



ANSETT AUSTRALIA

A STAR ALLIANCE MEMBER 

THE MARKET

The Australian domestic market has grown steadily since late 1990 as a result of domestic airline deregulation. Most growth has been from leisure travel. This has been driven by using discounted fares to fill otherwise empty seats, an approach which has seen the price of domestic air travel drop in real terms. Business travel demand, on the other hand, has been affected by regular periods of economic uncertainty.

Internationally, airlines are responding to customers' global travel needs by forming co-operative alliances to provide seamless worldwide travel solutions - the first of these alliances, the Star Alliance network, has recruited Ansett Australia and Ansett shareholder Air New Zealand, as its newest members.

ACHIEVEMENTS

Ansett's record of offering very high passenger service standards in the air and on the ground has won the airline a long series of prestigious awards and accolades. Ansett Australia won five consecutive Airline of the Year Awards in Australia. It also won the coveted International Mercury Award for Excellence in Inflight Service. It was named the World's Best Long Haul Business Class Carrier two years in a row, and Best Airline in Australasia Pacific in the World Economy Class Survey.

HISTORY

Ansett operated its first air service in February 1936, flying a single-engined, open cockpit Fokker Universal from Hamilton in western Victoria to Essendon in Melbourne. After World War II Ansett competed with the larger Australian



National Airways (ANA) and a newly-formed, government-owned Trans Australia Airlines which had heavy government commercial support.

When the government established an official two-airline policy in the early 1950s, Ansett was excluded from the lucrative interstate routes. But the minnow-like Ansett took over the faltering whale, ANA, and subsequently became an official part of the two-airline-policy system which continued until 1990. The airline continued to prosper and was taken over in late 1979 by the road transport company TNT, and media company News Ltd, with founder Sir Reginald Ansett staying on as Chairman until his death in the early 1980s. With capacity strictly controlled under the two-airline policy, Ansett began introducing some innovative marketing approaches ensuring its 50% of the market was made up mainly of high-yield business travellers.

This led to Ansett offering a range of benefits such as Golden Wing Club airport lounges, Valet Car Parking at major airports and high standards of in-flight service. Ansett was invited into New Zealand in 1987, starting a domestic airline in that country.

With domestic deregulation in 1990 and the merging of TAA (by then operating as Australian Airlines) with the Government-owned Qantas soon afterwards, Ansett found itself operating against a far larger competitor. Ansett was permitted for the first time to expand internationally. Its

first such flight was to Bali in Indonesia in 1993. Ansett currently operates to Osaka, Hong Kong, Taipei, Bali and Fiji on its international network.

Air New Zealand bought TNT's 50% stake in Ansett in late 1996, resulting in the need to restructure Ansett International Pty. Ltd. with 49% owned by Ansett Australia and 51% by Australian institutional investors to satisfy regulatory requirements. Singapore Airlines announced a conditional offer to buy News Ltd's 50% of Ansett in early 1999, with the issue expected to be finalised in late 1999.

THE PRODUCT

Ansett Australia established itself as a leading airline by pioneering initiatives that set the standard in Australian aviation. With an emphasis on service excellence, Ansett became Australia's first airline to introduce Club Lounges. Ansett was the first Australian airline to introduce frequent flyer programs, valet parking and the hassle-free electronic ticketing system, E-Ticket. In BusinessFirst, Ansett became the first in the world to offer the ultimate in quality dining with the finest foods and beverages prepared by qualified in-flight chefs on international services. With this hospitality focus, passengers experience a level of personal attention reminiscent of an exclusive restaurant or hotel. In terms of personal space and comfort, Ansett guests enjoy room to relax in one of the most spacious international cabins in the world.

High-yield business travel has been Ansett's key market for decades, and accordingly, flight punctuality is an operational priority. On-the-ground service is designed to take the hassle out of frequent travel. Ansett Australia's delivery of service excellence has always been at the forefront of its thinking.

The Golden Wing Club, introduced in 1982, offers members airport lounges as a haven throughout the carrier's network. It also offers a wide range of value added benefits including preferential in-flight seating, priority baggage handling and numerous travel benefits, offers and discounts. Ansett's Valet Car Parking was developed as a Golden Wing Club offshoot.

RECENT DEVELOPMENTS

Air New Zealand's purchase of an Ansett



shareholding has allowed a new partnership to be forged and given opportunities to both airlines to offer new customer benefits, build joint critical mass and seek economies of scale while maintaining separate brands. The two carriers have introduced a number of new code shared services.

