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1.231 Airport Systems Planning, Design, and Management

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“Kuala Lumpur International Airport: The New South-East Asia Airline Hub?”
1.0 Introduction to the new Kuala Lumpur airport

The new Kuala Lumpur International Airport (KLIA) was envisioned and built in Malaysia during the term of Mahathir Mohammad, the 4th Prime Minister of Malaysia. The former prime minister, often referred to simply as “Dr. M”, was in power from 1981-2003 and is responsible for a vast development effort in Malaysia. His vision was instrumental in the construction of the Petronas Towers, the Multimedia Super Corridor, as well as KLIA. Although former Prime Minister Mohammad is no longer in power in Malaysia, the development pace that he helped to set appears to continue, as Malaysia is still envisioning reaching “developed nation” status by the year 2020.

Particularly, the anticipated success of KLIA, built in 1998, is viewed as an essential stimulant to the Malaysian growth and development. It was and is Malaysia’s hope that the new airport will eventually grow to become the dominant South-East Asia airline hub. The Malaysia Airports Holding Berhad (MAHB), a government sponsored organization that is responsible for the operation of most of the airports in Malaysia, including KLIA, has been using various tactics to boost KLIA’s air traffic volume. However, staunch competition from Singapore, Thailand, and southern China are limiting the success of the efforts of MAHB to promote KLIA to regional hub status.

2.0 Current status of the airline hub competition in South-East Asia

Of particular concern for KLIA are Bangkok and Singapore, which are Kuala Lumpur’s closest neighboring airport powerhouses in the South-East Asia region. Changi International Airport, the Singaporean airline hub, is currently considered the premier airport in the region, while Bangkok is considered second most dominant. In addition, although not as close to Kuala Lumpur geographically as Singapore and Bangkok, Kuala Lumpur airport planners will also have to pay attention to Hong Kong, which harbors an airport perhaps with even more influence than Changi. Finally, KLIA will also have to keep a watch on the developments at the nearby Jakarta International Airport, since particularly in the recent two years, the traffic at Jakarta’s main airport, Soekarno-Hatta Airport, has been growing significantly. With all of these strong, competing airports, the struggle for a solid market share of the air traffic is fierce.
Much is at stake for these competing airports. Figure 1 is a graphical representation of airline traffic density throughout the world. Yellow paths indicate less dense routes and red lines indicate the most densely used routes. Apparent from the graphic is that North America, Europe, and Asia-Pacific are the three dominant regions for airline activity. North America has historically been the most busy region, followed by Europe, and then by Asia. However, according to the International Civil Aviation Organization (ICAO), Asia-Pacific will soon, for the first time ever, attain a larger share of worldwide airline flight activity than Europe in 2005. 2005 predicted distribution of regional flight activity is presented in Figure 2 on the next page.

Figure 1. Airline route density.

The leading countries in South-East Asia are fighting for airport traffic dominance as they attempt to stimulate their economies and political influence. A strong airport almost always correlates directly with a strong economy in the harboring country. Thus, airport development is viewed as an important item on the agenda of the governments of these countries. The competition has produced a surge in construction and renovation activities at the strongest airports, as well as new management approaches and strategies in South-East Asian airports.

Kuala Lumpur, of course, built Kuala Lumpur International Airport in 1998, which can currently handle 25 million passengers per year. To its own credit, Changi Airport is planning a $500 million makeover of its two existing terminal buildings. Plus, by 2008,
Changi hopes to complete the construction of a third terminal building, which is projected to boost capacity levels at the airport to 64 million passengers per year. (1) Of great importance to the airport market in South-East Asia is that Bangkok is currently constructing the new Suvarnabhumi Airport to replace the Don Muang Airport. The new airport in Bangkok, Thailand’s capital and largest city, will be able to handle 45 million passengers per year. It is Thailand’s hope that, with the new airport, they will not only overshadow Kuala Lumpur but also stay continue to stay competitive with Hong Kong’s Chek Lap Kok Airport and Singapore’s Changi Airport. Suvarnabhumi is scheduled to open September 29, 2005. (1, 2)

