



Airline Branding 2006

Competitive Strategies for Market Differentiation and Increased Customer Loyalty

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Discussion Topics

1. What is *the brand promise* for a *full service airline* likely to be in 2 years?
2. How should a *hybrid airline* brand itself to differentiate from “no frills”?
3. What common airlines communications strategy responds to and prepares for *environmental concerns*?

Corporate Culture Continuum

Foundation	Advanced	Breakthrough	
Hierarchical Command and Control	Departmental Silos	Self-directed Virtual Teams	Management
Transactional and Aggregated	Integration across the Enterprise	Learning & Service Delivery Architecture	Information
Cost and Risk Reduction	Productivity Improvement	Collaborative Improvement	Operations
Product	Segmented but still Product Based	Customers' Individual Needs and Value	Customers
Growth	Growth and Performance	Innovation	Strategy

Putting an innovation culture into practice, Robert Angel, Ivey Business Journal, Jan-Feb 2006

1. Embed Branding Strategies in the Corporate Culture

The statement that best fits with their company's definition of "brand" is:
"a holistic customer experience that entails the product, the service and the organization"

DEFINING "BRAND"	
Brand is the holistic customer experience of product, service, and organization	73%
Brand is the communication-based representation of product or service	58%
Brand is everything that distinguishes us from our competition	55%
Brand is the visual identification of product or service	54%
Brand is the definition, the identity, the soul, the DNA of our company	54%
Brand is the delivery of product or service	47%
Brand is our company's products or series of products	37%
Brand is the execution of our business strategy	28%
Brand is the value difference between stock price and assets	12%
<i>% rating 6 or 7 on a scale of 1 "low fit" to 7 "high fit"</i>	

Survey of 131 top marketers in Canada by the Canadian Marketing Association asked how brand was defined within their organization (2004 CMA Brand Metrics Study)

2. Branding is for All the Stakeholders

Suppliers

Customers

Employees

Community

Regulators

Financiers

Etc.

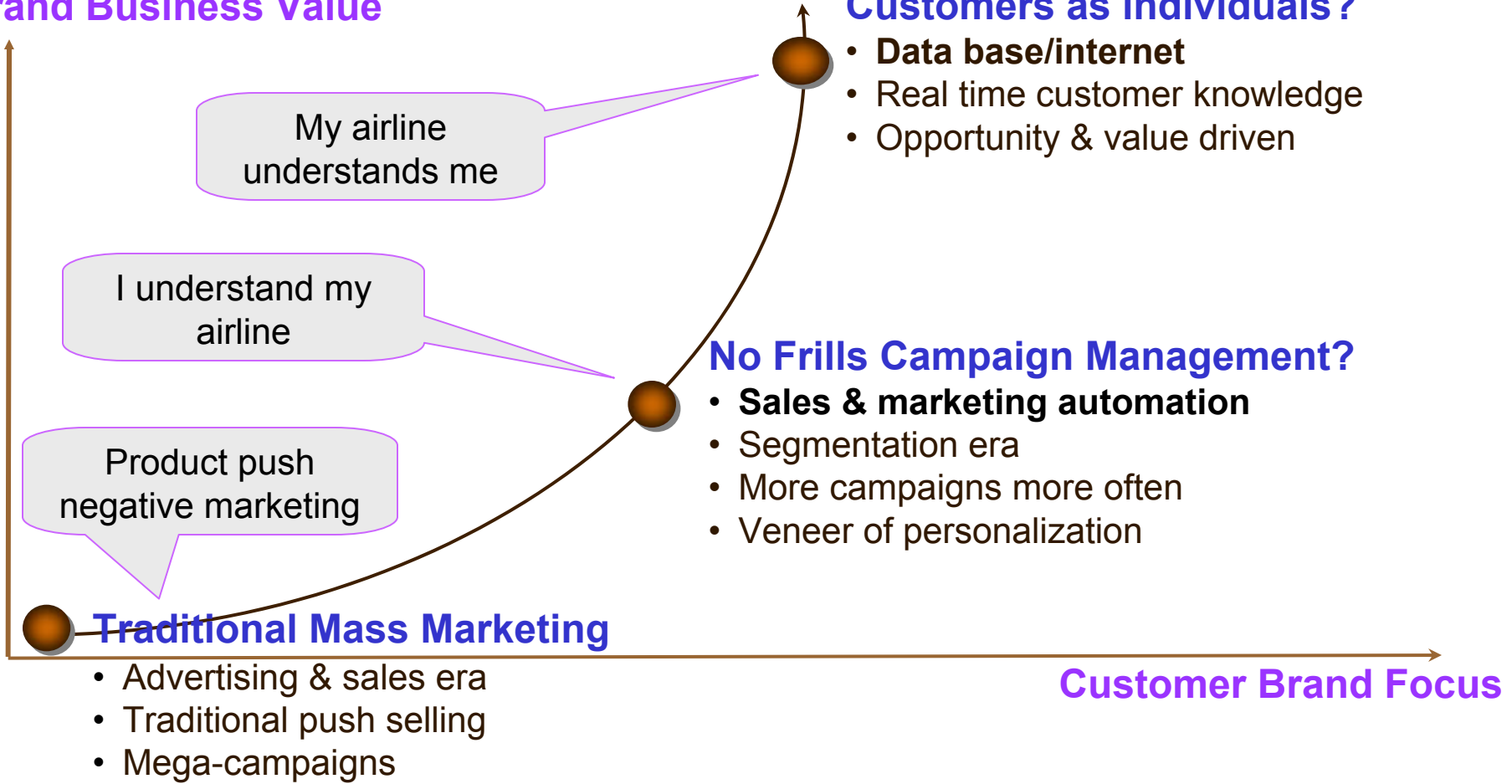
Brand is not what we want it to be – but what it is perceived to be:

