. Carriers outlined their latest efforts and promotions for the upcoming Winter 2003/04 season.

INFINI answered agents concerns with a demonstration of its Mandarin and Japanese version of Virtually There that agents can use to reach clients in their own language. With a helpful function that automatically sends e-mail to the customer after an agent completes travel booking, INFINI Virtually There connects the agent and the traveler. Customers can view their itinerary and access travel related information resources in their native language.

For the agents of the growing China outbound market, INFINI Virtually There offers an opportunity to strengthen their respective branding power with logo customization of links to customers. Yoshiaki Hirabayashi, Director of INFINI Agent Sales, explained, "VT offers agents a excellent opportu-



Isao Murakami Of China Eastern Airlines joins INFINI's Mitsue Sato and Aya Kojima in the prize drawing that capped off a successful event for China-focused travel agents in Japan on October 2nd.

nity to enhance its connection with the customer. Having this product in Mandarin and Japanese market allows travel agents to distinguish themselves from the competition in the tough post-SARS market".

Mongolian Airlines: Throwing Its Weight in Japan

In a span of 7 years MIAT-Mongolian Airlines (OM) has marketed its culture and sprawling landscape to create its own unique and profitable niche in the Japanese travel market. The airline established its first foothold in Japan with its Osaka (KIX) – Ulaan Bataar route in 1996.

MIAT quickly discovered, however, that eighty percent of its passenger traffic originates from the Tokyo metropolitan area. For years MIAT found itself stretching between markets to gather new customers. The 2002 opening of the 2nd runway at Narita Airport signaled a new era for the airline and the fulfillment of a dream to connect Japan and Mongolia directly from Tokyo.

Batbold Nyamdavaa, Sales Man-

ager for MIAT and a former Japanese Ministry of Education scholar, recalls that he was one of the few Mongolians in Japan when he arrived in 1993. He observes that changes in Mongolia and Japan have positively transformed the countries' relations and MIAT's business. "The new and improved access from New Tokyo Airport (NRT), an increasing level of cooperation on the government and commercial level between Mongolia and Japan, and the explosive popularity of Mongolian Sumo wrestlers in Japan have all contributed to the record sales growth", he says.

Nyamdavaa admits that the events of 2003 have slowed sales, but despite challenges, he is confident that Mongolia and MIAT will continue to attract visitors from Japan and other markets in the Asia-Pacific region.



From L to R: INFINI's Toshiro Odajima, Mongolian Airline's D. Baterdene, Mongolian Airline's Enkh-Amgolan, and INFINI's C.T. Liang commemorate the signing of the first INFINI/Mongolian Participant Contract in Tokyo in early 2003.

Australian Airlines Keeping Leisure Simple

Australian Airlines, a fully owned subsidiary of Qantas Airlines, launched its operations during one of the most difficult periods the travel industry has experienced. The mono-class, leisure airline has weathered the storm and is concentrating on generating new business in Japan. We spoke with Ikuyoshi Fukuda, Marketing Manager for Australian Airlines about the Japan market.



One of the five 767-300 aircraft that Australian Airline's uses on its Japan routes.

What is your view of the post SARS/IRAQ War Japan market?

The impact of SARS and the Iraq war certainly changed our business, in particular, the school trip market in Fukuoka. Despite many challenges, we have stayed committed to this market. We have worked hard to maintain our operations during this period.

Has AO made any significant changes to its strategy for Japan due to the impact of

SARS/Iraq War?

As far as frequency changes, we did reduce some of our direct flights to FUK from May 2003. We were able to maintain the operation by combining Fukuoka and Osaka routes in a "triangle operation" during this period. We plan to return to our original weekly schedule for the 2003 winter schedule starting from October 26.

Australian Airlines was conceived as a low cost, full-service international carrier. We have focused our efforts on reducing operation costs by keeping things simple. In a cost sensitive market like Western Japan, we feel that we have accurately targeted the right product for the market.

Does AO have any upcoming promotions for Japan?

We have a major joint promotion planned in conjunction with the release of Disney's new animation feature film, "Finding Nemo". The Australian Great Barrier Reef and Sydney serves as the background for this story. We hope to promote tour packages to this region via our Cairns hub, targeting families and young working women. We are excited about the potential of this project and future growth in Japan.

Austrian Sees Internet Opportunities



Masae Kishi
Supervisor for Austrian Airlines Sales & Marketing-Japan

IU: Why did OS choose to start Internet booking at this time?

OS: OS has a main English home page and Internet Booking Engine, but when we tried to create a Japanese home page we found that we could not just translate the existing version.

This meant that the only option for our Japanese customers would be to make bookings using an English booking engine. We felt that this was not suitable for our customers. We thought that a booking engine for Japan should be in Japanese. Another factor is the increase in our frequency. We believe that the

purchase of PEX fares (published discount fares) for Austrian Airlines will increase as our schedule in Tokyo and Osaka expands. We want to capitalize on this sales opportunity and use an effective tool. After careful consideration of the Internet products available in this market we chose INFINI's Internet Private Label System (I-PLS) for our booking engine.

IU: Why was INFINI your final choice?

OS: I think there were several reasons: user-friendly features, cost effectiveness, and INFINI's overall experience with Internet Booking Engine implementation in Japan. One of the key points for us, however, was the CRM data download features of I-PLS. These kinds of data sorting functionality and email-direct marketing tools will be particularly useful in enhancing our market promotion in Japan.

IU: OS has an informational home page now in Japan. What has been the response from Japanese customers?

OS: We have seen a consistent month to month increase in the number of hits to our web page in Japan. We have specifically tried to

encourage our customers to use the home page as the point of contact for Austrian Airlines information by including our URL address in the advertisements in Japan instead of a telephone contact number. Additionally, we have worked with other organizations such as tourist bureaus and magazines to link our home page with their sites.

IU: How do you plan to promote your new booking engine in Japan?

OS: We are in the middle of this planning now. There are some particular budget constraints this year that limit how much we can promote the new booking engine on its own. It is necessary to advertise this feature to the customer, but frankly doing so incurs considerable costs.

While a newspaper advertisement is ideal, considering the costs, we will most likely rely on alternatives such as popular, Japanese travel catalogues, such as AB Road to promote the start. We will also include some upcoming web discount promotional fares for this period on the renewed home page.

INFINI Connectivity Upgrades

Answer Back

Air New Zealand (NZ)
Australian Airlines (AO)
Eurostar (9F)
Mongolian Airlines (OM)
Royal Nepal Airways (RA)

Full Availability

Siam Leap (FT)
Royal Nepal Airways (RA)
Eurostar (9F)

Direct Access

Aeroflot (SU)
Australian Airlines (AO)
Mongolian Airlines (OM)

Direct Connect Sell

Aeroflot (SU)
Finnair (AY)
Mongolian Airlines (OM)

Electronic Ticketing

All Nippon Airways (NH)
Singapore Airlines (SQ)

Group Claim

Continental Airlines (CO)

INFINI Private Label Service (I-PLS)

Austrian Airlines (OS)

TCN

Air New Zealand (NZ)
America West (HP)

Webtop

Continental Airlines (CO)
Lao Aviation (QV)

NEW PRODUCT: VC Helper INFINI recently released VC (Value Code) Helper, an administrative software product that minimizes Value Code input mistakes and reduces airlines' air debit memo (ADM) settlements used to correct such discrepancies.