

Introduction

Anybody who has bought a car will tell you that there are tangible points of difference which affect their decision to make a purchase. For example, there are many different models of car which have various characteristics. They may have manual or automatic transmissions, fuel injection systems, be small and versatile, designed for a family or for a couple, have four-wheel drive and also have vast differences in fuel-economy, safety, security and performance. The prospective purchaser can read reports through the motoring press, visit a showroom, sit in a car and test-drive it in order to make a comparison of these features.

In the service sector, a consumer has to deal with a completely different set of circumstances. It is just not possible to walk into a hotel reception and ask if you can 'test-drive' a bedroom or to turn up at an airport and ask an airline if they could take you up for a 'test flight'! The ways in which consumers select, test and make decisions about purchases do not apply in the same way for services as they do for manufactured goods. As a result there are more pressures upon service organisations to develop a series of brand values which help to communicate to prospective consumers not just the individual personality of the organisation they might deal with, but also the service elements and characteristics which help to distinguish it from its competitors.

In a highly competitive service industry such as international airlines, organisations wishing to be successful have to be aware of their competitors and the nature of competitive activities.

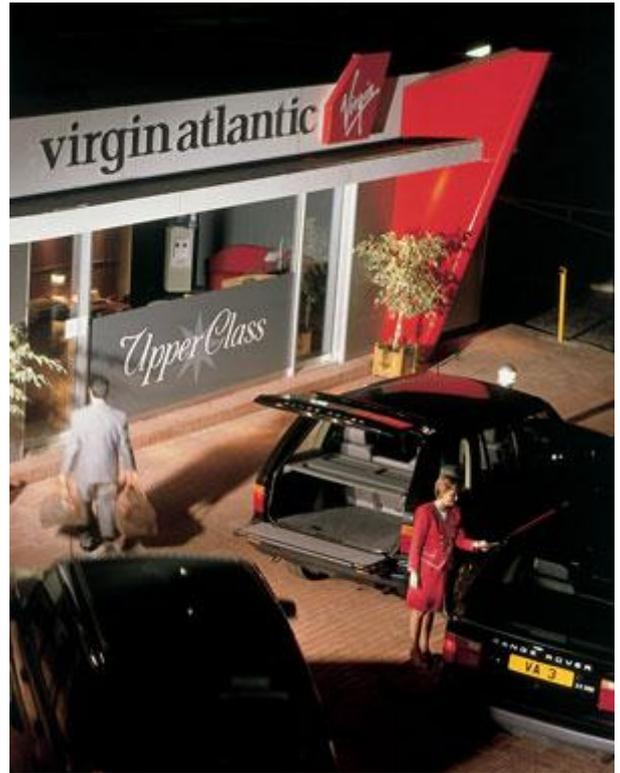
Following a difficult period at the start of the 1990s, the airline industry is now highly profitable and increasingly competitive and is set for increased growth as new markets such as those in the Pacific Rim, India and China open for business. Even so, transatlantic routes and European routes are still enormously important markets for airlines, particularly in the field of business travel. To survive, airline companies have been forced to focus upon developing their market share by improving their range of services.

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Competition

In a competitive marketplace, where different service organisations constantly try to create something new and different, consumers minds have become like a sponge which can only digest a limited amount of information relating to different products and services. The problem for international airlines is not just the nature of service improvements, but how such improvements can be transmitted to the minds of prospective consumers.

This case study focuses on how Virgin Atlantic, a comparatively young international airline, has, over a relatively short period, developed a series of brand values which have enabled it to reflect these improvements in service provision. In doing so these values have provided Virgin Atlantic with a unique personality which, through its appeal to consumers, has created a distinct advantage over its competitors. Virgin Atlantic has proved to be one of the most forward-thinking companies in modern times.



