



6 **STEPS** TO BUILDING A SWASHBUCKLING AIRLINE BRAND

Strong promise and Spotless delivery - in the air and beyond



The **Red** Paper Series
www.airlinebrandindex.com

**A brand is a living entity
and it is enriched or
undermined cumulatively
over time, the product of
a thousand small
gestures.**

*Michael Eisner,
CEO, Disney*

- \ 3 A day in the life of an air traveler
- \ 3 The need for an airline brand model
- \ 4 Introducing the 6X model
- \ 5 Brand Xpectation
- \ 6 Brand Xperience
- \ 7 Brand Xpression
- \ 8 Brand Xternalities
- \ 9 Brand Xtensibility
- \ 10 Brand X-Factor
- \ 11 Summing up
- \ 11 About the author

A day in the life of an air traveler

John's parents were celebrating their 40th wedding anniversary and he had meticulously planned a surprise party for them in their London family home. The last step was to book the flights for his two year old son, Tim, his wife, Lucy and himself, from Toronto to London. This seemed simple enough with expedia.com.

Within seconds, the search results showed more than ten pages of results, with prices differing by less than \$5 in some cases. He ruled out the cheapest options, Air India and SAS, based on the poor experiences of his friends who had flown these airlines before. He was debating between British Airways and United Airlines.

Though he was a member of both their frequent flyer programs, it didn't make much difference to him as they had identical benefits and were equally difficult to redeem miles from. He had flown United before and did not find the experience ordinary. He finally decided to go ahead with the British Airways flight, via New York, as it was cheaper than the non-stop flight.

On the day of the flight, he checked-in online and was surprised to find out from his boarding pass that his was a code-shared flight run by American Airlines. At the airport, John proceeded to the American terminal for baggage drop, but was told at the counter the flight was actually being operated by American Eagle. John rushed to the other terminal, where regional flights operated from, with Tim in his own arms and the entire luggage being pulled by Lucy.

After a hasty baggage drop, it was time to pass through the grueling security counters. Lucy was asked to taste the baby milk and was forced to carry only one bottle of milk on-board, even though she mentioned that she's flying all the way to London. Though, once on the small Embraer Regional Jet, they were glad to be finally on their way.

Alas, the bliss was short-lived. Half-way into the flight, the pilot announced that due to severe weather conditions at JFK Airport, all flights were being diverted to Boston. Once they landed in Boston, the plane sat on the tarmac for a couple of hours without any food or water being served. Understandably, Tim was wailing by now. Soon after, the passengers were able to alight, as the weather in New York showed no signs of easing up. At this rate, John would certainly miss his connecting flight to London. At the terminal, the airline served them some food – some unknown meat topped with a squishy brown liquid and neon green vegetables. Just as they were finishing their meal, John realized that there was a British Airways flight leaving for London from Boston in an hour.

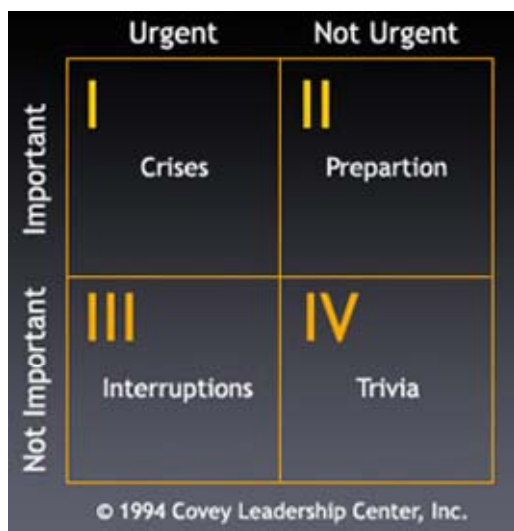
He rushed to the gate agent to explain his situation, and requested to be put on the flight. But all his pleas went in vain. That flight was already overbooked. In the end, he ended up waiting another two hours before his original flight took off for New York. The flight to London was long gone. The next one was in eight hours, and John, Lucy and Tim had no choice but to wait it out. It wasn't the ideal start to their London trip, and the anniversary celebrations remained a distant thought.

