

• Jan 26 2017 at 11:45 PM

Qantas non-stop Perth to London and Sydney to London: will it pay off?



Team Qantas (left to right): industrial designer Marc Newson, chef Neil Perry, CEO Alan Joyce and fashion designer Martin Grant.

by [Joe Aston](#)

In the pallid suburbs of Nagoya, Japan's fourth-largest and easily most boring city, chef Neil Perry and industrial designer David Caon fuss over the still-warm prototypes of Qantas' new premium crockery.

The two Australians are standing in a windowless, harshly lit room on the evergreen corporate campus of tableware giant Noritake, encircled by shelves of ornate tableware and flanked by master designer Tomohiro Kato, august in his tweed and suede. Noritake has made inflight tableware for Qantas since 1962, for home flag-carriers ANA and JAL even longer and, more recently, for Emirates and British Airways.

"I think this has the most potential to be timeless," Caon suggests of an elegant white bowl mottled with a hand-painted motif. "The early transfers came out looking like clouds. It's too obvious a reference, but we thought we'd test it anyway."

Weight loss is the permanent obsession of [a business that spends more than \\$3 billion each year burning jet fuel](#), and this kit is 20 per cent lighter than designer Marc Newson's architecturally notable predecessor.



David Caon, left, and Neil Perry mull over tableware options with master designer Tomohiro Kato at the Noritake factory in Japan.

“It’s difficult – porcelain weighs what it does; so you have to find quite unique and ingenious ways of making the product lighter without compromising utility or quality,” says Caon. One is to reduce the number of pieces – Newson’s set had 18, Caon’s will have 16 – by improving their versatility.

Neil Perry's two decades at Qantas

Rockpool Group’s Perry has just clocked up 20 years as creative director of food and beverage at Qantas, while Caon is a relative newbie; Newson’s former apprentice was engaged just 12 months ago to lead the design project for [the airline’s long-awaited fleet of 787 Dreamliners](#).

While the new tableware will be ubiquitous at the pointy end aboard Qantas flights and in its lounges by late 2017, the impetus for this redesign was singular: the arrival of the new Dreamliners and the commencement of their [non-stop flights from Perth to London](#). Qantas is promoting its radical rejuvenation of the Kangaroo Route, the Aussie to Britain pilgrimage it pioneered in 1947, as an historic step change in international travel.

Those daily flights – 14,498-kilometres in 17 hours – won’t begin until March 2018, yet for cabin crew to begin training in July, Caon and Perry must give the green light for mass production of the tableware within a fortnight of this December meeting. Wearily, Caon rattles dishes that are supposed to jigsaw snugly together. There’s refining to do yet.



Team Qantas (left to right): industrial designer Marc Newson, chef Neil Perry, CEO Alan Joyce and fashion designer Martin Grant.

That's the airline business for you: millions of moving parts – from the jiggering of a butter tray to the density of a blanket weave – that passengers never see, all in an excruciatingly permanent state of tweak and iteration.

Jumbo jets, small steps

Alongside the automobile, the jet aeroplane was the 20th century's most significant innovation in civil transportation; as seminal as public medicine's mass prescription of penicillin and the development of communications through radio, TV, personal computing and mobile telephony. But since Boeing's iconic 747 jumbos first took to the skies in 1969, advances in the fundamentals of commercial air travel have been at best incremental, at worst cosmetic.

More than four decades later, it still takes nearly a full day to travel from Australia to Europe or New York. The speed, range and size of new aircraft types has barely changed, besides the Concorde, whose cost per passenger, let alone patchy safety record, rendered its operation unsustainable.



The luxurious first class upper deck lounge of a Boeing 747 when Qantas began service in 1971.

“Technology has been the friend, and then for a while probably the enemy, of Qantas,” its chief executive Alan Joyce tells [The Australian Financial Review Magazine](#) in his open-plan office on the perimeter of Sydney Airport. “The 707 really changed the world, allowed us to fly routes we could only have imagined. The 747 democratised air travel. But then over time, technologies helped the hub carriers develop the one-stops to Europe, very much to our detriment.”

Joyce is alluding to the 1980s rise of carriers in Asia and then, in the 2000s, the Persian Gulf. Their economics were superior thanks to lower labour costs and alleged state subsidy, while their geography allowed them to hub passengers through to multiple endpoint destinations the endpoint carriers couldn’t individually cover.

