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## LEAPS AND BOUNDS

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# Every Brand Counts

*Branding fares may be a key component to the success of airlines around the world ... perhaps even the “ticket” for survival. As airlines face greater competition than ever before, compounded by numerous other uncontrollable external challenges, creative fare branding can help them differentiate their products and services.*

■ By Mike Llewellyn | *Ascend* Contributor

Traditionally, offering the lowest fare has been the best, if not the only, way for airlines to get their product noticed by customers. Carriers have long looked for a means to compete elsewhere, particularly as the number of low-fare airlines rises, and many are increasingly turning to branded fares.

The concept of branded fares is simple. It involves the collapse of 26 traditional inventory classes into powerful, customer-focused brands with memorable brand names and product attributes. Along with these simplified brand names comes consumer clarity regarding differentiated services that each of these fare brand segments offer, enabling customers to select the offering that best meets their needs.

Think of a world where airlines could:

- Brand their fares consistently and seamlessly across all points of sale,
- Distinguish services in fare brands that, in turn, create customer value,
- Increase sales of higher-yield fares, where customers could choose those higher fares,
- Create revenue streams that would further promote long-term success.

The idea of creating branded fares or fare families is certainly not new to the marketplace, with a number of carriers offering branded fares in direct channel distribution. Fare branding enables clarity within what many consider to be a complete maze of confusion — air pricing. More importantly, it offers a means to differentiate in a land where differentiation is difficult, at best.

Today’s travelers have expectations of service offerings, and most of them clearly understand the difference between coach, business and first class, but fare branding offers something not limited to cabin distinction, enabling airlines to create differentiation within a cabin, where appropriate.

Imagine the power of a brand that gives airlines the ability to bundle services such as:

- Unique mileage and other loyalty perks,

- Fare refundability,
- Change fees,
- Baggage allocations,
- Advanced seat assignment,
- In-flight services,
- Lounge access.

Bundling these soft ancillary services provides customers with the information needed to make the right purchasing decisions across a variety of elements, rather than a myopic focus on the fare.

These bundled ancillary services are actually those items that create distinction for a branded fare family. The creation of this branded fare grouping, that may include ancillaries offered within the bundle or sold separately from the bundle, is an excellent way to create a strong value proposition for airline customers. For the first time, they can really understand what their “fare” offers them.

Travelers can much more closely relate to a brand called “premium,” and that brand offers them a refundable fare, advanced seat selection, lounge access and perhaps specialized customer service numbers. A clear bundle of services offered within a branded fare enables customers to make the choices that better reflect their unique travel needs. The use of a simplified and fully flexible fare brand structure powerfully emphasizes the desirability of higher fare brand features.

Consider a carrier that has established several unique branded fare tiers — DreamFare, DreamFlex, Aspire, AspirePlus and VisionElite.

The DreamFare tier contains the lowest fares and, likewise, it has minimal airline products and services such as limited or no mileage awards, no advanced seat selection, and check-in options limited to kiosk or Web only. But with the top-tier brand, VisionElite, the traveler receives no charge for changes, a 200 percent mileage bonus award, a fully refundable fare, two checked bags free of additional charges, day-of-departure lounge access and a “more-leg-room” coach seat. The customer

can now easily discern the product line differentiation, rather than simply two airfares — a high one and a low one.

The thought of collapsing the traditional 26 booking classes into several brands certainly makes sense to savvy air shoppers, enabling them to rapidly gain confidence in their shopping experiences, since the offering creates clear choices. Graphical displays that include an easy-to-follow branded matrix provide feature and price clarity that has previously been missing from the shopping process. Travelers can now view one simple matrix to compare fare features, empowering them to make the right purchase decision based on their travel requirements.

Arming customers with this branding information allows them to see the value in premium services offered and, in turn, enables carriers to increase revenue, all while providing travelers with the products and services they want and consciously choose to pay extra to receive.

Once brands are established in all distribution channels, customers quickly embrace the ease and clarity of branded fare shopping and, in fact, will shop for specific brands by name, demonstrating the brand equity that can be established by the airline. Now that travelers see the brands they desire, consumer marketing campaigns can highlight the benefits of selecting higher-yield brands. These targeted campaigns can refocus consumer attention on features, benefits and flexibility of the premium brand tiers as well as provide a platform for airlines to compete for the most cost-conscious travelers, offering a value proposition consistent with competitors that may offer only simplified products and fare structures. This provides the opportunity to compete on more than just airfare, highlighting an airline’s distinct services over and above the basic product and low-fare offerings.

