

Low Fares, Way Better

How advertising reinvented Aer Lingus as it took on the Low Cost Carriers.

ADVERTISING HAS PLAYED A PIVOTAL ROLE IN TRANSFORMING THE FORTUNES OF AER LINGUS. DUBLIN AGENCY ROTHCO CREATED THE CAMPAIGN.

2002: “In the next four to five years the position of Aer Lingus is not going to be the position of a profitable airline”.

(Stefano Sala, Airline Strategist at Roland Berger, April 02)

2005: “Aer Lingus has evolved as the only European flag carrier capable of maintaining profits on short haul”.

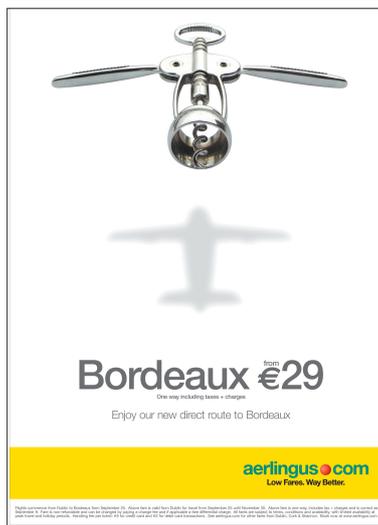
(Goodbody Stockbrokers, December, 05)

In the four year period between the above statements many factors contributed to the dramatic transformation in the fortunes of Aer Lingus. The purpose of this case study is to demonstrate the pivotal role that advertising played in this Irish success story.

BACKGROUND

Four years ago, most Aer Lingus airline tickets were bought through travel agents, making travel an expensive transaction for the customer and the airline. With the widespread success of the low cost airline model Aer Lingus needed to adjust its business model and in turn its marketing strategy in order to survive. By focusing all communication on driving consumers to the website Aer Lingus saved millions by eliminating costs. This in turn reduced travel fares and drove passenger numbers upwards, resulting in one of the largest channel shifts ever seen by an Irish company.

“It is clear that the advertising strategy and execution has played a pivotal role in turning around the commercial success of the airline. Over the past four years our advertising has challenged and changed customer perceptions of the airline as expensive, it has directly and drastically impacted customer buying behavior by encouraging them to buy more and to buy directly from us and finally our ads have created a clear and viable brand positioning as a low fares carrier with a difference”. *Fintan Lonergan, Head of Marketing, Aer Lingus.*



BORDEAUX CAMPAIGN

Figures reveal that once the advertising for the Advance Seat Sale was launched in 2005, booking increased immediately. Bookings went up year on year by 38%.

MARKETING OBJECTIVES

Inform the public of the reinvention of Aer Lingus, while retaining consumers' trust in the brand and generating seat sales through the online channel.

The core marketing objectives were outlined as follows:

- Reposition the airline as a low fares carrier
- Drive consumers to the on-line booking channel

THE TASK

In 2002, less than 30% of all Aer Lingus bookings were made online. The website had to become the primary booking channel within 24 months in order to significantly impact on business performance - a mammoth undertaking.

STRATEGIC SOLUTION

The strategy was to respond to the consumer's desire for low fares, while accenting a service standard that was out of reach for other low cost carriers. This involved re-setting the value

agenda for consumers by highlighting Aer Lingus brand benefits such as assigned seating, flights to central airports and the promise to look after you when things go wrong.

THE IDEA

The communications objective was to introduce Aer Lingus as the low fares, value added service airline in a manner that would drive traffic to aerlingus.com.

Thus the creative platform for Aer Lingus became: 'Low Fares. Way Better.'

This line captured the low fares offering whilst highlighting its enhanced features versus the no-frills alternatives.

In a recent interview the airline's Chief Executive Dermot Mannion said, "It's our 'Low Fares. Way Better.' policy that marks us out".

THE COMMUNICATIONS ACTIVITY - PHASE ONE 2003-2004

- The re-invention of Aer Lingus as an airline that offers low fares
- Rapid channel shift through directing traffic online

Aer Lingus's advertising strategy was to break with its immediate past and use 'loud', attention grabbing advertising with bright, vibrant colours. Red and yellow were deliberately chosen as call to action colours to support the online booking drive. In addition using TV, colour, press, glossy magazines, radio and large outdoor formats, the brand created a platform to differentiate itself from other low fare airlines through its media choices.