2.1 Traffic levels for each airport from 1994-2003
The airports in Singapore, Hong Kong, Bangkok, Kuala Lumpur, and Jakarta are all vying to boost their traffic volumes. Figure 3, on the next page, presents total annual passenger levels for each of the five airports. Of note is the dramatic drop in Hong Kong’s traffic level in 1997. The outlying data point is due to the unique political situation the city was experiencing during that time, as Great Britain yielded jurisdiction of the Asian city to China on July 1, 1997. As for general trends, during the past decade, Singapore, Hong Kong, and Bangkok have dominated the smaller Kuala Lumpur and Jakarta airports. However, recently, the smaller airports have been gradually taking away traffic from the top three airports.
2.2 Airlines served by each airport

A comparison between the World’s top airlines’ service availability at KLIA versus the service availability of the same top airlines at the three currently dominant South-East Asian airports indicates even more prominently than the traffic levels presented in section 2.1 the disparity that KLIA has to make up to truly become competitive with these airports. Using each of KLIA’s, Changi’s, Chek Lap Kok’s, and Don Muang’s official web sites to determine service availability, the three tables on the following pages were produced. Service availability was first examined for 10 top North American airlines, then 10 top European airlines, and finally, 10 top Asia-Pacific airlines. Table 1 indicates with an “X” service availability at each airport for North American top airlines, Table 2 indicates service availability for European top airlines, and Table 3 indicates service availability for the top Asia-Pacific airlines. Also indicated at the heading of each table is the World airline alliance that the host airport’s national airline belongs to, if any.
Table 1. Current service availability of 10 top North American airlines for KLIA and three dominant airline hubs in South-East Asia.

<table>
<thead>
<tr>
<th>North America Top airlines</th>
<th>KLIA</th>
<th>Singapore (Star Alliance)</th>
<th>Hong Kong (OneWorld Alliance)</th>
<th>Bangkok (Star Alliance)</th>
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<tbody>
<tr>
<td>American Airlines</td>
<td>X</td>
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<td>X</td>
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<tr>
<td>United Airlines</td>
<td>X</td>
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<tr>
<td>Delta Airlines</td>
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<td>Northwest Airlines</td>
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<tr>
<td>Continental Airlines</td>
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<td>US Airways</td>
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<td>Southwest Airlines</td>
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<tr>
<td>Air Canada</td>
<td>X</td>
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<tr>
<td>America West</td>
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<td>Alaska Airlines</td>
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Data: (6,7,8,9)

Table 2. Current service availability of 10 top European airlines for KLIA and three dominant airline hubs in South-East Asia.

<table>
<thead>
<tr>
<th>European Top Airlines</th>
<th>KLIA</th>
<th>Singapore (Star Alliance)</th>
<th>Hong Kong (OneWorld Alliance)</th>
<th>Bangkok (Star Alliance)</th>
</tr>
</thead>
<tbody>
<tr>
<td>British Airways</td>
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<tr>
<td>Air France</td>
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<td>Lufthansa</td>
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<td>KLM</td>
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<td>Iberia</td>
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<td>Alitalia</td>
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<tr>
<td>Virgin Atlantic</td>
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<tr>
<td>Condor</td>
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<td>SWISS</td>
<td>X</td>
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<tr>
<td>Scandinavian Air</td>
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</tbody>
</table>

Data: (6,7,8,9)
Table 3. Current service availability of 10 top Asia-Pacific airlines for KLIA and three dominant airline hubs in South-East Asia.