- Over **80%** of companies believe they deliver a superior customer experience
- Only **8%** of their customers agree

Acknowledgements to Bain & Company

Customer Relationships Dependency

Brand Business Value



Employee Relationships Dependency



Typical outcomes:

- Confident decisioning/communications to handle complexity
- Actions prioritized, time pressures managed
- Customer-centric and open culture to deliver the brand promise
- Team work and shared learning to foster collaboration
- Operational goals/strategies achievement mind-set

Case Study – Airline Customer Leadership

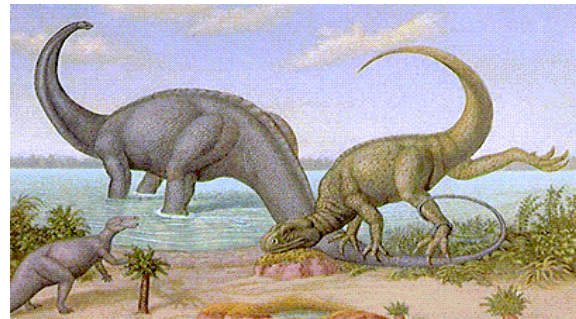
"We need to be ahead of where the customers want us to be. Whether it's on an airplane, at home, in the office, on a PDA, or on their cell phones, we want to be there for them with the information they need."

US-based Airline CIO (InformationWeek)



- Recognize frequent business travelers even in coach
- Re-route best customers unasked if flights are delayed
- Use customer knowledge to differentiate vs. discounters
- Provide passenger personal requirements to flight crew
- Predict trends & load factors; manage pricing, fraud, etc.

3. Extract Value from Your Brand Values




What about the 80% of Customers that are *not* Profitable?

Despite significant technology investment, many airlines still cannot:

- Know more than name and address before phone contact
- Understand which campaigns work on which customers
- Calculate *accurate* profit contribution by customer
- Identify top customers: most valuable, highest potential, interrelationships
- See the relationship history, understand changing needs

Case Study – European Airline Diagnostic

<u>Diagnostic</u>	
<ul style="list-style-type: none">• Process oriented• Personal-oriented• Organizationally linked• Open• Tight Control• Pragmatic	<ul style="list-style-type: none">• Result oriented• Job-oriented• Professionally linked• Closed• Easy Control• Normative

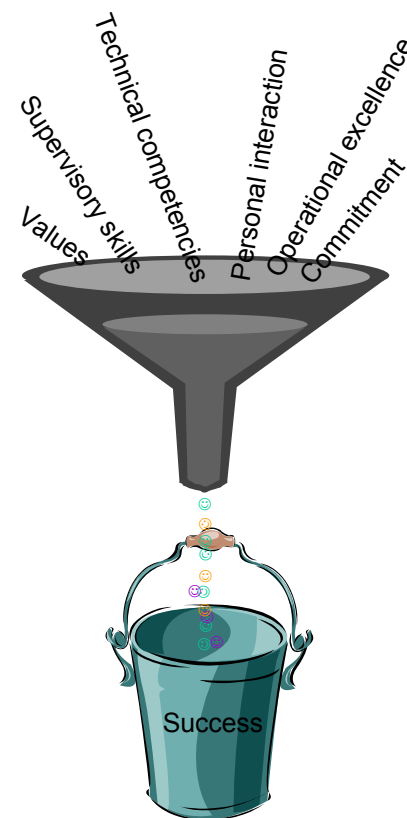


- Poor financial performance and customer dissatisfaction
- Feedback: strategic vision, internal processes, and people management – tight controls stifling creativity and improvement
- CEO's leadership style neglects personal view leading to poor team approach and shared learning

Case Study – European Airline Culture Change

Senior management personal score cards:

- Performance plans aligned to organizational score card
- Group decision making sessions
- Coaching and competency skills addressed (talent management)
- Risk analysis of security enhancement project



 Total Performance Scorecard™
TPS

Conclusion: Living the Brand



1. How are you sustaining and increasing results – actions to date have raised the bar?
2. What is the data telling you about fulfilling the brand promise with all stakeholders and the best opportunities for further improvement?
3. What 'rules' do your people use to prioritize the essentials – to get the really important things done?
4. What is your staff retention track record – is your brand working internally?
5. How meaningful are your employee engagement measures – what effect is engagement having on customer experience?