Perth to London

Joyce can afford to sound phlegmatic. He’s about to preside over the biggest change to the airline’s international network since 1959, when Qantas was the first airline to operate Boeing’s inaugural passenger jet service between Australia and the US. The Perth to London route will be a seismic advance for Western Australia, materially eroding its isolation. Qantas will count on St Georges Terrace giants such as Wesfarmers, Woodside Petroleum, Rio Tinto and BHP Billiton, to heavily frequent the new service.



The new Dreamliner business class pods.

For Sydneysiders headed to London, the journey time via Perth will be no quicker and the fares, even on Qantas, likely cheaper via the Middle East or south-east Asia. But from Melbourne the advantage is clearer. The Perth-London flight will originate in the Victorian capital, where outgoing passengers will clear Australian customs and immigration and then travel in the same seat all the way to Heathrow, with exclusive access to a dedicated new transit lounge in Perth.

Caon has just started designing that lounge, his early concept involving “an amazing and very, very high ceiling” together with a large outdoor space. Fresh air and sunshine will be restorative, especially for jetlagged travellers just off the long leg from Europe. “Without leaving the airport we can get a little bit of nature back into our customers,” he promises. Inbound customers will enter Australia through a Qantas-only border facility, avoiding customs halls in Melbourne or Sydney.

Peter Harbison, executive chairman of CAPA Centre for Aviation, says Perth Airport is “stupidly arranged” and that the Qantas investment will give it “a much-needed kick”. The Liberal Barnett government has committed \$14.5 million to upgrade Qantas’ terminal at Perth Airport. “I think most people who’ve been through Dubai recently will appreciate that Perth is a far nicer place to transfer,” Harbison says. “Although some will still prefer to hub through Singapore and have an hour to shop duty-free.” Harbison estimates that merely announcing the Perth-London route garnered Qantas at least \$1 million in publicity. “This was global news because it’s got that magic about it, linking the Antipodes, particularly for Australians. This sort of thing – doing things first – is really good for establishing a premium brand in the market.”

Two daily flights to Europe



The more streamlined Qantas kangaroo logo was launched in late 2016.

Still, it’s a calculated gamble, one that Qantas’ global competitors will be watching. To generate sufficient returns on the hub investment and on its fixed costs, Joyce will want to add a second daily Perth to London flight – or flights to Paris or Frankfurt – with subsequent 787 deliveries. He’ll also be counting on getting the improved operating economics promised by Boeing and the 30 per cent productivity improvements negotiated with his pilots. He isn’t in doubt. “This thing is going to be amazing for us.”

Harbison is more sceptical, pointing to the fuel inefficiency of such long flights – carrying more fuel burns more due to the extra weight – and the generous configuration at the back of this bus. “If you’re having to lose 10 per cent of your economy seating to have a bigger seat pitch then you’re largely offsetting the aircraft’s cost advantage,” he says. “It’s going to be fragile, but it’s a good tester. Two years ago, these planes were going to Jetstar so there’s obviously been quite a shift in the [Qantas] Group’s thinking. They must believe they can leverage a premium out of them.”

Joyce explains that thinking: “Ours is deliberately configured to have a high premium seat count and the economics will work very well as a consequence – provided we fill them.” Flying farther than a 747 or A380, but with two engines instead of four, will also help when the oil cycle turns again.

That said, Joyce is mindful that to many customers, 17-hour flights don’t sound the least bit Elysian. On the upside, the 787 is the first commercial airframe made of light-weight composite materials, its fuselage principally carbon fibre. Thus the cabin is more pressurised and more humid, with larger windows for more natural light – all of which reduces jetlag.

Research on passenger health

Strangely, peer-reviewed science on high-altitude health has long been applied to the workflow of pilots, but never in the context of their human cargo. Joyce has thrown big bucks – he won’t say just how many – at the University of Sydney’s Charles Perkins Centre to fund research into passenger health on ultra-long-haul flights. It’s studying the timing and composition of meals, the effects of cabin lighting and temperature, sleep sequencing and seat and bedding textiles.

“There’s no medical evidence to suggest punctuating a really long journey with a stopover is preferable to a single hop,” Joyce says. “But we also know we can’t just ‘stretch’ the service plan from a 12-hour flight to fit 17 hours.”