<table>
<thead>
<tr>
<th>Asia-Pacific Top Airlines</th>
<th>KLIA</th>
<th>Singapore (Star Alliance)</th>
<th>Hong Kong (OneWorld Alliance)</th>
<th>Bangkok (Star Alliance)</th>
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<tbody>
<tr>
<td>Japan Airlines</td>
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<td>X</td>
<td>X</td>
<td>X</td>
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<tr>
<td>Singapore Airlines</td>
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<td>X</td>
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<tr>
<td>Qantas Airways</td>
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<td>X</td>
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<tr>
<td>All Nippon Airways</td>
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<td>X</td>
<td>X</td>
<td>X</td>
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<tr>
<td>Cathay Pacific</td>
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<td>X</td>
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<tr>
<td>Thai International</td>
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<td>X</td>
</tr>
<tr>
<td>Korean Air</td>
<td>X</td>
<td>X</td>
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<td>X</td>
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<tr>
<td>Malaysia Airlines</td>
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<tr>
<td>China Airlines</td>
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<tr>
<td>China Southern</td>
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</table>

Data: (6,7,8,9)

3.0 KLIA’s strategy in becoming a dominant airline hub in South-East Asia

The Malaysian government has decided that they want to make KLIA into the dominant airline hub in South-East Asia. Related to this effort, Malaysia has also, more generally, set out to become a developed nation by the year 2020, and the country’s economy has responded to recent development efforts by the government with steady growth. To resume economic expansion to the proportions the Malaysian government hopes to achieve, a dominant airline hub will likely be necessary. But just what is an airline hub and how does an airport gain such a status?

An airline hub is a place that provides a convenient place for passengers to catch a flight or is the best place to change planes on a flight connection. A large portion of the convenience factor for an airport is determined by the level of congregating activity which occurs in the regional premises of the airport. The airport’s region has to not just be an attractive spot for tourists, but more importantly, a place where there is a large
volume of business activity. More business would mean a stronger economy and will yield increased numbers of business travelers.

Tourism is, however, also very important for bringing in high volumes of air traffic into a region. For Malaysia, the stature of KLIA will depend strongly on the work done by the various tourism promotion agencies such as Tourism Malaysia and the reputation that it will make for itself based on opinions of tourists who have already visited the area. A strong potential attraction possessed by Malaysia that promoters can focus marketing efforts on is the country’s exotic nature. A large, recent development in tourism trends is ecotourism and adventure travel. Just as one example of the potential for growth in the tourism industry, Malaysia can be marketed to tourists seeking such an experience.

Also, it is important for hub development that the airport in question provides a good value for the airlines that fly there. Especially with the boom of Low-Cost Carrier airlines all around the World, cost-efficiency has become more and more important. Luxury in airports and airlines is becoming less important as passengers more and more frequently choose quantity of travel opportunities over the quality of their travel experience.

Malaysia Airports Holding Berhad (MAHB), the government agency that runs KLIA, has drawn up plans to turn KLIA into a leading regional center for both passenger and cargo air movement. The sections that follow provide a more detailed account of their efforts in four major areas concerning KLIA: airline-related improvement efforts, airport-related improvement efforts, economy-related efforts, and promotional efforts.

3.1 Airline-related efforts

3.1.1 Malaysia Airlines (MAS) growth

A strong national airline is essential to the strength of the associated host country’s primary airports. Thus, it is important for KLIA that Malaysia Airlines, the national airline of Malaysia, continue to expand service and seek growth opportunities. Although KLIA has been struggling to bring in or retain such prominent foreign airlines as British
Airways, MAS has actually succeeded in securing higher frequency flights to London, for example, so incremental growth is occurring. (11) However, Malaysia Airlines still has a lot of ground to make up on the top airlines in the South-East Asia region. MAS must work to expand its route network to such critical routes as the so called “kangaroo route”, which provides service between Europe and Australia. This particular route is currently dominated by the Star alliance and Oneworld alliance. For Star alliance, the route is largely carried by Singapore Airlines and Thai Airlines. Both of these airlines connect such flights through their home bases in Singapore and Bangkok, respectively, boosting traffic for their country’s airports. In addition, Oneworld partners with Hong Kong based Cathay Pacific to serve the region on similar routes that MAS currently does not have access to service. (12)