In the first year of the campaign, online bookings increased by 107% and increased every year thereafter. In addition, the number of Aer Lingus passengers grew by 10%.

Growth in Website Traffic

Year	Traffic to the website
2002	403,640
2003	723,483
2004	1,421,933
2005	2,280,539

The agency and client uncovered that the highest number of internet bookings were made on Monday mornings between 10.30am and 11.30am. By following the Rothco Path to Purchase™ model a heavyweight campaign was focused on Sunday evenings to drive traffic to the website on Monday morning. This included significant presence in the Sunday press, TV spots sponsoring ER on Sunday nights and the distribution of beer mats to pubs on Sundays.

PHASE TWO 2004-2006

- Recruiting and reassuring customers
- Advertising New Routes
- Continuing to direct all traffic to aerlingus.com

Aer Lingus continued to lead with the tagline “Low Fares. Way Better”, while adding more destination-specific and audience-specific messages. One example of a campaign in January 2006 was the ‘Global Getaway’, designed to reignite consumers’ motivation to travel with Aer Lingus.

“the ad is far stronger than the Ryanair print ad for the airline’s flights to Europe in 2006.....Cheap, the Aer Lingus ad suggests need not be cheesy, but classy instead” (*Mel Clarke, Sunday Times*).

More importantly, consumers logged onto aerlingus.com to check out the fares for themselves. After the first day of flighting, there were 63% more hits to the website than the same period the previous year.

New route launches such as Dubai and Bordeaux had the same consistent price-focused advertising. Aer Lingus advertised to the Polish community in Ireland through the use of Polish papers such as the Polski Herald and Polska Gazetta. The New York “Apple” campaign launched in June 2006 in order to increase bookings from Dublin to New York to combat the threat of Delta’s daily Dublin to USA flights.

Bookings Activity	Time period	Pre-Campaign	Campaign Launch
	July 2005	August 2005	September 2005 Ends 26th Sept
Bookings Made	78	342	754
% Increase		338%	120%
AD RECALL RESULTS			
Year	2004	2005	
Bookings made	58,348	73,650	
% Increase	38%		

THE RESULTS

As a direct result of focusing its communications on aerlingus.com on-line bookings surged from less than 30% in 2002 to almost 90% in 2006 (Ireland region). Passenger numbers for Aer Lingus have increased 30% in the last four years. Finally, encouraging customers to book direct has saved the business millions and contributed to its return to profit.

INCREASE YEAR ON YEAR TRAFFIC FIGURES

While results speak for themselves, a deeper analysis further reveals the pivotal role of advertising in this case study. This analysis is best demonstrated by answering the following key questions:

WERE THE LOW FARES NOT SOLELY RESPONSIBLE IN ATTRACTING CONSUMERS?

Although Aer Lingus have reduced their fare, they are not the cheapest in the market. For a business such as Aer Lingus to increase sales while not the cheapest supplier supports the fact that customers acknowledge the value added services that Aer Lingus provide.

WAS ON-LINE BOOKING NOT HAPPENING ANYWAY?

This massive increase to almost 90% on-line bookings puts the airline well ahead of the other major European network carriers which average internet penetration in the low 20’s (*source: Davy Stockbrokers 2006*). British Airways sell only 28% of their seats on-line (*source: British Airways, 2005*).

BUT CAN YOU PROVE THAT INDIVIDUAL ADVERTISING CAMPAIGNS ACTUALLY DROVE PEOPLE ON-LINE?

