



NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NUMBER: 2308 [NW2521E]

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2308. Mr N F Shivambu (EFF) to ask the Minister of Finance:

Whether FlySAA is generating revenue from all lounges in airports across the country; if so, (a) what amount and (b) what is the cost of running the specified lounges in each case?

NW2547E

REPLY:

The Lounges are facilities operated by SAA and offer selected passengers, comfort beyond that that is afforded in the airport terminal. Such comfort includes comfortable seating, quieter environment, and often better access to customer service representatives. Other offers include wireless internet access and other business services.

The Lounges mainly serve as a service offering to premium passengers, those flying business class, and to frequent fliers who are Voyager members and have achieved a prescribed voyager membership status.

During financial year 2016/17 SAA's eight (8) Lounges generated a revenue totaling: (a) **R74, 867, 946** at the operating costs of: (b) **R106, 519, 595**

Philosophy of an Airline Lounge:

An Airline Lounge is more of a differentiating factor than a profit/revenue making stream, for the following reasons:

- The market is seeing increased ground services activity as operators strive to compete on quality provision. The business/first class lounge is an especially important part of the ground service experience, and one of the most critical branding elements for an airline.
- To meet the needs of First Class, Business Class and Airlines Frequent Flyers customers, airlines seek to offer a complete airport to airport experience, not only in the air but also on the ground. Well-designed lounges provide a refuge from a very busy airport and an opportunity for airlines to demonstrate their character, qualities and service level.
- For the airline, the quality of their lounge and lounge services are an extension of their brand and a way of enhancing customer relationships. As passengers spend more time at the airport, due to increased security, congestion and delays, the lounge experience has become a powerful differentiator in airline selection.