3.1.2 Bringing in a strategic foreign partner for both KLIA and MAS.
Industry analysts believe that it is critical for KLIA’s and MAS’s success to bring in a foreign strategic partner, who would carry with them expertise and networking. Such a partnership would probably be necessary for MAS to develop itself into major trans-Asia routes, such as the previously mentioned “kangaroo” route, for example. Foreign airport operators have expressed an interest in taking up a stake of MAHB. Among the more prominent of these are the British Airport Authority (BAA), the ADP of France, the operators of Schipol Airport in Amsterdam, and the Frankfurt Main in Germany. (11)

As this partnership would help MAS develop new routes, the opportunity to join one of the main world airline alliances including Star alliance, Oneworld alliance, or SkyTeam alliance may present itself. Membership in such an alliance would indicate that MAS and KLIA have indeed grown to become prominent aviation entities. Currently, both Oneworld and Star alliances already have prominent partnerships that carry their routes through South-East Asia, so gaining entrance into one of these two may be challenging. As an alternative, the other major airline alliance that exists is called the SkyTeam alliance. The current members of this alliance include Air France, Delta, AeroMexico, Korean Airlines, CSA Czech Airlines, Alitalia, KLM, Continental, and Northwest. Russian-based Aeroflot and China Southern Airlines have recently applied for
membership to this alliance. For Malaysia Airlines, joining this alliance would be a logical opportunity to pursue. In fact, MAS only recently used to be part of an alliance called the Wings alliance, which featured KLM, Continental, and Northwest. All three of these other airlines have now joined the SkyTeam alliance, so MAS may have an upper hand in gaining access to the SkyTeam alliance through these past partnerships. MAS will have to make a case for itself in a timely manner, however, as SkyTeam is currently strongly considering to grant membership to China Southern Airlines, who would support the alliance with operations in the Malaysia Airlines-sought South-East Asian region.

3.1.3 Low-cost carriers (LCCs)
A key to the airport competition in South-East Asia will hinge on which airport will be able to best address the rapid growth of low-cost carriers (LCCs). Especially for intra-regional flights, LCC traffic is booming. Just like in the western world, it may be difficult for the largest airports in Asia to bring in LCCs, because these airports will not be able to afford charging the low fees that these budget airlines will seek. It is possible that LCCs will have to base themselves in secondary airports. Some countries, such as Malaysia, however, are determined to make their largest airport, KLIA is Malaysia’s case, the international hub for both legacy and low-cost airlines. Although the low fees that KLIA charges now will be effective for drawing in LCCs, maintaining such low fees may eventually take a toll on Malaysia. On the other hand, LCC generated traffic will still help to stimulate the Malaysian economy, which can, in turn, allow a legacy airline like MAS to also harness strength. Malaysian based low-cost carrier Air Asia currently hubs their services at KLIA. The only other LCC that currently services KLIA is Indonesian based Lion Air. (6) However, LCCs such as Singapore’s new Tiger Air and the Philippines’ Cebu Pacific Airlines should be prime candidates to start service at the affordable KLIA.

3.1.4 Fee waivers
In April 2002, Malaysian Transport Minister Ling Liong Sik announced a new fee waiver policy for KLIA which would involve a 5 year landing and parking fee waiver for new
airlines using KLIA. The fee waiver would also apply for airlines already using the airport but introducing new flights. This tactic is criticized by some analysts, however, as not having potential to be effective. Aviation analyst Timothy Ross of UBS Warburg made the following statement concerning this fee waiver: “With the exception of Malaysian Airlines and Singapore Airlines, the effect on any carrier’s bottom line from a free ride at KLIA is negligible. Airlines are attracted by the underlying strength of the market demand, which, as is evident from Malaysia Airline’s own declining monthly traffic data, is not particularly appealing at present.” (12) However, the fee waiver is credited as bringing in more flights into KLIA. For example, Cathay Pacific Airways have restored services to pre-9/11 levels after the fee waiver policy was initiated. Also, the new policy is believed to be responsible for bringing in Japan’s All Nippon Airways (ANA) and Qatar Airlines to KLIA. (12)