Although merchandising is emerging as a priority for many airlines around the globe, the entire practice is somewhat nascent. Not all brand-



	DreamFare	DreamFlex	Aspire	AspirePlus	VisionElite
Anytime change fee before day of departure	€100 Plus fare difference	€30 Plus fare difference	€0 Plus fare difference	€0 Plus fare difference	€0 Plus fare difference
Same day changes at airport	Not permitted	€50 No charge for fare difference	€0 No charge for fare difference	€0 No charge for fare difference	€0 No charge for fare difference
Visionary miles awarded	25%	50%	100%	150%	200%
Refundable			✓	✓	✓
Advanced seat selection			✓ at check-in	✓	✓
Cabin baggage	1 piece up to 7kg, plus laptop (<7kg)	1 piece up to 7kg, plus laptop (<7kg)	1 piece up to 10kg, plus laptop (<7kg)	1 piece up to 10kg, plus laptop (<7kg)	1 piece up to 10kg, plus laptop (<7kg)
Check-in options	self check-in and online check-in only	self check-in and online check-in only	✓	✓	✓
Lounge access			✓	✓	✓
Additional leg room				✓	✓

Adding to the power of a brand is the ability to display the brand distinctions in a fully graphical matrix presented during the shopping process, making it easy for airline customers to make the choice that best fits their travel needs.

ing strategies are created equal. Balancing revenue for the airline and value for its customers can be a difficult task. Creating clear differentiation across the fare families also requires deep thought. Distribution, technical and infrastructure issues complicate the affect on airline business processes, especially within operations. That is certainly understandable, as the full implications of fulfillment and operational impacts are not always clear. Because of the magnitude associated with this type of transformation, carriers often seek consultants for assistance.

Sabre Holdings® delivers a suite of products and capabilities that enable airlines to differentiate, brand, market and merchandise fares. Fully integrated branding and enhanced shopping displays offer airlines the ability to establish and market their branded fares structure, using whichever channel they choose to make their products available for sale — online, offline, direct, indirect, corporate or leisure. The complete end-to-end solution allows shopping for fare families while enabling airlines to efficiently deliver the appropriate products and services.

Through these bundled solutions, airlines can maximize their revenue opportunities by:

- Enabling quick, low-cost changes as airlines respond to market needs,

- Maintaining competitive pricing with the potential for a competitive advantage over airlines without a similar strategy,
- Offering higher-yielding premium branded fares,
- Creating fare families to represent service offerings and differentiate higher fare classes,
- Distributing merchandising strategy across indirect channels to maximize incremental revenue opportunities while creating a consistent customer experience regardless of channel,
- Increasing customer value and loyalty by enabling customers to select the products and services that best meet their needs.

Qantas Airways has been instrumental in changing fare structures for the airline industry and providing desirable options for customers. It was the first carrier to implement this dynamic branded fares technology, setting it apart from its main competitors.

“Qantas is pleased to be the launch partner for the new, innovative branded fares technology,” said Peter Kelly, general manager of distribution strategy and planning for Qantas Airways. “Qantas Airways has been on the leading edge of changing the way airlines sell fares. By providing clarity to travelers around the differences they can expect when purchasing fares across our different ‘fare families,’ this ground-breaking new capability allows us to more effectively communicate the

Qantas Airways value to Sabre Connected<sup>SM</sup> travel agents and their customers.”

These continue to be challenging times for airlines and the aviation industry as a whole. It is increasingly clear that as fuel costs continue to dramatically rise, finding other revenue sources are mandatory. With record industry pressures on cost containment and increasingly price-sensitive customers, airlines continually search for strategies that will drive incremental revenue, reduce costs and allow differentiation in a commoditized marketplace.

It is in this environment that many airlines have pursued, with many more driving toward, the introduction of branded fares to provide creative, new revenue sources while also further building their brands in the eyes of customers. Branded fares create unique, powerful merchandising opportunities that will change the way consumers shop for travel. Branding fills the gap left by low fares in the competitive marketplace, and targeted campaigns help airlines increase fare yields, providing revenue opportunities that well may account for a year marked by success and profitability. **F**

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