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Investment in Lanseria Airport stimulates Mango's growth

Mango recently carried its nine millionth passenger a month before its sixth anniversary. This year Mango will operate nearly 14 000 flights, up 35% from 2010 with on-going investment planned in innovation and operational efficiencies. The airline's investment into its Lanseria airport operation and the roll-out of Wi-Fi across its fleet is delivering a ramp to future growth.

"Mango's ambition is relentless," says CEO Nico Bezuidenhout. "The business is driven by an ideal of incessant growth across all areas of our operation." Last year saw traveller volume growth of 15% when Mango carried 1.6 million South Africans. This year Bezuidenhout expects to sustain a similar growth path. "Lanseria numbers are growing rapidly and our load factors have shown that the investment into a secondary west-Gauteng presence was all worth it. To date, numbers have grown to an average of 83% over peak-times which bode extremely well given the average new-route growth curve of 36 months." He believes on-time performance and product offering has played a large role in passengers opting for his airline at Lanseria.

Creating employment

Secondary airports, such as Lanseria, with the introduction of a single airline, could create between 300 and 400 employment enhancing opportunities. "This includes airline staff, airport capacity building in terms of human capital, construction of a larger terminal, catering, security, car rental and localised tourism among others." He estimates that since the introduction of low cost aviation in South Africa the sector has grown the travelling market by near three million people over the past decade and created well over 15 000 formal and informal employment opportunities in various up and downstream market segments - from direct job creation through tourism and local entrepreneurs.

Despite input costs such as fuel and third party charges increasing by up to 45%, Bezuidenhout remains upbeat about the future of low cost aviation in South Africa. "Managing aircraft weight in terms of fuel consumption, ancillary revenue, asset utilisation and use of innovation across commercial and operational aspects of an airline would not only serve to benefit consumers, but at the end of the day help manage already depressed industry margins. Asset utilisation is approximately 15-30% higher in the low cost industry than in traditional aviation. When an asset is in the air, it earns. On the ground, it burns money for no return on capital." He believes low cost airlines should invest a significant amount of resources into achieving these ideals.

"A seat has an expiry date and cannot be sold after the flight has departed. Through the development of retail channels such as the sale of flights through grocer Shoprite Checkers and wider payment acceptance methods like store Edgars and Jet charge cards one creates greater access and ability to sell." In addition greater access to the Internet in recent years has, a primary channel for low cost airlines, has seen a 7% channel utilisation increase for Mango.

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