Client and agency worked closely to monitor the advertising effectiveness. Creative and media strategy are

adjusted in order to maximise response, with each campaign carefully analysed to see its effects in driving on-line bookings as highlighted below;

The launch of the Bordeaux route, supported by press, saw outstanding results. The campaign began in August 2005 and by September, saw a 458% increase in bookings compared to July of the same year. (See table above)



ADVANCE SEAT SALE

The New York “Apple” campaign was tested by the RAM/Irish Times research in June 2006 and was compared to all ads in the travel sector. The best 25% of ads had an average recall score of 57, Aer Lingus received 23% higher than average with a recall score of 70. In the 18-24 year old age group, the traditional heartland of Ryanair’s business, Aer Lingus outperformed by achieving higher press awareness. Aer Lingus have the highest spontaneous awareness of press advertising than any other airline in Ireland.

WHAT ELSE DID THE ADVERTISING DO?

The Aer Lingus brand can be seen by customers as the airline brand with the greatest value.

“Aer Lingus is slightly more expensive than Ryanair and you are getting that bit extra and you feel more comfortable and it is a smarter choice” (*Source: Jump Research*).

Low Fares, Way Better

Flaczki u mamy.
Teraz tylko 2
godziny drogi.

Z Dublina do Krakowa juz od €69
Z Dublina do Warszawy juz od €45
Z Dublina do Poznania juz od €69

aerlingus.com
Low Fares. Way Better.

WAS THE BRAND “DAMAGED” IN ANY WAY?

“Aer Lingus of old has been replaced by a modern brand that appeals to the younger, upwardly mobile customers who travel more for less. The brand hasn’t lost anything that people really want to return to”. *(Niall McCaffrey, Research Solutions, 2006)*

Moreover customers are twice as likely to cite Aer Lingus as their preferred airline to travel to the UK and three times more likely for travelling to European destinations *(Research Solutions, 2006)*.

PAYBACK

The average marketing acquisition cost (media & production cost) per passenger booking has reduced by 58% over the past 4 years.

SUMMARY

Over the last four years Aer Lingus has dramatically re-positioned itself as a low fares airline. Critical to the success of this reinvention was the ability to use advertising to reframe the idea of value for consumers in direct competition to the ‘no-frills’ carriers. Moreover, Aer Lingus communication shifted consumer behaviour to drive customers to book on-line.

“This is an example of real advertising effectiveness at driving increased sales, building a stronger positioning for the future and effectively paying for itself several times over by shifting customers to a cheaper distribution channel”.
Fintan Lonergan, Head of Marketing, Aer Lingus.

Dubai from €199
One way including taxes + charges

Fly our new direct route from Dublin to Dubai
Flights commence on March 28th 2006. Available to book now.

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Low Fares. Way Better.

one world Above fare is valid for travel until June 15 2006; is subject to terms, conditions and availability; with limited availability at peak travel and holiday periods; and is correct as at December 2. Handling fee per ticket: €5 for credit card and €2 for debit card transactions.

Ring in this New Year in
Old Market Square

Cork-Warsaw
From €69 one-way including taxes and charges

Win 2 free return tickets
from Cork to Warsaw each month!
There are a total of 10 tickets to be won
Pick up an application form at the bar for further details
Terms and conditions apply.

aerlingus.com
Low Fares. Way Better.

Is the old country
just the same?
Check in person.

Cork-Warsaw
From €69 one-way including taxes and charges

Win 2 free return tickets
from Cork to Warsaw each month!
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Pick up an application form at the bar for further details
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GLOBAL GETAWAY

UK €20
Birmingham, Bristol, Edinburgh, Glasgow, Liverpool, London Heathrow, Manchester

Europe €35
Amsterdam, Bordeaux, Brussels, Dusseldorf, Hamburg, Frankfurt, Lisbon, Lyon, Milan, Munich, Nice, Paris, Zurich

