

The purpose-built Budget Terminal caters for 28.7% of all flights at Changi.

In for a dollar, in for a dime

The evolution of budget air travel has been driven largely by airlines, to the point where airport operators are now building terminals to specifically cater for low-cost carriers. Changi Airport's **Ivan Tan** tells Mark Brierley how Singapore has made a success of its no-frills terminal.

Low-cost carriers (LCCs) have been part of the fabric of modern air travel for the past three decades, with Southwest Airlines the first to launch operations in 1971. Since then, it has grown to become the largest airline in the US, carrying in excess of 88 million domestic passengers in 2010 and operating 3,400 flights a day.

full-service carriers. To make up for lost revenue from ticket sales, the airline would charge for services such as hold luggage, food and seat allocation.

The success of this operating model has seen other carriers the world over follow Southwest's lead, with European company Ryanair becoming one of the world's most profitable airlines as a result.

travelling with LCCs to fly from the same terminals as full-service airlines and, as a result, receive the same services while in the terminal.

However, the past decade has witnessed the growth of the low-cost terminal, specifically designed to cater for LCCs and their passengers. These terminals often forego the usual amenities you would expect to find in airport terminals, such as air bridges, elaborate architecture and an extensive range of shops and restaurants, in order to offer LCCs lower landing fees and airport taxes.

Seeing the successful introduction of other budget terminals around the world, and with increasing demand from LCCs, Changi Airport decided to follow suit.

“When the Budget Terminal first started operations in March 2006, it operated 394 weekly flights to 21 cities. Today, it operates 1,656 weekly flights to 45 cities.**”**

At launch, Southwest differentiated itself from other airlines by offering lower fares at the cost of ancillary services that came as standard onboard flights from

For many years, however, this trend has not been echoed in the way airports approach their operations. It is commonplace today for passengers

Increased connectivity

“The decision to build a customised

terminal for LCCs at Changi Airport was made in 2004, in response to the emerging trend of low-cost travel in the region," explains Ivan Tan, senior vice-president at Changi Airport. "The Budget Terminal provides Changi Airport with the additional capacity to cater to the growth of LCCs, and further enhances Changi's status as an air hub with increased connectivity to more cities. Travellers benefit by having more destination choices, as well as fares offered by different airlines," he continues.

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Built alongside Changi's existing terminals, when opened in 2006 it became only the second purpose-built budget terminal in Asia, following the launch of a similar facility at Kuala Lumpur International Airport in Malaysia. The single-storey building offered no aerobridges, travellators or escalators in order to keep costs low. However, this has not hampered the success of the operation, with LCCs and travellers alike flocking to the new facility.

"When the Budget Terminal first started operations in March 2006, it operated 394

weekly flights to 21 cities," confirms Tan. "Today, it operates 1,656 weekly flights to 45 cities, which accounts for about 28.7% of total weekly flights at Changi Airport."

This success has resulted in a meteoric rise in passenger numbers. "LCC passenger movements as of 1 June 2011 were about 980,000, or 26% of all passenger movements at Changi. In contrast, LCC passenger movements were about 200,000 in March 2006, which accounted for only 7% of all passenger movements then at the airport."

Building by numbers

To keep pace with this runaway success, the airport has been expanding the terminal to cope with increased passenger numbers. By mid-2008, the original terminal had already met its passenger throughput design capacity of 2.7 million passengers per annum. In response, the terminal underwent a year-long capacity expansion to cater for up to seven million passengers per year.

"The S\$16 million expansion project involved the addition of seven check-in counters and baggage handling

equipment. Three more passenger boarding gates were constructed, bringing the total to ten," explains Tan. "The kerbside at the arrival hall was widened to create more room for pick-up of arriving passengers, and the terminal's total floor area was increased from 25,000 to 28,700 square metres."

It is not only Changi that is experiencing this surge in low-cost travel. Purpose-built budget terminals are springing up all over the world, particularly in Europe; the first example being Bordeaux Airport in France in 2009, accommodating two million passengers annually. Others, such as Turku in Finland, swiftly followed Bordeaux's lead and announced similar projects to tap into the lucrative low-cost market.

As competition grows worldwide, Changi will not be left behind. Despite the most recent expansion programme only finishing in mid-2009, the airport is already planning further development to improve its low-cost air travel offering.

"Further upgrades are underway for the Budget Terminal, to cater for the future growth expected in the sector," says Tan. "A key focus of the current expansion plan, scheduled for completion in 2013, is to increase the terminal's aircraft handling capacity." With the trend in budget air travel set to continue unabated, Changi will be well placed to meet the needs of future low-cost air travellers. ■



No frills: the terminal was designed without some familiar services.