Simultaneously, Ansett has started to build a new airline alliance strategy under the direction of recently appointed Executive Chairman, Rod Eddington, who joined the airline from his previous position as Cathay Pacific Managing Director in early 1997. Ansett also agreed with Air New Zealand and Singapore Airlines to form the largest alliance in the Asia Pacific region, providing a wider choice of routes and frequencies, improved connections and simplified check-in services.

The airline has also started a Business Recovery Program of fundamental change designed to make it a great business as well as a great airline. Non-core businesses were sold, a carefully researched customer-driven strategy was introduced, and a company restructure designed to specifically support this strategy was introduced.

From the 28th March, 1999, Ansett Australia and Air New Zealand became members of the global Star Alliance, which also includes United Airlines, Lufthansa, SAS, Air Canada, Thai and Varig. Customers benefit from a truly global network, seamless travel experience, and worldwide recognition that has founded the excellent reputation of the Star Alliance since its inception in May 1997. With over 720 destinations in over 110 countries, covered by the eight airlines, Global Rewards members can earn and redeem Global Rewards points on all Star Alliance airlines.

PROMOTION

Ansett is one of Australia's great brands and has growing recognition for quality and service

outside Australia.

Ansett advertising has long reflected the core values of competitiveness and innovation that have now become synonymous with the Ansett brand. Service is people, and the people who set the service standards for Ansett consistently provide Ansett's communication focus.

The uplifting Enya soundtrack became one of Australian advertising's few popular enduring anthems throughout the nineties and is now synonymous with the Ansett brand.

In the early 90s Ansett successfully launched its international services into the Asian market with a campaign that focused on 'service that's out of this world'. That appropriate theme continues to be reinforced by a steady stream of industry and traveller accolades and awards.



In early 1997 Ansett Australia, in partnership with a team of international airlines, was named as Official Airline of the Sydney 2000 Olympics. The spirit and values of the Olympic Games, which seem such a natural value match with those of Ansett, were then reflected in the advertising theme of 'Service that Shines'.

In 1997, Ansett re-launched the Business First campaign for International with the "Be Our Guest" campaign used in print and outdoor.

Ansett Australia supports both sports and the arts with extensive sponsorship properties including the Ansett Australia Test Series (Cricket, 1996/97 - 2000/01), the Ansett Australia Cup (AFL, 1995 - 2003), National Rugby League, the Australian Ballet and Art Exhibitions Australia.

With its entrance into the Star Alliance Network, Ansett launched an advertising campaign to communicate to the Australian Business Traveller the benefits which Ansett itself can offer international travellers as a member of this global network. The main

benefits that were communicated were; world wide status & privileges, seamless travel and a global network, through a multi-media campaign using TV, print and outdoor.

BRAND VALUES

It's almost impossible to separate Ansett the brand from the entrepreneurial spirit of its founder Sir Reg Ansett.

Regarded throughout its history as epitomising the values of free enterprise and competition, Ansett has consistently pioneered the innovations that have set the standards for Australian domestic aviation.

Standards have been widely acknowledged as the world's best. Ansett has always believed that people lie at the heart of delivering service excellence and it is their qualities that have helped the airline to shine at every level.

Since starting its international services in the early 90s, Ansett's highly awarded inflight service and cuisine have been acknowledged by industry critics and travellers alike as second to none.

Ansett's recent selection as Official Airline of the Sydney 2000 Olympic Games and membership in Star Alliance now sees Ansett poised to take its place on the global stage.

THINGS YOU DIDN'T KNOW ABOUT ANSETT

- Australia's longest-serving Prime Minister, Sir Robert Menzies, claimed - in jest - credit for the creation of the airline. His 1920s legislation to protect state-owned Victorian railways from road competition forced the young Reginald Ansett's transport business off the road, and into the air.
- Ansett's domestic airline 'comfort seats', endorsed by the Australian Chiropractic Association, are designed to take the backache out of travel by automatically encouraging correct pelvic alignment when passengers sit down.
- Having art for sale in its airport Golden Wing Club Lounges means Ansett offers more commercial art space than most Australian galleries. The art connection went a step further in 1997 with major artists' works incorporated in aircraft bulkhead designs, starting with a modern Australian landscape by Fred Williams.
- Ansett has built hotels at tourist destinations including one of the world's leading resorts, Hayman Island. It has even built golf buggies and buses for ground transport. However, these days, it concentrates on aviation.
- Air Chefs on Ansett's international flights are all five-star hotel or restaurant qualified and experienced.

