

AirAsia courier service takes off

Redbox to contribute up to RM30mil revenue next year



From left: Datuk Seri Tony Fernandes, Azran Osman-Rani, MBE Business Corp Sdn Bhd director Brian Chow and DMSBT Pte Ltd managing director and chief executive officer Damien Santer at the launch of Redbox

KUALA LUMPUR: AirAsia Bhd expects its newly launched low-cost courier service, Redbox, to contribute RM25mil to RM30mil to revenue next year, said group chief executive officer Datuk Seri Tony Fernandes.

“We don’t expect a major contribution from Redbox for the first six months but it’s a massive market. Air travel is a small pie but now we’ve expanded it by offering more services such as Redbox,” he said after the launching ceremony yesterday.

He added that AirAsia’s branching out into a non-core business was part of its strategy to improve its ancillary income. Fernandes said Redbox was targeted at the small and medium enterprises and individual customers, and offered about 50% lower shipment rates than the market.

Redbox is said to be the world’s first low-cost courier service. AirAsia will be transporting the packages from airport to airport while its partner DHL would be picking up and delivering them. The low-cost courier has also partnered Mail Boxes Etc (MBE) to enable customers to drop off their packages at any of 17 MBE outlets.

Redbox is the first courier service to use Google Maps for courier service tracking. AirAsia X chief executive officer, Azran Osman Rani said the tie-up with DHL and MBE was just a pure business partnership and there was no equity involved. “Redbox’s low-cost model is possible as it leverages on AirAsia’s extensive network and infrastructure,” he said, adding that the transaction costs would also be lower as most of the transactions would be done online.

“Our tie-up with DHL and MBE also allows us to use their infrastructure,” Fernandes said. He added that the investment for Redbox was “very little”. On the belly capacity allocated for the new service, Fernandes joked: “My belly or the plane’s belly? AirAsia still has lots of belly capacity for these services.”

He said about 11% of AirAsia’s total aircraft belly space had been allocated for cargo. For a start, Redbox offers services between the central region of Peninsular Malaysia and some towns in Sabah and Sarawak.

Azran said Redbox would expand to all the other destinations that AirAsia and AirAsia X fly to early next year. On recent reports that AirAsia and AirAsia X would merge in a year or two, Fernandes and Azran said it was not for them to decide and they would leave it to the board.

“I’ve got no control over the merger. It’s up to the shareholders and we don’t have a specific plan for the merger. “However, the operational advantages will be quite significant if we merge both companies as there is a lot of operational synergy,” Azran said.

He said AirAsia X was “optimistic of tripling its revenue” this year as it had more planes and would be flying to more destinations. Azran said AirAsia X planned to introduce new routes in the Middle East this year and was looking at Bahrain, Abu Dhabi and the United Arab Emirates.

Meanwhile, Fernandes said AirAsia’s private placement plan was “progressing very well” but did not elaborate.

By LEONG HUNG YEE