Though this story may seem like an exception, it's becoming the norm these days in the airline industry. The narrative is based on true events (airline names have been changed) and each element can be attributed to a different aspect of the brand. Be it John rejecting the first couple of choices due to what he had heard from his friends or the lack of distinction between loyalty programs. Such an industry state calls for some introspection.

The need for an airline brand model

If asked to do so, most executives would put branding as an activity in Stephen Covey's 2nd quadrant: important, not urgent. Importance is what keeps brand management on an executive's agenda, but the lack of urgency

ensures that it is almost always postponed. This often goes on until either a competitor overtakes them in the marketplace, or when the company is doing very well and has surplus cash. Neither of these triggers is proactive. But in the long run, branding is always urgent. Since it takes sustained efforts over time to build a brand, it has to be done right now. One can't start digging for a well when he runs out of water.



Moreover, the mindshare for airline brands is getting harder to achieve, since they're increasingly being compared against other consumer brands like Apple and Nike. Airlines' brand equity was in the bottom 30th percentile among 3500 brands measured by Young & Rubicam in 2007. The latest industry woes like rising oil prices don't help the cause either.

Why the need for a brand model specifically catered to the airline industry? This is because the airline industry is like no other – it is cyclical in nature, incurs high-fixed costs, there are uncertainties due to heavy dependency on other fluctuating factors like oil prices and has a length of engagement with the customer that is not common in other industries. This makes it difficult to apply branding principles from other industries to airlines. Hence, a distinctive approach is needed for airline branding, which takes into account all these factors unique to the industry.

Introducing the 6X model

An ideal branding model for the airlines would take into account both the realities of business and the unique nature of the industry. The 6X model helps guide an airline's branding approach by focusing on six key levers: Brand Xpectation, Brand Xperience, Brand Xpression, Brand Xternalities, Brand Xtensibility and Brand X-Factor.

The first three levers focus on customer engagement, which is very much in the airline's control. This is the process from brand awareness, to preference and purchase, to the post-purchase brand interactions. The latter three levers deal with aspects unique to the airline industry, which often have a deep impact on the brand. The 6X model specifically avoids a purely quantitative derivation of an airline's brand value, since the brand is an intangible asset and qualitative factors play a major role in building this asset. Though including the quantitative aspects is a possibility in the future.

If an airline delivers what it promises, interacts with its customers consistently and in a responsible fashion over time, and continues to innovate, people will continue to vote for it with their wallets, their respect and their affection.

Let's now see how the six levers help derive an airline's brand value.



1 Brand Xpectation

Making an authentic promise

Making an authentic brand promise is the key to having satisfied customers. Brand promise emphasizes the airline's core identity, visual or otherwise, and reflects its clear differentiation and positioning in the marketplace. Sometimes, airlines get so consumed in day-to-day operations that they disregard this aspect of the business and end up setting false or unclear expectations. At the other end of the spectrum are brands that set extremely high expectations and then fail to deliver. An accurate projection of what an airline is about and the experience it will deliver to the customer is the essence of *Brand Xpectation*. After all, personality inspires trust; and trust builds loyalty.

Clarity and focus should drive a brand's promise, with the aim to create a lasting impression in the potential customer's mind. Ideally, the positioning should pull logical and emotional cords and differentiate the airline from its competitors. Differentiation could come in terms of key strengths like pricing, service or even destinations. When it comes to price differentiation, budget airlines like Kulula.com and Southwest are some of the best. Legacy carriers like Singapore Airlines and Qatar Airways rule the skies in terms of setting expectations of exceptional service. Airlines like Condor and Bangkok Air brand themselves distinctly by serving select holiday destinations.

Setting the right brand expectations goes beyond the traditional advertising mediums. Efforts should be focused on reaching potential customers through a number of prioritized mediums. Having a strategy for not just for interactive platforms like blogs can be fruitful. The aim should be to set the right tone for the engagement to entice the customer for the first time and subsequently induce loyalty. However, the real test of character takes place when the customer experiences the product – flies with the airline.

