



6 INSIGHTS FROM VUELING'S CEO ON RUNNING THE CONTRARIAN LOW-COST CARRIER

News / Airlines



Can a **low-cost carrier** transcend the bare bones model and bring added value and convenience to passengers through user-friendly digital platforms, without breaking the bank?

Spanish low-cost airline, **Vueling**, has.

The airline has defied the traditional definition of a low-cost carrier — that of an independent operator taking market share from legacy airlines — since it became part of the IAG group in 2013. But despite joining ranks with flag carriers British Airways and Iberia, and even joining IATA, it has preserved its unique brand character within the group, and kept its competitive edge sharp.

The Vueling brand is friendly, funny, modern, and creative.

It has [crowd-sourced its aircraft names](#) and christened its entire fleet with a heavy dose of word-play, much like JetBlue. It relates to fans by letting the IT department run amok; introducing a [Game of Thrones themed bookings engine](#) which lets GoT fans book flights to their preferred destination in the seven kingdoms.

These are more than fun promotions. They reveal the airline's strong geek culture.

Vueling has used its team's strong geek skills to set many aviation industry firsts in passenger experience improvements, through the practical application of technology.

It introduced the industry's first fare-locking option, letting passengers reserve a fare for limited time, to discuss travel plans with friends and family, for a nominal fee.

Vueling launched an iPhone app that included bookings features, seat selection and mobile check-in, and generating a barcode boarding pass—in 2011.

It was first airline in the world to introduce a smart-watch boarding pass, and topped that by becoming the first airline to incorporate geo-location (Geofencing) in its Apple Watch app which helps passengers with way-finding at the airport.

It is the only major low-cost carrier in Europe taking in-flight Wi-Fi seriously [by testing a new high-speed 'Wifing' service](#) developed through a collaboration with Spanish communications giant Telefónica.

Neither a bare-bones, low-fares independent, nor a bloated legacy spin-off, Vueling is the aircraft-shaped peg that refuses to fly in a box.

As the airline's CEO, Alex Cruz, explained at the World's Low Cost Carriers Congress in London, this curious brand owes its differentiation to an innate drive to innovate constantly, while daring to dive head first into deep digital waters.

What follows are clips of Cruz's top tips for riding the digital wave without wiping out.

Hire Digital Minds

"I think that, from very early on, we hired teams of people who already had the digital DNA within them. If you walk through our offices, you'll see people who you could probably place very well in some funky office in San Francisco because of the way they behave, the way they talk, what they wear, what they're looking at on the screen. Vueling is not a place that enforces heavy web-surfing policies and things like that. Frankly, we're reinforced by personally defined objectives and then, from there, you can do whatever you want to do."

"I think that we have been trying to foster innovation and a digital environment for many, many years. But the big challenge for us has been to do two things: One is grow as an airline and do what the big airlines were doing digitally. How can I do the same things at a lower cost and faster? Second, how can we improve our customer experience when it's fair game for everyone? Everybody has an app today."

Make Digital About the Customer

"Everybody has from small to very large numbers of people working in the background making sure the customers are taken care of. But we're not all at the same place in terms of how we communicate with passengers. There are huge differences and I think that digital is what is going to take us to [the next level]. Digital is another word—in this particular case—for mobile apps and the technology around them. I think that's what will help us to increase the effectiveness of customer management when things go badly."

“I think that’s the direction that we’re headed—everyone in the industry—at this time.”

Differentiate or..Just Differentiate

“We have had differentiation amongst our peers now for five years. There are certain things that we’ve been able to accomplish. We’ve done it very slowly, but effectively. We’ve been connecting passengers for a long time. We code-share we have interline frequent flyer programs, two of them. It’s taken a long time for us to get there, slowly, because we wanted to have good control on costs.”

“Ultimately, the speed at which you’re able to develop these new features, call them imitating the big boys or bringing in new functionality, is what’s going to give you an edge.”

“There isn’t a sustained platform of differentiation. There isn’t. You need to be able to continue building that over time, assuming the moment you released it that someone else is going to copy it.”

“Remember what we did the lock your fare functionality. Somebody from accounting came up with it, we had it done in six weeks, and we were quite proud to see airlines like Continental and Delta and many others that began to copy that feature.”

“Having the ability to develop and implement new solutions quickly is key for that differentiation, which will not last individually. It just has to be continued.”

Make Partnerships Matter

“The great part now is that Vueling is fully integrated with BA and Iberia, and IAG. Now IAG leads the coordination across the airlines. We have this group, called IAG Digital, which has been around for about a year and a half, and they lead a lot of the innovation and they gather lots of great ideas that the individual airlines come up with—because there are a lot of great people at each of the different airlines—and they try to very quickly assess them for suitability across.”

“Frankly, to have a central platform to fund and design and spend some additional time looking into some of the different technologies is really fantastic. We sometimes are able to do that, like the smart watch, we were the first ones to put that in, but to have a central entity, in this case IAG Digital, to be looking at all these new technologies and give us the ability to implement them is fantastic, and we’re quite pleased to have that.”

Sell In Context

“Ultimately, the ability to sell an ancillary service or product is linked to capturing someone’s need at the right time. You will buy more ancillary if you feel you need it at a particular time.”

“Today, we find ourselves having discussions more about emotions. If it’s a Friday, and it’s raining, and your flight is delayed, and you’re not going to make it to that dinner that your family had prepared perhaps you have a need to do something about it. If I just come to you, at that particular moment, and offer something to you, you’ll find it a no-brainer. Say to get tickets for something the following night, or a particular gift, or a faster ride home. You will absolutely react to it. It’s transport, gifts, multiple things.”

“What will drive conversions is to be able to identify and get it right, find the particular moment when conversion would be at the highest. That’s the trickiest. That’s when you go to Big Data.”

Personalization Is Tricky—Get it Right

“If we get it wrong, you never fly with us again. If I give you a suggestion that is absolutely irrelevant, but very specific, I’m actually going to show you that I don’t know anything about you. So we have to be very careful with the process, and we’re spending a little bit of time getting it right.”

“We need to help people and engage with them in ways that haven’t happened before.”

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