Adds Perry: “We’re asking [researchers] questions like ‘do we feed passengers first or do we put them straight down to sleep?’ And we’re learning what kind of ingredients are preferable for energy, for digestion and all of those bodily processes that flying interrupts.” Eventually, Joyce says, the research will inform the timing of meals, lighting, announcements and new communication with passengers before and after their flights.

Rivals also get innovating

In the fiercely competitive and capital-intensive global airline industry, “innovation” is no empty slogan, but a trillion-dollar fight for advantage – if not survival. So while Qantas will be the first airline to fly non-stop between Australia and every populated continent on earth, Europe included, its competitors aren’t sitting still.

Emirates launched the world’s longest flight last October, flying 14,200 kilometres on an Airbus A380 between Dubai and Auckland in 16.5 hours, in the process eclipsing Qantas’ marathon Sydney-Dallas route. Later that month, Air India snatched the mantle by changing the direction of its Delhi-San Francisco services from westward over the Atlantic to eastward over the Pacific. Its Boeing 777-200LR now flies 15,127 kilometres in 14.5 hours, thanks to favourable directional winds.

Air India’s record won’t stand long. Singapore Airlines will reinstate its Singapore-New York route in 2018 when it takes delivery of the Airbus A350-900’s ultra-long-range variant. That journey is 16,500 kilometres and will take 19 hours.

Airbus could not have timed the (late) entry into service of its US\$400 million A380 better – it was 2007 in the froth of a bull market. Travellers were agog at the aircraft’s enormity, quietude and unprecedented luxury. Singapore Airlines installed private suites with double beds in first class. Emirates upped the ante with showers, while in 2014 Etihad unveiled a lavish “residence” on its new A380s.

Super jumbos but no super profits

But while the “superjumbo” delivered greater amenity and capacity, the hype failed to translate to super profits for airlines, nor a bulging order book for Airbus. While perfect as a ferry between London’s Heathrow and New York’s John F. Kennedy, or Sydney and LAX, it was too big for most city pairs.

Luckily for the Franco-German aerospace giant, Emirates ordered 142 of them, 87 of which are already in service. Joyce inherited an order of 20, but trimmed it back to 12. “The lead times for new aircraft are huge – [former Qantas CEO] James Strong ordered the A380 [in 2000], Geoff Dixon took delivery of the first ones and the last of them arrived on my watch.”

Meanwhile, over at Boeing, the development of its Dreamliner was also delayed, both by production difficulties and the 2008 collapse of Lehman Brothers. “That gave airlines, including us, a moment of pause when it came to ordering new aircraft,” Joyce understates.

All Nippon Airways took delivery of the first 787 in 2011. There are now 500 in operation around the world, with JAL, United, Qatar, LATAM Chile, Air India and Air Canada all flying more than 20 each.

Dreams for the Dreamliner

Qantas has long pinned its hope on the Dreamliner. Dixon ordered the 787 in 2005, for delivery in 2008. Jetstar got its first in 2013, and it now has 11 of the stubbier Dash 8 variant serving international leisure destinations such as Bali, Hawaii, Japan and Thailand.

Qantas is still waiting. Its first two Dash 9 Dreamliners will fly the Melbourne to Los Angeles leg, replacing ageing 747s, from December. When the third and fourth arrive in March 2018, the fleet will rotate between LA, Melbourne, Perth and London. A further four will arrive before mid-2019.

Caon – who helped steer Qantas’ A380 project from Newson’s Paris studio a decade ago – has, since late 2015, quietly been constructing the aesthetic of the interior, designing everything from the seats to the galleys to the curtains. “This has been a really quick project,” he says. “By comparison, the A380 took us five years. This isn’t as extensive because there simply isn’t as much space, but we’ve designed carpets, fabrics, laminates. Even the bulkhead furniture, the monuments in front of the seated passenger, are bespoke.”

Then there’s Caon’s new premium economy seat, to begin standard on the 787 then be introduced across the fleet. Its dimensions and properties are a heavily guarded secret but Joyce has already declared it will be “streets ahead of anything else out there”. Aviation gossip claims the chair, by Belfast-based industry newbie Thompson Aero Seating, will collapse cushion and back for a hammock-like sleeping pose. On this, Qantas would not entertain *AFR Magazine*’s repeated requests for confirmation.

