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AN ALLIED FRONT

*A conversation with ...*

## Geoff Dixon, CEO, Qantas Airways



INSIDE



**4**

Air France and KLM form Europe's Largest Airline

**18**

The Evolution of Alliances

**26**

A Conversation with oneworld, SkyTeam and Star Alliance

# An Allied



## A Conversation With ... Geoff Dixon, CEO Qantas Airways

**I**n the past few years, airlines around the world have increasingly worked together to expand their reach and provide additional services for customers. From basic codeshare agreements through its more extensive airline association with **oneworld**, Qantas has formed relationships that enable it to increase revenues as well as customer service.

# Front



Photos courtesy of Qantas Airways





As the world's second oldest airline, Qantas is no stranger to forming strategic alliances. In fact, as far back as 1931, Qantas formed its first link — with Imperial Airways, a predecessor of British Airways — when it carried mail to Darwin as part of an experimental Australia-United Kingdom service.

In recent years, Qantas has continued to leverage the benefits of strategic alliances. In 1998, Qantas teamed with American Airlines, British Airways and Cathay Pacific Airways to launch the **oneworld** alliance, which today also includes Iberia Líneas Aéreas de España, LAN, Finnair, Aer Lingus and 17 related regional carriers. Through the alliance, Qantas provides its customers access to more than 575 destinations around the world, more than quadrupling the 138 destinations Qantas offers alone.

Qantas, recently named the best airline in the Asia/Pacific region at the 2004 OAG Airline of the Year Awards, has also looked to strengthen ties with its trans-Tasman counterpart, Air New Zealand.

Geoff Dixon, who was named chief executive officer of Qantas in March 2001, has been at the airline since 1994 and in his tenure has had responsibility for all commercial activities, including worldwide sales and marketing, network development, revenue management, fleet planning, cabin crew, customer service, product development and airline alliances. He recently discussed

Qantas' perspective on how alliances have impacted, and will continue to affect, his airline and the airline industry.

**Question: As a founder of the oneworld alliance, what led Qantas to join forces with other airlines?**

**Answer:** Entry into the **oneworld** alliance followed naturally from Qantas' deepening bilateral relations with fellow **oneworld** founding members British Airways and American Airlines.

To meet Qantas' aspirations as a global airline, it was important to explore the opportunities offered by a global alliance with strong partners.

**Q: How have you been able to measure the success you've gained by joining the oneworld alliance? How has the oneworld alliance strengthened Qantas?**

**A:** The **oneworld** alliance has become established as the premium global alliance, and Qantas has benefited from this through both bilateral and multilateral partnership arrangements under the **oneworld** umbrella.

**Q: Where do you believe your airline would be today if it had not joined oneworld?**

**A:** Clearly, Qantas would have looked at other alliance opportunities. But we are very happy with the decision we made. The **oneworld** alliance has been good for Qantas and so, I might add, has Qantas for **oneworld**.

**Q: What are some of the greatest chal-**

**lenges you face with your fellow alliance members? How are you resolving them?**

**A:** The aviation sector as a whole is facing rapid and sustained change and there are many challenges for the industry. External events including Sept. 11, severe acute respiratory syndrome, Iraq, threats of terrorism, high fuel prices, and the continuing impact and threat of low-cost carriers are all significant challenges to be faced both as individual airlines and collectively by alliance groups. Airlines must be progressive and innovative to meet and overcome these challenges. A key objective is to increase efficiency and reduce costs.

**Q: In what ways are you integrated with the other oneworld carriers? Do you foresee the alliance becoming more integrated in the future?**

**A:** Of all the alliance groups, **oneworld** has placed a lower priority on integration, preferring multilateral solutions only when they add value and placing greater emphasis on bilateral and inter-carrier relationships.

A key factor in the success of **oneworld** is the maintenance of members' individual entities. The alliance remains a grouping of eight successful airlines focused on growing their own networks and meeting their customers' requirements successfully.

**Q: How difficult was it to form an alliance involving carriers from different countries facing different government regulations**



## and different operating environments?

**A:** This was really not as difficult as it might appear. By operating as a small, cohesive group, **oneworld** is able to operate by consensus while striving for enhanced services and customer benefits collectively. New members are unable to enter **oneworld** unless they can meet all of the alliance's deliverables immediately, which offers a highly effective service guarantee.

## Q: What kind of standards and contractual requirements are involved with forming an effective alliance?

**A:** To become a member of **oneworld**, you must meet set standards and requirements. If you can't, you are not admitted. This gives **oneworld** very solid performance platforms.

## Q: What role does technology play in integrating the alliance members? How important is it for partnering airlines to use similar information technology?

**A:** It is not necessary to achieve complete integration of members' IT platforms, but IT is an important part of customer service delivery and continues to be a strong focus of the alliance. Technology has produced defini-

tive enhancements like e-ticketing and QuickCheck self-service kiosks as well as producing cost savings and additional customer service benefits.

## Q: How has the oneworld alliance evolved over the years?

**A:** The **oneworld** alliance has grown from an already strong base involving partners with a clear understanding of how the alliance would work, and this path has been adhered to throughout its history. The alliance began with four airlines and has now grown to eight.

## Q: Where do you see the alliance going in the future? Will the alliance expand further? How do you think alliances will shape the future of the industry and serve as a possible foundation for consolidation?

**A:** China is an obvious area for expansion. There may be other opportunities elsewhere. However, any new membership must enhance the alliance before it will be accepted.

Structurally, the airline industry is heading toward consolidation. However, the pace has been slower than many of us would

like, and global alliances have been a very effective mechanism for bringing airlines together in the interim. How the alliances respond as airlines begin to integrate their activities more fully is one of the challenges they will face.

## Q: Airlines also have relationships with vendors, service providers, distribution partners. How important and strategic are those relationships?

**A:** All of Qantas' business relationships are, of course, very important to us, and we try to achieve mutually beneficial outcomes with all of our service providers and clients.

## Q: What advice would you give to airline executives who are considering joining an alliance?

**A:** It is vital to adequately explore what alliance will suit their company's objectives by analyzing the real substance of the alliance and ensuring this matches their individual goals. Alliances do deliver significant benefits, but new members need to ensure their businesses are prepared to commit the resources and time that alliances need to make them truly effective. **E**



Photo courtesy of Qantas Airways