Customer service



In the airline industry, Virgin Atlantic has set the standard for excellent customer care. It has introduced a number of unique and innovative products to the business, which have become not only the hallmark of Virgin's service values, but of the airline industry as a whole. For example, Virgin Atlantic was the first airline to offer just two flight classes, Economy (a choice of Premium Economy and Economy) and Upper Class, a first class service at a business class fare, abandoning the former three class structure.

Virgin Atlantic has become the preferred carrier of many frequent flyers, because of its overall consideration of passenger needs, whether in-flight or in the airline's airport facilities. Furthermore, Virgin's own in-flight surveys have revealed that 91% of passengers in Upper Class would fly with Virgin Atlantic again and recommend the service to others.

In 1996, Virgin Atlantic carried more than 2.3 million passengers. The company has been recognised for its achievements through consistent success in winning

prestigious awards. It has been voted 'Airline of the Year' four times by the readers of Executive Travel and 'Best Transatlantic Airline' by Travel Weekly for eight years running, to name but a few.

Firsts

In the early 1980s, putting the customer first was still a strange concept in the airline business. Ferrying a passenger from A to B was paramount and building a reputation for customer care and quality was not considered imperative. Virgin Atlantic changed this by introducing the tenets of customer care and value for money as customary in the airline business.

The company was born in 1984 out of a proposal from an Anglo-US lawyer called Randolph Fields. Incredibly, the airline took just three months to lease its planes and start up its first operation from the UK to New York (Newark). From the outset, Virgin Atlantic's mission was to provide the highest quality innovative service, at excellent value for money, for all classes of air travellers.

Before, long, the airline's transatlantic routes had mushroomed to take in Miami (1985), Orlando (1986), New York JFK (1989), Los Angeles (1990), and Boston (1991). This was succeeded by flights to Tokyo, Athens, Hong Kong, San Francisco, Washington, Johannesburg and Manchester to Orlando, bringing the total number of destinations to 12. Virgin Atlantic has formed a number of partnerships with Malaysia Airlines, Ansett Australia, British Midland and Sun Air.

Virgin Atlantic, throughout its development has proved foremost in airline service with a string of 'firsts' in customer care. In-flight entertainment has headed the agenda, with individual TV screens provided for all passengers, whether in Upper Class or Economy. Other firsts for business class travellers have included: in-flight beauty therapists offering massage and manicures; a sleeper service with flexible meal options, known as Snooze Service; a complimentary chauffeur driven car to and from the airport, outbound and return; and at London Heathrow, the world's first Drive Thru Check In service means passengers are checked in by their chauffeur avoiding the queues at check in completely.

Brand values

Virgin Atlantic has successfully used branding to develop perceptions of a corporate personality, offering a unique combination of service elements and attributes, which serve to set themselves apart from the competition. In other words they have developed a 'service brand' symbolising both individualistic attributes and quality of service. This means that even consumers with limited opportunities for international travel who might not have yet experienced the brand, would choose Virgin if they were given a choice of airline, as the values represented through the brand would have influenced their choice.

The multiple qualities represented through the branding process have thus become a marketing tool of considerable strength. Before identifying Virgin Atlantic's brand values, it is useful to look briefly at how brands appeal to consumers. Brands appeal to consumers through:

- THOUGHT - Brands have a rational appeal which is logical and relates to what they can do. For example, they have to perform what they are supposed to do on the basis of points of difference.
- SENSATION - Brands appeal to senses. For example, design features, how the brand looks and the opportunities they provide for new experiences.
- FEELING - Brands go further than logic to deal with emotion. These values and all they represent appeal to the innermost feelings of many consumers.
- INTUITION - Consumers react instinctively to brands which they feel are for 'people like them!'

The foremost brand value created by Virgin Atlantic is for providing the best possible service at the best possible value at all times. The airline guarantees the passenger is foremost at all times and this is apparent in all aspects of its service. At the same time, consumers regard it as a distinctive, fun-loving and highly innovative brand which is admired for its qualities of friendliness, intelligence and integrity.