Case: Kulula.com

Simple and sincere expectation setting can go a long way in inspiring new customers to try a new airline. Kulula.com was the first low cost carrier in South Africa, starting operations in 2001. Since the beginning, it has captured the hearts and minds of South African travelers by bringing out the authenticity of the brand and then living up to their word. Kulula means "easily" in the Zulu language and its advertisements are known for their quirky, almost slapstick-type humor, which never show an aircraft or air hostess. They focus on local flavor and humor, showcasing real people, with whom their customers can relate to.

TV viewers and billboard gazers have been treated to images of South Africans from all walks of life dressed up like kulula.com "fans," complete with capes and propeller beanies, ready to take to the skies. Most of these ads feature the kinds of people who are the absolute antithesis of the jet set: the mishmash of sorts one might see waiting for a bus or shopping at Walmart. Through these, most South Africans saw an honest representation of themselves, and logged on to book tickets that were substantially cheaper than those offered by the incumbent South African Airways. Within a year, kulula.com had become the country's biggest online retailer, still holds the position.

Kulula.com set expectations showcasing their brand personality in the earnest. Those who could relate to it felt that they were buying something that says something about them. They were being a "rebel" and "anti-establishment" by flying with Kulula.com.

2 Brand Xperience

Keeping the word

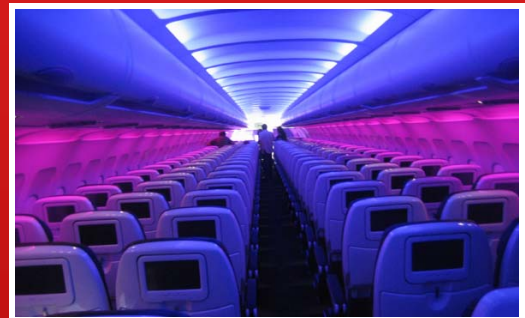
Achieved by aligning all product, service and corporate operations to deliver the promises made while setting brand expectations, *Brand Xperience* is probably the most important aspect of an airline's brand. The aim of providing a superlative brand experience should be to build customer loyalty. What can the airline do to make sure that customers fly with them again? Simply meet or exceed expectations.

Brand Xperience happens across multiple touch-points – from the booking hotline and website, to the check-in row and onboard the plane. This also provides multiple opportunities to bring forth the brand personality of the airline. Something unique to airlines is the length of the customers' experience with the brand. For the duration of the flight, as well as before and after, airlines owe it to themselves to leave an indelible impression on the customer that keeps them coming back for more. Often, airlines spend a lot of attention on frequent fliers, but almost none on majority of the other customers. Though loyal customers need to be rewarded, the rest should not be ignored too. It is the first-time fliers who need to be cultivated to become die-hard fans.

So how can airlines make every customer feel that he is center of the universe? Many make the mistake of assuming that delivering such an experience would require superfluous expenditure. In reality, consistency across multiple touch points is the key to winning a customer's heart. SilkAir, Singapore Airlines' regional wing offers flights to holiday destinations in South East Asia. The airline's tagline is "where the world unwinds", and the aircraft cabin helps the customers settle into a holiday mood as soon as they enter the plane. Not only is the look and feel in line with the Brand Xperiences, the stewardesses know almost everything a holiday-maker would want to learn about a destination, from the best restaurants to side trips. An experience, true to its word.

Case: Virgin America

As it is, it's tough upholding the promise of being the airline that is "reinventing air travel" in the US. But Virgin America does a great job in not just meeting expectations, but exceeding them too – by consistently surprising and delighting the customers. On Earth Day 2008, all passengers wearing green were allowed to board first. A latest "Superfly Wednesdays" scheme offers passengers free cocktails, and a chance to socialize and network on-board – perfect capitalization of the long engagement time. Virgin America has taken the phrase "engage the customer" literally. Passengers can communicate with each other using the in-flight chat system. They can even chat alongside their TV shows, about a particular scene. Trance music is played even in the restroom. How is that for a pleasant surprise?