Newsom-designed logo

Newsom, meanwhile, has remained with Qantas as consultant designer while dreaming up editions of the Apple Watch and various heirlooms for the storied French house of Louis Vuitton. He led the rollout of Qantas' Next-Generation check-in and more recently has been thinking about the next big refit, post-Dreamliner – that of the A380. He returned to Australia late last year to reveal his [new version of the airline's iconic kangaroo logo](#) and master typeface.

"None of us wanted to do anything gratuitous," Newsom tells us, also in Joyce's Sydney office. "That would be disrespectful to the heritage of the graphic and the iconography. When you've only changed it five times in your history, you have to be sure. But there was a certain amount of streamlining."

Paris-based Australian fashion designer Martin Grant worked with Newsom on the new tail and typography and has created new pilot uniforms and pyjamas for long-haul premium passengers. He became the airline's fashion director, conceiving its cabin crew uniforms, in 2014.

Designing the pilots' threads through 2015, he was heavily influenced by Leonardo DiCaprio's Pan Am costume in Hollywood film *Catch Me If You Can*. Funny that a decade after the 2002 release of Steven Spielberg's box office hit, Joyce was metaphorically on the run. Australia's most hated businessman grounded the entire Qantas fleet on Derby Day in 2011, leaving 80,000 passengers around the globe stuck for days at airports, and throwing the itineraries of world leaders in Perth for CHOGM into disarray.

His 32,695 employees – including pilots, engineers and baggage handlers taking protected industrial action – were reeling, just as loyal customers fled to competitors. The Qantas share price plummeted to near \$1, where it would languish for another two years. In Canberra, loathing for the Jetstar founder was fanatical, with a Labor government in lockstep with an apoplectic trade union movement.

Alan Joyce dead man flying

Joyce was already being ridiculed for his roster of bizarre turnaround plans for the Qantas Group: first a joint venture with AirAsia's Tony Fernandes, then a new Asia-based greenfield brand, dubbed Red Q, of flatbed-only, single-aisle planes, a thought bubble whose prospects of regulatory approval in either Singapore or Kuala Lumpur was always nil.

Two years later, in August 2014, Qantas posted an historic \$2.8 billion statutory full-year loss, having laid waste to passenger yields defending its inviolable 65 per cent "line in the sand" of group domestic market share against Virgin, led by John Borghetti and drunk on foreign capital. The following morning, esteemed business columnist Adele Ferguson pushed for Joyce's resignation on the front page of Fairfax Media's *Sydney Morning Herald* (Fairfax also publishes *The AFR Magazine*). In the cockpit, seemingly navigating the winged kangaroo into a mountain, the Irish-Australian was all but a dead man flying.

"Everyone was baying for blood," Joyce remembers, plainly without relish. "Everybody's heads were down. But one thing resonated: we said we could make this the biggest corporate turnaround in Australian history."

After stripping \$2.1 billion of costs out of the business, Joyce delivered profit before tax of \$975 million the following year, and a record \$1.53 billion in August 2016, when the board reintroduced the dividend. In February he'll hand down a first-half profit estimated to be between \$800 and \$850 million. The reversal of fortunes has enabled Joyce to push the button on the comprehensive

product and service overhauls, central to which is the calculated gamble of the Perth to London flight.

“We couldn’t have done this a few years ago,” he says. “We had to get our product right, our customer service right, our financial position right, so we were putting a new brand on something that is actually new. Now there are new uniforms for the pilots, the cabin crew, there are new seats; you know, it’s all starting to come together.”

The future of global flying

So, are direct flights between Perth and London an overblown trinket or a radical reset of global flying?

“You walk before you run,” Joyce says. “We need to show that it can work, that the economics are what we’ve been told.” Joyce goes on to give his strongest indication yet that the Qantas board is considering ordering the A350-900ULR (entering service in 2018) or the B777-8X (from 2021) which, unlike the Dreamliner to date, could operate non-stop services from [Sydney and Melbourne to London and New York](#). That could be the true game-changer.

“We’re still working through it, but they will be phenomenal aircraft,” is all Joyce will say.

Harbison surmises: “I think Sydney-London [on the 777-8X] becomes quite magical, and more sustainable financially. But when you’re buying big boy’s toys, you’ve got to think a long way out. I would think mid-2020s. And at the same time, you’ve got these nasty analysts warning you not to put too much capital in the pipeline.”

Thankfully for Joyce, he can point them to his record profits and the resumed dividend, and keep making best-laid plans.