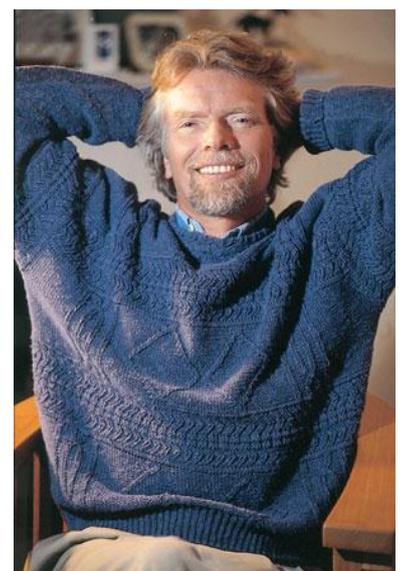
The Branson factor

The greatest advert for Virgin is probably Richard Branson. Virgin's brand values emanate from him. In many ways, Branson is the consumers hero, an entrepreneur operating in a style all of his own. In addition to his status as one of Britain's most respected businessmen, Richard Branson's daredevil antics, such as ballooning across the Atlantic, have guaranteed the Virgin brand its fair share of publicity.

It is difficult to identify how brand values relate to such widespread appeal. Many feel that it is because he is a genuine article and not a slick product of a media charm school. For Virgin Atlantic, the PR created through Branson has been an important part of the widespread success of the brand and the values with which consumers can associate. The role of the airline itself has been that of matching the reality of the product with the values created by the image.

According to Richard Branson...

"A brand name that is known internationally for innovation, quality and a sense of fun is what we have always aspired to with Virgin."



The product

In developing a distinct and memorable brand, it was important that the features and benefits provided by the products reflected the core values of the brand. In other words the brand values had to symbolise a level of quality which Virgin would build into the product itself. For example, Virgin's revolutionary Upper Class changed the face of business travel. Virgin Atlantic was also the first airline to supply a chauffeur driven car to collect passengers at their point of origin and transfer them to their final destination, both on their outward journey and return.

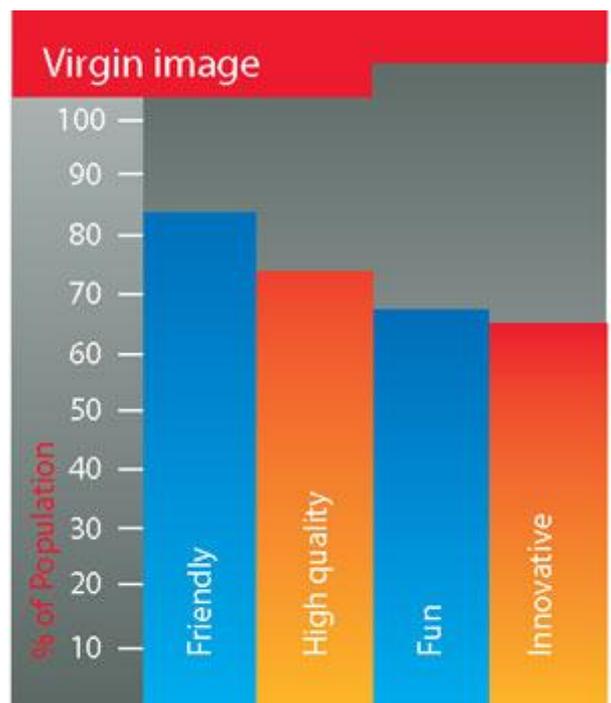


Passengers departing Heathrow who use this service can now utilise the innovative Drive Thru Check In, located adjacent to Terminal 3. The chauffeur communicates with the check in agents during the journey informing them of the passengers imminent arrival. On arriving at the Drive Thru Check In a porter will collect the passenger's bags and hand them the pre-issued boarding pass and invitation to the award winning Clubhouse lounge. The passenger is then dropped off at the walkway opposite passport control which is only a short walk to the Clubhouse. All travellers are offered the opportunity to take advantage of a first class baggage allowance and separate check in. Once onboard, passengers can enjoy 55"-60" seat pitch, a first class sleeper seat and an onboard bar and lounge to relax in.