Everything about the experience seems a class apart. From the zingy flight attendants, to the smaller-than-usual boarding passes and even the in-flight safety video which has had over 160,000 views on Youtube.com. All elements enforce a strong *Virginisque* brand personality – and this continues to linger in the customers' mind long after they leave the plane. Virgin is excellent in doing this across its plethora of brands, and has done a great job here as well.

3 Brand Xpression

Engaging the customer

Brand Xpression is often the overlooked aspect of branding which allows airlines to extend the engagement with their customers. It is the key to building familiarity with the brand through constant interaction to nurture loyal customers over time, and the latest technologies like blogs can often be tapped for this. The customers here belong to two main categories: external, which include passengers, analysts, governments and even activists; and internal, which include pilots, staff and crew.

For the external customer, the airline should formulate a strategy that ensures constant interaction with the customer, not just before he flies, but even after he has landed. JetBlue Airways has done this extremely well, by “following” some of their vocal customers on Twitter, the hugely popular web 2.0 application. Such interactions in a non-corporate way encourage frank feedback and the openness leads to insights executives would not have had otherwise. Sometimes, airlines wonder if tapping on the latest technologies amounts to “losing control” over their brands. It is actually the exact opposite. As the brand consultant Mary Neumeier puts it, “It’s not what *you* say it is. It’s what *they* say it is”.

Another aspect of *Brand Xpression* relevant to the external customer is the ability to share the story. Companies often assume that word-of-mouth marketing or buzz is created automatically, but it is seldom the case. The customer must be empowered to share with the world, stories of his experience with the airline, not just to “sell” the brand, but also to appear distinct in his own community. For example, Swiss International gives away their headphones and in-flight magazines to passengers – which they would subsequently share with friends and family. Nothing works better than an unbiased, customer recommendation to attract new business.

For the internal customer, *Brand Xpression* helps develop an affinity to the brand which goes beyond rational facts and logical truths. In times of crises, it is the emotional attachment among the employees that keeps the company together. Hence, there should be constant efforts to build emotional bonds between the employees – either through regular non-work related activities, garnering and incorporating feedback, and simply making the airline a fun environment to work in. Emotional truths are intangible elements of an organization that inspire imagination, drive employee engagement, reduce churn and compel people to go beyond the call of duty. Alaska Air and Southwest Airlines have done a terrific job at this by creating a family-like environment for their employees, and many of them have served their entire careers these airlines.

Case: Azul Airlines

Azul, the new Brazilian airline by former JetBlue CEO David Neelman, created a lot of buzz even as it was just starting up.

The name, Azul, which means “blue” in Portuguese, was one of 157,000 submitted and voted on by Brazilians in an online competition. With the name chosen, people will now have the chance to vote on Azul’s uniforms. Next will be a blog that Neelman will author.

How is that for listening to the customer? A perfect example of giving customers a stake in the outcome, and ensuring their preferences are prioritized.



4 Brand Xternalities

Dealing with industry uncertainty

Airlines have to deal with many issues beyond their control, much more than companies in other industries; from pilot unions and government regulations to events like 9/11. Even the sudden appearance of new competition on a premium route, or a competitor going bust often has little to do with an airline's own actions. Something as regular as flight delays due to weather too are beyond the airlines' control. The fact is that every airline would face the same hurdles and it is how it reacts to them that sets them apart from the competition.

Knee jerk reactions are all too common in the airline industry. When the oil prices hit \$140 per gallon in mid-2008, most US based airlines started charging for a second checked-in bag, and American Airlines went as far as charging for the first check-in bag, in addition to fuel surcharges. Interestingly, there was hardly any flutter from most of the Asian or European airlines. This is because dealing well with uncertainty requires planning in advance and having appropriate measures in place when that happens. For example, most Asian airlines, like Singapore Airlines and Jet Airways, have been upgrading to newer, more fuel-efficient planes in good times, and hedging fuel costs to counter the rising oil prices.