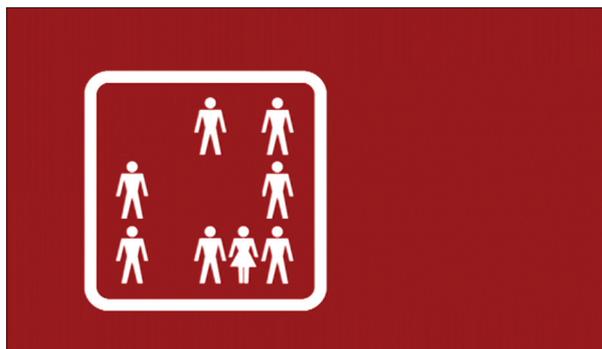
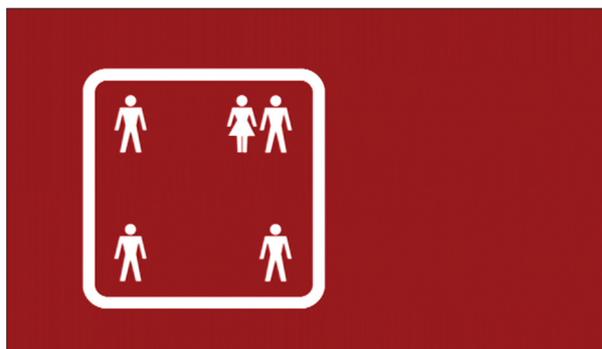
Europe €55
Alicante, Almeria, Barcelona, Berlin, Budapest, Faro, Geneva, Krakow, Madrid, Malaga, Prague, Riga, Rome, Salzburg, Venice, Vienna, Warsaw

USA €165
Boston, Chicago, Los Angeles, New York

Dubai €195
one way incl. taxes + charges.

Sale ends January 31

aerlingus.com
Low Fares. Way Better.



BIOGRAPHIES

Principal Author, Zara Flynn, Account Executive, Rothco

Graduating from WIT as 'Marketing Student of the Year', Zara went on to complete the Masters in Advertising at DIT. Straight from college, Zara began working in Rothco in 2005 and has been working on high profile brands such as Aer Lingus, Fruice and Birds Eye. Educational and Professional Qualifications: Masters in Advertising, BA in Marketing

Contributing Members:

Richard Carr, Client Service Director, Rothco

As a Board Account Director in McCann-Erickson, Dublin, Richard handled HB Ice Cream, Bird's Eye, ntl, Bank of Ireland and Nescafe. In March 2002, he transferred to McCann-Erickson Asia-Pacific based in Singapore where, as Client Service Director, he was responsible for the agency's Asia Pacific Breweries, Exxon-Mobil and General Motors business before returning to Ireland to join Rothco in 2003.

Educational and Professional Qualifications: Post Graduate Diploma in Advertising

Patrick Hickey, Managing Director, Rothco

Originally a founder member of the Golden Pages direct marketing team, Patrick left to become National Oil Distribution Sales Manager in Saudi Arabia. Following positions as Marketing Manager with DHL, he joined Saatchi and Saatchi on the P&G and BAT business for the Middle East. He returned in 1995 to establish Rothco.

Bryan Connolly, Account Director, Rothco

Bryan joined Rothco in October 2005. Prior to this he held positions at McCann Erickson and Owens DDB. Over his six years in advertising Bryan has worked on award winning campaigns for Heineken, Coca-Cola, McDonalds & Digifone/O2 among other brands. At Rothco he currently handles the Aer Lingus, Fruice and Coors Light business.

Educational and Professional Qualifications: BA, MSc. Advertising, H. Dip Advertising (J.A.E.C.)

Brian Kitson, Account Director, Rothco

He kicked off his marketing career in Diageo Ireland, where during his four years there he held positions on the Guinness Brand and Innovation and Consumer Planning. In 2001 Brian joined Danone Ireland as Senior Brand Manager on Danone Actimel where he was responsible for the on-going management and development of Actimel in Ireland for 3 years. Brian's most recent appointment was Marketing Manager with Cuisine de France prior to joining Rothco in January 2006.

Declan Kelly, Account Director, Clear Blue Water

Declan has 13 years media experience and has worked in a range of media specialists and advertising agencies such as MindShare, Carat, Ogilvy & Mather and Eason Advertising. He also has invaluable media owner experience, having held sales positions in the radio and outdoor industries. Declan's passion is advertising that makes a positive contribution to companies bottom line.

NICOLA DUFF, ACCOUNT MANAGER, CLEAR BLUE WATER

Nicola holds a Post-Graduate Diploma in Advertising, and has over 3 years media experience working on maximising the return on investment from advertising for various clients. Prior to joining Clear Blue Water she worked in the product development team of EBS.