Virgin Atlantic operates one of the most generous frequent flyer programmes available - Virgin Freeway. After their first Upper Class round trip, a Freeway member will earn enough miles for two return flights between London and Europe. Miles can also be earned with Virgin's partner airlines -SAS, Austrian Airlines, Sun Air, Air New Zealand and British Midland. You don't need to get airborne to earn Freeway Miles either; Miles can be collected when members hire a car, book a hotel, fill up with petrol or make a long distance telephone call through selected Freeway partners and companies. American Express card members who are in their Membership Rewards Programme can transfer their points from the Card to Freeway Miles so they can enjoy many Virgin Freeway rewards. Rewards range from flights, car hire and hotel accommodation to leisure activities such as skydiving, a day at a health club or even a week on Necker, Richard Branson's private Caribbean Island.

Virgin Atlantic was the first airline to offer full fare paying Economy passengers a special service – Premium Economy. Premium Economy offers facilities and service more comparable to a traditional short-haul business class. Passengers have a separate check in and priority baggage handling. Onboard there is a separate cabin, 38" seat pitch and wider seats with leg-rest and adjustable headrest. They have priority meal service with a choice of three entrees and complimentary drinks. Before and during the flight Premium Economy passengers receive complimentary champagne. Also available are a selection of newspapers and fresh fruit throughout the flight.

Virgin Atlantic's Economy service was the first to provide every passenger with their own seatback TV screen, so that they can choose what they want to watch from a selection of up to 21 video channels plus 10 Nintendo games, 5 classic PC games and 7 audio channels. They also receive an amenity kit which includes a headset to keep after the flight, complimentary drinks and a choice of three hot meals.



In recent years, the development of brand values and the fostering of loyalty and confidence they represent, have helped Virgin Atlantic go from strength to strength. Virgin Atlantic has extended its network of routes across the world and has captured market share from leading players in the industry. In the summer of 1997 Virgin Atlantic took delivery of five new aircraft, three A340's and two 747-400's, increasing the fleet to 20. Building on their reputation of innovation and being at the forefront of in-flight technology Virgin Atlantic will become the world wide launch customer of the new Airbus A340-600 in 2002.

Conclusion



Publicity centred on Richard Branson forms an important part of Virgin's communication strategy. Lord Mancroft once defined PR quite wryly as "The art of arranging the truth so that people like you". Richard Branson's activities have helped to provide positive perceptions of the Virgin organisation. These have developed a series of values which have become embedded within the brand and encompassed within the product. According to Richard Branson, "Public

relations is an important part of running our business". Virgin Atlantic has also proved to be an astute advertiser over the years. The famous logo is highlighted on all its goods and services and is a highly protected property. Virgin Atlantic has implemented a media strategy to promote its brands, including television, newspapers, posters, promotions and direct mail.

Recent TV advertising has secured the endorsement of celebrities, Terence Stamp and Helen Mirren, who had never before appeared in advertising. Both highly successful campaigns communicated the benefits of flying Upper Class as the only 'sensible choice' for business travellers and resulted in a 30% increase in trial. In addition, a selection of strip advertisements, emphasising Virgin Atlantic's Upper Class services and facilities, have featured in the UK press and have won several leading marketing awards.

Following this success Virgin Atlantic has, for the first time, targeted leisure travellers on television and cinema with the Grim Reaper ad. It has proved to be extremely popular and has won many awards, for example a 'Leon D'Or' Gold award at the 44th International Advertising Festival in Cannes and a Silver award at the British TV Advertising awards. Virgin Atlantic has moved forward, using branding in a highly competitive service industry, by creating a series of values, associations and positive perceptions. At the same time these brand values have helped to influence the choices of airline travellers across the globe.