A much overlooked fact is that *Brand Xternalities* are hidden opportunities to impress the customer beyond expectations, often by showing the human side of the company. When JetBlue had a massive delay due to weather on Valentine's Day 2007, the CEO's personal apology on their website and clear measures to prevent such a thing from happening in the future, as part of the company policy, generated as much buzz as the original delays. Resilience and flexibility are the keys to surviving industry-wide shocks, and the better airlines are prepared to leverage on these to build their brand further.

Case: Singapore Airlines

One of the externalities that airlines have to face with is the prospect of a plane crash. Its aftermath can turn into a nightmare if not handled well. Here is a great example of an inspiring rescue effort made from what could have been a PR disaster.

In 2000, after a Singapore Airlines' Boeing 747 crashed in Taiwan, a press conference was held by Rick Clements, VP of Public Affairs for the airline in Singapore. The conference was interrupted when the relative of a missing passenger wrestled past security into the conference room and demanded to know why he had first learned of his brother's death in the press and not from the airline. A security agent tried to take the relative away, but Clements insisted that he be allowed to stay.

Looking exhausted, he gasped for breath as he spoke for several minutes in front of TV cameras and reporters. "We want to know what really happened. All our news is from the newspaper reporter and you are the ones who tell me not to believe the press."

Showing immense maturity, Clements listened calmly to the man. People expected a re-emphasis of his earlier statements regarding compensations. But to everyone's surprise, Clements walked down the stage, towards the distraught man, looked him in the eye, put his arm around the man and comforted him. All this, in front of rolling cameras. This was the epitome of the "human" side of the airline – and nothing re-enforces trust more than that.

5 Brand Xtensibility

Staying consistent over time

It is an art to deliver a great experience once, but delivering a consistently great experience over time is a science. This is because it requires meticulous planning and persistence to stay true to that plan in the face of external and internal pressures to change course. *Brand Xtensibility* requires an airline to stay true to its core brand personality in good times or bad. More than anything else, it is this consistency that builds trust among customers.

This follows through well from the concept of *Brand Xternalities*. By avoiding knee-jerk reactions, airlines also project trustworthiness. Reaction to sudden appearance of new competition or rises in fuel prices shouldn't change the customer experience drastically. Expectations take a long time to build and should not be breached overnight.

Brand Xtensibility should also be achieved across different product offerings and customer touch-points. The experience on a regional flight in an Embraer jet and a transatlantic flight in a Boeing 747 should not differ greatly. Similarly, if the airline staff is supposed to be chatty, they should be that way on the phone, at the check-in row and in-flight. An airline should train its partners who interact with its customers as well, to interact with them in a certain way – like the staff at a frequent-flier lounge.

Another aspect of *Brand Xtensibility* is the consistency of winning independent awards over time. Examples of these include awards like the Freddie's loyalty programs award, the Skytrax ratings for airlines, rating various aspect of an airline's service. It is not good enough to just win these once. The real show of character is when an award category is ruled by a certain airline over time – reflecting consistency. This is especially crucial in turbulent times.

Case: Various major airlines

Since the year 2000, oil prices have tripled. This has brought out the best and the worst in the airline industry. Recently, to reduce costs, US-based airlines have taken some drastic steps, which erode on the customers' trust built over a long time.

American Airlines imposed a \$15 fee for the first checked-in bag, while most others charge \$25 for a second bag. US Airways has even stopped serving pretzels on-board. Passengers hate to be nickel-and-dimed, and these knee-jerk reactions unfortunately reflect immaturity on the airline executives' part, eroding the little customer loyalty that remained in the commoditized US aviation market.

Brand Xtensibility is about delivering a consistent experience over time, maintaining trust and loyalty. Other airlines have encountered challenging times in the past and have come out stronger, because they succeeded in not diluting the brand image and experience. Even with the fuel price increases, Southwest Airlines has maintained the quality experience that they're known for. When budget airlines started encroaching on profits a few years ago, Qantas of Australia started a low-cost subsidiary, Jetstar Airways, so as to keep the experience for its passengers consistent. Singapore Airlines did the same by starting Tiger Airways. Both did not compromise their own quality of service.

It takes deep thinking and some guts to battle an urge to react, and those who get the basics right emerge winners.