3.2 Airport-related efforts

3.2.1 A new Express Rail Link (ERL) from Kuala Lumpur Sentral to KLIA.
Since KLIA is located 60 km outside of Kuala Lumpur, transport between the airport and the city is critical. That is why, in 2002, Malaysia opened the Express Rail Link (ERL) to connect the new airport to Kuala Lumpur’s downtown. It is hoped that the improved accessibility will help to increase KLIA’s traffic volume and its reputation as a world-class airport. (11)

3.2.2 Shopping facilities at KLIA
Retail at airports is beneficial to the home country’s economy and also to the airport’s allure for transiting passengers. It provides an attractive environment for passengers waiting at the facility, but also takes advantage of the fact that these passengers will tend to be willing to make purchases at airports out of convenience or to save themselves time. As long as they are willing to shop, the airport can make money by providing various shopping facilities. KLIA has lagged behind other South-East Asian airports in taking advantage of this. From MAHB’s studies, conducted in 2001, of four main competing airports in South-East Asia – Changi, Chek Lap Kok, Don Muang, and KLIA – KLIA
had the lowest sales per passenger at $5.74. Changi was first at $10, Chak Lap Kok had $9, and Bangkok’s Don Muang averaged $6.06. (11)

3.3 Economic-related efforts

3.3.1 Development of the 25,000 acres of land surrounding KLIA

Since KLIA was built in the outskirts of the Kuala Lumpur metropolitan area, the area surrounding the new airport was initially largely undeveloped. Thus, MAHB has set out to develop the surrounding lands of KLIA for economic and commercial activities. Such developments should help to improve KLIA’s traffic demand, as the airport will become more convenient to use for a greater majority of people. As part of this development plan, MAHB envisions a similar development as occurred around the Los Angeles International Airport (LAX) in the United States. One example of the potential benefits of developing the surrounding area of KLIA is the already built Sepang International Circuit (SIC), a car race track that has already drawn in many visitors for racing events and holds promise to continue to do so. The SIC held a Formula 1 event in 1999, which attracted 65,000 visitors, 70% of these foreign. The 1999 event is credited as having contributed a total of 500 million Malaysian Ringgit (RM) to the economy. In 2000, the same event drew in 85,000 visitors and RM 1 million to the economy. In 2001, the event attracted 75,000 visitors, the decrease likely to do with the SARS scare. Nevertheless, the notion is clear. More of such tourist attractions would help the Malaysian economy and KLIA tremendously. (11)

In addition to tourist attractions, Malaysia has taken drastic actions that will bring government and business activity closer to the area of KLIA. Over the past decade, a new administrative center called Putrajaya has been developed. The newly developed city now serves as Malaysia’s capital and is strategically located at essentially the midpoint of the line between Kuala Lumpur’s downtown area and the area where KLIA has been built. This convenient location allows for easy accessibility from Putrajaya to the country’s biggest city and biggest airport at the same time. In addition, just west of Putrajaya is Cyberjaya. Cyberjaya is also a new development that was built to serve as a technological center for Malaysia, and is intended to function similarly to the United States’ Silicon
Valley, for example. Cyberjaya’s role will be to boost business activity and technology growth in the region. Both Putrajaya and Cyberjaya lie along the KLIA Express Rail Link, which provides convenient transit options to Kuala Lumpur’s downtown and KLIA. With all of this infrastructure construction, it is the hope of the Malaysian government that these developments will help to boost the country’s economy, and simultaneously, KLIA’s traffic volumes.

