



ANSETT AUSTRALIA

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 sharply in real terms. However, business travel demand has been affected by regular periods of economic uncertainty.

Ansett recently dropped First Class on its domestic flights following reduced demand for this product, replacing the previously separate First and Business Classes with a new BusinessFirst™ product.

Internationally, forecasters continue to predict strong air traffic growth in Asia/SE Asia, and continued growth for Australia's inbound tourism. Ansett Australia has concentrated its expansion plans in this region.

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 was rated as offering the world's best long-haul Business Class in global surveys of frequent travellers in 1996 and its Air Chef concept resulted in the carrier winning the global Mercury Award for best in-flight catering. Its high standards of in-flight service based on a specially developed 'Soul of Asia' Flight Attendant service training program has also won the airline a major national tourism marketing award.

On the domestic front, Ansett has won four successive National Tourism Industry Awards 'Airline of the Year' titles and four successive Australian Federation of Travel Agents 'Best Airline' awards. In addition, it was also the first domestic airline in the world to win a prestigious 'Air Trans-



port World' magazine Passenger Service Award and was named 1997 AFTA/NTIA Airline of the Year.

HISTORY

Ansett operated its first air service in February 1936, flying a single-engine, open cockpit Fokker Universal from Hamilton in western Victoria to Essendon in Melbourne. After World War 2 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. However 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 which was able to use its merged fleet to significantly increase its domestic capacity. Offsetting this, Ansett was permitted for the first time, to expand internationally. Its first such flight was to Bali in Indonesia in 1993 and then Ansett added Osaka, Hong Kong, Kuala Lumpur, Taipei, Seoul, Jakarta and Shanghai to 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% Ansett Australia and 51% Australian institutional

investors to satisfy regulatory requirements. Ansett and Air New Zealand set up a series of joint task forces in early 1997 seeking joint efficiencies and opportunities for co-operative activity.

THE PRODUCT

Ansett Australia offers a unique domestic and international airline product in keeping with the highest standards anywhere. Ansett's image is reflected in the sentiment 'Service that Shines' rather than 'size'.





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. Underpinning all of this is a product delivery process built on high levels of personal service. Flight Attendants, for instance, toss salads 35,000 feet in the air before serving them in the airline's new BusinessFirst™ Class. On international services, Flight Attendants are trained in issues such as body language, non-invasion of personal space, respect for older people and anticipating service requirements rather than waiting to be asked. Ansett is a world-leader in the in-flight space it offers its customers. Ansett also has a reputation for product innovation, ranging from areas such as satellite transmitted, in-flight TV news, Australia's first ticketless travel and serving ice creams after movies on international sectors through to its pioneering development of the Golden Wing Club concept.

This Club, mocked by the competition as irrelevant when 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 highly popular Valet Car Parking was developed as a Golden Wing Club offshoot.

Ansett's introduction of a frequent flyer program was also an Australian first, offering global benefits through co-operative arrangements with a wide range of quality airlines which operate to virtually every major business travel destination on the globe.



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. Significantly, Ansett has also signed a joint agreement of intent 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. Ansett is presently assessing new fleet directions designed to improve operating efficiency by reducing the number of aircraft types operated.

Internationally, Ansett added Shanghai to its network from mid-1997. In the critical customer service area, Ansett's most recent developments have included introduction of E-Ticket or ticketless travel in 1996.

In the same year the airline successfully won the right to be the Official Airline of the Sydney 2000 Olympic Games in Australia. Since New Year 1997, Ansett rebranded its frequent flyer program - the first such program introduced to Australia - as Global Rewards and co-sponsored the development of a new, Olympic identified Global Rewards credit card in association with Westpac Bank, a fellow Olympic sponsor. The airline has also unveiled a new BusinessFirst™ in-flight product on domestic services as part of its move from three to two domestic in-flight cabins.

PROMOTIONS

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.

In the early 90s Ansett took on the might of Qantas with a positioning as 'One of the world's great airlines'. Far from an infatuated advertising boast, it simply reflected the international acknowledgment that both of Australia's domestic airlines had been accorded.

The uplifting Enya soundtrack that provided the theme music for this campaign has become one of Australian advertising's few popular enduring anthems throughout the nineties and has also become synonymous with the Ansett brand.

In the early 90s Ansett successfully launched its international services into the Asian market with a 'Spaceship' campaign that focused on the world's most spacious aircraft complemented by '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, are now starting to be reflected in the latest advertising theme of 'Service that Shines'.

Once again the focus will be on the service and people who'll be setting

Australia's airlines standards in the new millennium.

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 commencing its international 'Spaceship' 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 now sees Ansett poised to take its place on the global stage.



Things you didn't know about Ansett Australia

- 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 to accommodate tourist destinations and buses for their ground transport. It has even built golf buggies. However, these days, it concentrates on aviation.
- Air Chefs on Ansett's international flights are all five-star hotel or restaurant qualified and experienced.