



The sky's the limit

Travel agency reaps big rewards with growing trade

By **WANG WEN**

As economic and other ties between China and Africa grow, travel agencies are reaping the benefits of increased travel. One of them is Sino Travel International Air Services, which aims eventually to provide services covering the whole industrial chain in tourism, says Zhan Chengbing, its chairman. The company, established in 2008, offers tailor-made travel services to Chinese institutions and companies doing business with Africa as well as Africans traveling to China, and its services include selling air tickets, booking hotels and arranging for travelers to be met when they arrive on the continent.

SINO TRAVEL INTERNATIONAL AIR SERVICES (BEIJING) CO LTD

Industry: Travel & tourism
Founded: 2008
Headquarters: Beijing
Employees: 50

ZHAN CHENGBING



Chairman, Sino Travel International Air Services (Beijing) Co Ltd

Born: 1971

Career

- Sino Travel International Air Services (Beijing) Co Ltd (2008-present)
- Marketing Director, Beijing Baosheng Air Services Co Ltd (2003-07)
- General Manager, Sichuan Aidier Advertising Model Co Ltd (2001-02)
- Marketing Manager, Sichuan International Air Services Co Ltd (1995-2001)

China-Africa travel accounts for about 60 percent of the company's business, and it serves more than 20 African countries and 30 main cities there, Zhan says.

The company handles 30,000 trips to and from China and Africa every year, he says.

Zhan became interested in the African market about eight years ago when there was a sharp upturn in business. Apart from a lull in trade as a result of political and military upheavals in Africa in 2011, business has kept climbing, he says.

That underlines the fact that Chinese companies thinking about going to Africa need to choose a country and region that is politically stable, he says.

The Ministry of Commerce says trade between China and Africa was worth \$10 billion in 2000, and between then and 2008 the figure grew by more than 33.5 percent annually.

In 2006, 800 Chinese businesses had operations in Africa, and by the end of last year that figure had more than tripled.

The rising number of Chinese companies going to Africa means more customers for Zhan, and he says Sino Travel has 80 regular customers.

Most are still state-owned companies in construction, energy and other industries, and the number of privately owned companies is growing, he says, because the latter are finally beginning to reap benefits in the continent after years of doing the groundwork to set up their operations.

Many privately owned Chinese companies first secure subcontracts from large state-owned companies before building up their own business there, he says.

The huge number of Chinese traveling to Africa may mean more business to Sino Travel, but it doesn't come without some headaches.

"It is hard to get seats on China-Africa flights especially during peak seasons," Zhan says.

Flights of airlines regarded as being among the best, such as Ethiopian Airlines and South African Airways, are often full, he says.

While the fares of African airlines have come down as the market has opened up, they are still expensive, and there is a shortage in capacity, Zhan says.

The International Air Transport Association says in its passenger demand report for last year that demand in Africa was strong with robust economic growth of local economies and continued development of industries doing business internationally.

Demand among African airlines rose 5.5 percent last year compared with the previous year, IATA says, slightly above the global average, while its capacity rose 5.2 percent.

"I reckon the number of flights and capacity in Africa will grow rapidly, and business opportunities for us will increase because our core competitiveness is a high-quality service instead of low price policy," Zhan says.

But it has become important to customize itineraries, he says. Some want the cheapest trip even if that means transfers, while others insist on non-stop flights and few hassles.

Zhan says that his itineraries, early reservations and group bookings can save

customers up to 25 percent.

Changes in the way airlines sell tickets have forced Zhan to change his business model, he says. That is because airlines used to sell their tickets to wholesalers much more cheaply, allowing them to maximize their profits, but the gap between the wholesale price and the retail price has shrunk.

"We charge for service fees, providing a whole package of travel plans to customers."

Zhan says his company makes travel plans for customers for an entire year and even provides online services that help customers manage their employees' travel.

The company is now keen to expand its tourism services, he says.

The reasons Chinese travel to Africa, which used to be largely confined to doing business in infrastructure construction, have become a lot broader, he says.

As a holiday destination, Africa has become attractive to many more Chinese who see it as an exotic location.

China was the fourth-largest source country for travelers to South Africa last year, the South African Tourism Ministry says.

Zhan says he is considering opening branches in Africa that in addition to selling flights and booking hotels will offer rental cars and tours.

Tourism in Africa, particularly in the middle and high-end markets, will continue to become a greater lure for Chinese travelers, he says.

"The market is boundless, but it needs a lot more time to grow. It is promising not just for my company but for others, too."