3.3.2 Air cargo potential for KLIA
Passenger air traffic growth is not the only growth objective that KLIA has. The new airport also hopes to become one of the top destinations for air cargo in the Asia-Pacific region. In pursuit of this goal, KLIA has established a “Free Commercial Zone” (FCZ), which is a 208-acre distribution and transshipment center capable of handling one million tonnes of freight annually. Air cargo handling is projected to grow in KLIA to 860,000 tonnes by 2008. (14)

The no parking or landing fee for 5 years policy at KLIA extends to air cargo carriers and should bring in more carriers. Malaysian seaports are also known to charge relatively cheap service fees. Malaysia’s willingness to charge these low fees for airport access, as well as for seaport access, has helped it to draw in cargo traffic. The low fees strategy seems particularly effective for attracting freight shippers, because they do not care if the country through which they are moving the shipments is neither an attractive tourist destination nor if it has a strong economy or not. As capacity for cargo shipment grows in the Malaysian airports and freight traffic in South-East Asia also continues to grow, the low fees should continue to draw in more freight traffic. David L. Cunningham Jr., president of Federal Express in the Asia-Pacific, said in reaction to the lower Malaysian fees at the airport, “It makes you say, ‘Should I give it a try?’ [Cost] is obviously a component of any decision you make in terms of where to fly to.” (12)

3.4 Promotional efforts
As with any product, advertisement is essential for KLIA’s success. MAHB’s marketing team has been actively doing just that for KLIA. The effect of this effort is apparent. In
1998, when the airport first opened, International Air Transport Association (IATA) ranked the airport 15th best in the World. The following two years, 1999 and 2000, IATA ranked it 10th and then 8th. (11) In 2003, IATA ranked KLIA the World’s 3rd best airport. (15) MAHB appears to have been successful in promoting the airport, as is apparent by its improving reputation. A good reputation will be useful in bringing in more traffic to KLIA.

3.4.1 Tourism

Strong tourism activity is a key for the development of a central airline hub. Malaysia is currently draws the largest number of international tourists of all of the countries strictly considered to be in South-East Asia. According to Figure 4 below, which shows annual international tourist arrivals for the regions corresponding to the strongest air activity in South-East Asia, Hong Kong does draw in more tourists than Malaysia, but Hong Kong is not technically in South-East Asia.

Figure 4. International tourist arrivals in regions with strongest airports in South-East Asia.

Data: World Tourism Organization (WTO) (16)

On the contrary, one of the downsides is that Malaysia does not seem to be getting the recognition it deserves for this stature. Although it has consistently out-competed
Singapore, Thailand, and Indonesia, the perception still seems to be that particularly Singapore and Thailand are more popular tourist destinations. An interesting survey performed recently by AsiaMarketResearch.com, polled 190 travel agents around the world for the first five “top of mind” travel destinations in the Asia-Pacific region. Results of the survey are presented in Figure 5 on the next page. Results showed that, in fact, Singapore, Hong Kong, and Thailand were all destinations that received more awareness than Malaysia. This discrepancy between actual tourism numbers and the perceptions of tourism activity indicates that an effective marketing strategy to disseminate actual tourism information would be a worthwhile investment for Malaysia. Not only would this send a message to potential tourists that Malaysia is a more prominent tourist destination than they may think, but perhaps more importantly, this would send a message to airlines, who may also be unaware of the actual figures, that the Malaysian tourism market is quite robust.

*Figure 5. Awareness of Asia-Pacific travel destinations by travel agents around the World.*

One thing that the Malaysian government has done recently is that they sought to target particular groups of tourists who would be strong potential visitors to the country. For example, Malaysia has been successful in the post-September 11th world to position itself as an ideal vacation spot for Arabs worried about travel hassles and prejudice that
they might encounter in West. As part of the special attention for these West Asian visitors, it has become common in KLIA to do public announcements in Arabic. This effort is considered important in the goal of making the increasing number of Arabic tourists feel at home. (17) The strategy seems to have been working. As a result of the increasing travel demand from the Arab world, many Arabic airlines have commenced service to KLIA. Yemen and Qatar Airlines both began to serve KLIA in early 2002. Egypt Air and Kuwait Airlines also began service in 2002. Also, Emirates Airlines have increased flight frequencies in the past several years. (12) This phenomenon with the Arabic tourists makes apparent that if there is demand by the tourists, the airlines will provide the service to where these tourists want to go.

