TURKISH LOW-COST CARRIER PEGASUS IS SELLING UNBUNDLED FARES WITHOUT THE HATE SELLING

News / Airlines

With the unbundled, fees added, sales strategy firmly embedded in the low-cost airline model, and now adopted by former full-service carriers around the world, it's unusual to hear any airline talk about taking a step back and listening to consumer opinions on these retailing strategies.

But that's exactly what Turkey's only low-cost carrier, Pegasus Airlines, has done.

Onur Dedekoylu, Marketing Director at **Pegasus Airlines**, explained to attendees at the World **Low Cost** Airlines Congress in London how by following everybody else Pegasus very nearly got it wrong and how it quickly adjusted to do right by taking heed of consumer feedback and thinking like a travel brand.

Repackaged Fares

"We were only two months away from launching the new [unbundled] package structure, and while we were talking about working on the communication route we realized this wouldn't work," said

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Dedekoylu.

“First, the biggest objective offering packages is to offer one-stop shopping to different needs, with ancillaries, but we couldn’t offer one-stop shopping to the majority of people because most would go for flight and luggage, and this is very limited. Second, this would make people think that something, some right was being taken away from them. We realized, talking to the consumers, that we can’t really do this in the Turkish market. Some other airlines in other markets can do that, but we cannot. So we put all the technical developments in the trash, and we started the business rules from scratch and we moved to a four-package structure with flight only as package one, flight plus luggage as package two, and package three and four being flight with meal and seats added.”

By structuring packages in this way, Pegasus accomplishes the same thing that other airlines offer, in terms of covering costs of extras, but presents it as a solution rather than an impediment. Customers aren’t asked to book and then add ancillaries. Instead, they are encouraged to opt for the package that offers them everything they need, at the lowest possible price, and nothing they don’t want.

“It might look like a simple decision but it was something that, as an airline flying 20 million people, we didn’t recognize it at the very beginning and the reason was that we didn’t spend enough time talking to the consumer,” said Dedekoylu. “We didn’t spend enough time ramping up to this and thinking about how we would position it, communicate it, how the consumer was going to feel about it. It would probably be something that would be misperceived entirely, something that we meant as good for passengers would be perceived as bad with the first approach.”

As Dedekoylu presented it, the negative reaction from consumers, came from either being given a choice of solutions, or presented with an impediment to purchase. It’s a subtle difference, but an important one to the airline’s retail strategy.

“In terms of communications, as well, our first approach was to say, buy your luggage allowance, if you’re going to be flying with luggage. That would be the normal strategy. That’s what many airlines are doing in the normal world. We’re so much focused on ancillaries and so much focused on communicating our needs,” said Dedekoylu. “With this package launch we said, don’t pay more, pay less. Go for the basic package. If you’re only flying with basic luggage, don’t buy any of the larger packages, don’t pay more.”

That simple change in language and presentation has worked for the airline.

“It’s given us a very positive response because for an airline focused on the low-cost model having some strict rules, it was the first time customers heard something like this that gave them the perception that Pegasus is thinking about their customers, no trying to sell something to them,” said Dedekoylu.

Travel Enablers

This consumer-friendly approach was made possible at Pegasus, Dedekoylu explains, because the airline thinks of itself as a travel brand, not an airline; as a travel services provider, instead of merely transport.

“[It’s about] being a travel brand rather than an airline travel brand. We need to decide whether we are in the business of transporting a passenger from one place to another,” said Dedekoylu.

He also remarked that airlines are missing a great opportunity to present something unique about

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their service to customers by not thinking of themselves in these terms: that all of the consumers' travel aspirations would be impossible without airlines ready to connect them to far-off places.

"We are actually a travel brand, and we are an enabler of travel," Dedekoylu said. "It's only possible to [travel this way] with airlines and we need to truly be a company that takes people to an experience that they would never be able to get if we didn't exist. We bring them to the times and moments that are the best part of their lives. We are the enablers of living life to the full."

Flying the Travel Brand

This clear and very self-aware brand identity sets Pegasus apart from low-cost peers and, in fact, from many traditional carriers which still haven't decided whether they are in the travel industry or transport sector.

"It actually changes the whole brand architecture, the whole brand message, the whole brand positioning from scratch. We did this work two years ago now and we saw that, not just on paper, but on all our brand messaging campaigns our whole tonality, or whole message had changed," Dedekoylu said. "It doesn't only change the message, but also changes the way that the things that we focus on, the product that we focus on. Becoming a travel brand requires being other things."

To adjust its brand accordingly, Pegasus has had to make big changes in its retailing strategy, to partner with and compete with larger, more sophisticated, travel industry players.

"First, your product has to completely change, if you're saying a travel brand," said Dedekoylu. "You're not only responsible for flying people from point A to point B. You're also responsible for car rental, transfers, hotels, entertainment at the destination, insurance, all of them. You don't get to just put them on the website and say, 'OK, I'm offering them.' It will be peanuts, in terms of ancillary offering, if you do so, because you're competing against specialized retailers whose core-business is some of this."

"You need to think about how to grow your muscles around partnering with third parties, moving from developing and delivering your own product—which is airlines and flights and planes, which we know very well—to offering other people's products. That requires different things. You start competing around some really consumer-focused technologies that other brands and retailers in the other parts of the travel sector started developing years ago."

A Fresh Perspective

Dedekoylu is uniquely positioned to bring these insights to his airlines because, before 2010, he did not work in the airline industry. Instead, he has made a career working on consumer goods retailing and branding, at Hasbro and Coca-Cola. He thinks in terms of research and brand analysis in that broader consumer context. He believes there is ample opportunity for airlines to think like consumer-focused companies, and attract travel consumers with solutions that fit their aspirational needs.

"In the airline sector, we talk so much about aircraft, airports, routes and destinations, fuel, all sorts of product-related things. Even when it comes to ancillaries, we talk very little about how we actually position those ancillaries," Dedekoylu said. "We don't talk about how to message them, what is the context they need to be focused in. We develop the product, we put it on the web, we put it on the mobile and we do some emailing and, for many of us, we think that's sufficient."

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“The interaction with the passenger also covers the whole travel experience, not just the booking and the flight experience. We need to create all sorts of channels where people can connect to us for different services or needs during the whole travel experience,” Dedekoylu said.

One of the topics of conversation at a separate retailing panel held during the conference was that the industry could use a good jolt of outsider perspective when planning its product offerings. Dedekoylu’s work at Pegasus proves that it can make a difference.

Listening to the Consumer

“These are things that had simple consumer insights and we acted on them because we decided to listen to consumer insights early, or even later in the process,” Dedekoylu said.

“We really think this is relevant to all sectors and all brands, but definitely so much to the airline sector. We need to make people feel good in some way. Everything needs to make people feel that airlines, flying is not the most difficult part of traveling, it doesn’t have to be. Secondly, we need to focus on the experience for the consumer as much as we focus on the product. Our job is not to develop product, but is actually to think about the experience, how do you position it for passengers.”

“Finally, what is the purpose of the brand? Saying that the purpose of the brand is to complete in the area of travel actually changes all your brand architecture, your product portfolio and how you try to connect with your passengers throughout your passenger experience.”

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