6 Brand X-factor

Above and beyond

Creating a *Brand X-factor* is something that puts an airline in a league of its own and creates a halo around the brand. These are often the nuances that ensure that the airline stands apart from the competition and often leads to a cult status among its customers. Examples from a different industry would be Harley Davidson motorcycles or Apple products. Those who buy them, swear by them. In the airline world, Virgin Atlantic, Singapore Airlines (SIA) and Southwest Airlines are outstanding examples of having created an X-factor.

The common denominator in all of these examples is the creation of a brand icon – Richard Branson at Virgin, Singapore Girl at SIA and “peanuts” at Southwest. Such icons often defy logic and create a magical attraction toward the brand. Better still, these icons can be leveraged to project the brand in ways generally difficult to articulate through traditional means. An ever-smiling Richard Branson can be seen at all Virgin events, SIA’s advertisements show more Singapore Girls in their elegant uniforms than planes, and Southwest even has a blog named “Nuts about Southwest”.

Something else that airlines do to create a warm feeling among their customers is to emphasize their net social impact – by proactively managing their social and ethical stance. Great examples of this include LAN Airlines’ green initiative that involves reducing pollution and planting trees to reduce its carbon footprint, and AirAsia’s free service to carry relief aid to Myanmar immediately after the cyclone Nargis ravaged the country. Both these initiatives reflect the dexterity and ingeniousness on the airline’s part to go beyond their everyday operations and make a positive impact on the society. It is programs like these which help gain the respect of current and future customers.

Case: AirAsia

AirAsia, a Malaysia based budget carrier, one of the fastest growing airlines in Asia, is one of the few airlines that have gone above and beyond traditional means to establish a strong brand in the marketplace.

For starters, AirAsia’s CEO, Tony Fernandes has acquired such a celebrity status that he is considered the Richard Branson of South East Asia. An ex-Virgin Records employee, he turned the loss-making airline into Asia’s largest low cost airline in a very short time. Fernandes also embodies AirAsia as a company. He melds so completely with the AirAsia brand that it’s difficult to differentiate the man from his flying machines. That kind of coalescence makes him an apt, accessible figurehead.

AirAsia has also created strong emotional bonds with its customers over time with its original branding efforts. Malaysians are some of the most avid English Premier League soccer fans in Asia. Capitalizing on this, Air Asia sponsored Manchester United, and has become their “Official Low Cost Airline”.

Something that tugs the emotional chords even more is that AirAsia offered to facilitate the transportation of aid to cyclone-ravaged Myanmar, including sponsoring flights for aid workers and freeing up cargo space for aid materials recently. This was especially noticeable when none of the other major regional airlines stepped up to the task.

Summing up

At the end of the day deciding the most strategic branding approach is critical. Is increasing competition the issue? Is it perception, whereby the image of the airline is decreasing its ability to entice customers and a strong workforce? Whatever the situation, aligning with the suitable brand and business solution is essential.

The 6X model serves as a guide for this process, taking into account a number of factors unique to the airline industry, within and beyond the airlines' control.

About the author



Shashank Nigam is an aviation expert, based out of Boston, MA. He is passionate about the airline industry, as well as the fields of marketing and brand management.

He has been a contributing author of two books on brand management - *Magic Numbers for Sales Management* (Wiley Winter 2007) and *Measuring Marketing: 103 Key Metrics Every Marketer Needs* (Wiley Fall 2006). He has also been a columnist for *The New Paper* in Singapore for more than a year.

Shashank maintains an airline branding blog at SimpliFlying.com. He can be reached via email at: shashank@simpliflying.com

**A lady, sitting next to Raymond Loewy at dinner,
struck up a conversation.**

'Why', she asked 'did you put two Xs in Exxon?'

'Why ask?' he asked

'Because', she said, 'I couldn't help noticing?'

'Well', he responded, 'that's the answer.'

- Source: Alan Fletcher, The Art Of Looking Sideways



ABI is excited by ideas. We invite you to visit our website to share yours and keep abreast of ours. We believe that creativity is the most powerful force in business and that ideas get sharper with more minds rubbing against them.