Another potentially deep tourist group that the Malaysian government has tried to sell tourism in Malaysia to is the Chinese tourist group. Malaysia’s population consists of more than 40% ethnic Chinese. In Kuala Lumpur, this percentage is even larger. As Malaysia has modernized, the growing class of affluent Chinese natives could be drawn from to come to Malaysia as a “home away from home.” The Malaysian government has recognized this opportunity and has been marketing Malaysia as a tourist destination to the Chinese. (18) The anticipated success of increased tourist numbers from China will bring with it more frequent flight activity on Chinese based airlines, once again helping KLIA grow. Similar initiatives targeting other ethnic groups could prove very effective for Malaysia to draw in more airline service to KLIA.

4.0 Recommended Action Plan for KLIA

Malaysia Airports Holding Berhad (MAHB), the government sponsored organization operating KLIA, and the Malaysian government are putting forth immense effort to develop KLIA into a dominant airline hub in South-East Asia. Essentially all of their efforts are positively productive in increasing traffic volume levels at KLIA, although some tactics are more critical to pursue than others. In the sections below, four particular areas of focus for development efforts are recommended on the basis of the analysis of the data and results presented in this study. The four critical issues for the continuing growth of KLIA to hub status are identified as the following: Malaysian economic
development, tourist marketing, low-cost carrier focus, and the continuing development of Malaysia Airlines.

4.1 Economic development
Of particular importance to KLIA is the continuing growth and development of the Malaysian economy. An apparent advantage that Singapore and Hong Kong have over Kuala Lumpur is a superior economy with a more established business environment. Kuala Lumpur should seek to attain similar status. As the economy continues to develop, business activity will help to spur KLIA’s traffic volume.

4.2 Tourist marketing
Malaysia already has one of the strongest tourism industries in South-East Asia. However, the developing nation has recently gained new marketability potential to tourists such as those from Western Asia, China, and those around the world seeking a country which is a unique cross-breed of a partly-developed nation and an exotic place of adventure. Marketing of tourism in Malaysia to both potential tourists and airlines is important to raise awareness of the country’s tourism allure. In 2002, more than 13 million international tourists came to Malaysia. Extra marketing efforts will further increase this figure, subsequently drawing in traffic for KLIA.

4.3 Low-cost carrier focus
Low-cost carrier airlines are booming all around the world and South-East Asia is not an exception to this rule. Malaysia is in a particularly advantageous situation to draw in LCCs as a result of its established low service fees. Although LCC traffic may not generate as much immediate revenue as a legacy carrier, more passenger and flight arrivals at KLIA will stimulate the Malaysian economy. Eventually, even legacy airlines will begin to benefit from LCC generated traffic volume increases and other consequent positive effects for Malaysia.
4.4 Continuing development of Malaysia Airlines

The strongest airports right now in South-East Asia are in Singapore, Hong Kong, and Bangkok. Not coincidentally, their associated national airlines, Singapore Airlines, Cathay Pacific Airlines, and Thai International Airlines are also amongst the strongest in Asia. Moreover, these three airlines are all part of one of the major World airline alliances: Singapore Air and Thai Air are part of the Star alliance and Cathay Pacific is part of the Oneworld alliance. The alliance membership provides these airlines with powerful partnerships which help them to establish and maintain the most profitable route services within and trans-Asia. It is critical for Malaysia Airlines to actively seek membership in one of the three main airline alliances. The most logical alliance to pursue may be the SkyTeam alliance, which is currently seeking a partner in South-East Asia. However, China Southern Airlines is currently being strongly considered for admittance to the alliance, and would supply the alliance with service in the South-East Asia region. Thus, Malaysia Airlines must act promptly to make a bid to the SkyTeam alliance to maximize its chance of becoming a partner in one of the major World airline alliances in the near future.
Bibliography


