Strategisches Marketing-Management: Luxair & LuxairTours

Dr. Martin Jager
(Head of E-Commerce, Luxair & LuxairTours)

1. LuxairGroup: Passionate – Caring – Responsible

2. Luxair & LuxairTours – Strategic Marketing
   - Market & Competitive Environment
   - SWOT Analysis & New Positioning
   - Marketing Vision & Strategy

3. Consumer Behaviour
   - Market Research Insights
   - New Persona Concept

4. E-Commerce: Digital Sales – E-Services – Online Marketing
A Major Regional Player in Greater Luxembourg Area, primary Focus on:

Comfort, Service Quality & Safety, Benchmark as ‘Carrier of Choice’

- Turnover: EUR 495 Mio.
- Staff: 2,530 FTE
- Founded: 1948, Re-Organization 1961
- Activities: Luxair Luxembourg Airlines, LuxairTours, LuxairCARGO, LuxairServices

Main Shareholder of: 
- Cargolux (43%) – A Worldwide leading Cargo Carrier
- Luxfuel (40%) – Owner Fuel Storage Facilities & Fuelling Services at LUX Airport
- EuroMoselle Loisirs (35%) – Holiday Agency Group in Lorraine, France
Shareholders of Luxair S.A.

State of Luxembourg 39.1%
BCEE (State-owned Bank) 21.8%
BIL (Bank) 13.1%
LuxairGroup + Other Locals 12.9%
Delfin SARL* 13.0%

* New Shareholder since 2016, replacing Lufthansa A.G.
Executive Committee

Adrien Ney
President and Chief Executive Officer

Martin Isler
Executive Vice-President Airline

Alberto O. Kunkel
Executive Vice-President Tour Operating, Sales & Marketing

Marc Schroeder
Executive Vice-President Finance

Laurent Jossart
Executive Vice-President LuxairCARGO

Claude Olinger
VP Human Resources

Michel Folmer
General Secretary
Luxair Luxembourg Airlines – Fly in Good Company

Direct Flights from Luxembourg – Connecting the Greater Region to Europe, Connecting Europe to Luxembourg

- Modern Fleet founded on Highest Standards of Quality, Comfort and Safety
- Easy Accessible Airport with Modern Infrastructure, Innovative Design, Fast Connections & Comfort
- Total of 45 Destinations, 20 Operated by Luxair and 25 further Destinations served with Codeshare Partners
- Roundtrips with Same Day Return Options
- Attractive Fare Structure as of 99€ for Leisure Travellers, Maximum Flexibility for Business Customers
- Miles & More Miles on all Services
LuxairTours – Travel in Good Company

LuxairTours – Quality Holidays; Attractive Sun & Beach and City Destinations in Europe and Northern Africa

- Vakanz – Quality Sunshine Holidays
- Happy Summer – Best Value Beach Holidays for Families
- Metropolis – European City Breaks
- Book & Fly – Specials & Dynamic Offers
- Excellence – High-Quality Packages

40 Zielgebiete, davon 4 NEU im Programm: Hurghada, Alicante, Bari und Biarritz

Ab 385€ pro Woche, inklusive Flug

Mehr als 600 Hotels
75 Direktflüge pro Woche

Attraktive Frühbucher-Ermäßigungen
LuxairGroup – Further Business Units

Luxair CARGO

- State-of-the art Cargocenter
- 293,000 m² cargo infrastructure
- Annual capacity of 1.2 million tons
- Owned & Exclusive Infrastructure

Luxair Services

- 2,500,000 Passengers assisted
- 1,860,000 Meals served
- 40,000 aircraft movements, +500 vehicles
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Market & Competitive Environment

Current Business Model – Exposed to Multiple Challenges

- Exposed to Multiple Challenges
- Increased Low Cost Competition in Luxembourg & Greater Region

A very complex environment for the Tour Operator business
Difficult geopolitical context and terrorist threats in LuxairTours’ key destinations

Classical holiday package model is challenged by digital offers

Increased Low Cost Competition in Luxembourg & Greater Region
SWOT Analysis

STRENGTHS
- LG & LGIT with Focus on Product & Service Quality
- Brand Image in Home Market & Greater Region
- Small & Flexible Company & Motivated Staff

WEAKNESSES
- Regional Focus vs. Complex Competitive Markets
- Internal Cost Structure
- Challenging Technical Environment & Resource Limits

THREATS
- World Economy – Early Indicator Industry
- Limited Brand Awareness in Destination Markets
- Competition: Low Cost, Big Carriers, Surrounding Airports

OPPORTUNITIES
- Strategic Focus on Direct Sales Channel Growth
- Direct Customer Access & Personalisation
- Differentiation: Digitalisation, E-Services & Mobile Worlds
LuxairTours Strategy – Sustainable Growth

Growth Strategy & Market Development

- **Secure Luxembourg Market Position:** New Destinations & Customized Products, Keep Strategic Partnerships with Travel Agencies

- **Growth French & German Market Shares:** New Partners & Travel Agency Deals, Dedicated Sales Presence, Special Offers etc.

- **Expand Direct Sales:** Sales Actions, Summer / Winter Specials, Online Product Book & Fly, First Minute Offers, LuxiClubs, etc.
LuxairTours – Dynamic Offers based on Customer Needs

FROM
Traditional Brochures…
FIXED Flight-Hotel PACKAGES
at a FIXED PRICE

…TO
Dynamic Offers

VARIABLE
FLIGHTS

MULITPLE
HOTELS & PRODUCTS

DYNAMIC
PRICES

…AND
Customer Needs
Luxair – New Positioning & Brand Image
Best Value for Money

New Luxair “Best Value for Money” Concept

PRICE
- New Business Class Concept
- New E-Services
- Schedule / Same Day RT Options
- New & Modern Fleet

QUALITY
- Miles & More
- Miles & More

PRIMO DESTINATIONS
EUROPE, LUXAIR SERVICE AND COMFORT INCLUDED. AMAZING!
20 destinations in Europe! Flights all included.
FROM
99€* RETURN FLIGHT

New Luxair
“Best Value for Money” Concept
“Our customer is directly recognised at every touchpoint and gets individualised offers, services and products.

Our digital platform is the main entry point for travellers in the greater region and we provide a seamless customer journey.”

E-COMMERCE – KEY SALES KPI
Market Share 2020

60 %

30 %
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Market Research – Key Customer Insights as Decision Basis

Own Market Research & Customer Surveys

- LuxairTours – How & when do you book your Summer Holidays
- Performance & Services – Inflight Catering, Delays, Call Center Opening Hours
- Luxair & LuxairTours – Inflight Surveys
- We would like to Know You Better

External Market Studies

- TNS / ILRES Market Studies LUX / Amadeus Customer Surveys / Digital Travel Trends…

Martin,

Customer satisfaction is extremely important for us. We would greatly appreciate if you could take a few minutes to complete this survey, so that we can continue to improve our ranges of services.

Thank you for taking part in this survey.

Best regards,
Your Luxair Luxembourg Airlines team

GIVE US YOUR OPINION
Kantar / TNS – Connected Life Study LUX
Connected Customer Segments – Targets Sales Potentials

**Observers**
Online throughout the day, but less open to engaging with brands

**Functionals**
Spend the least time online, and the slowest to adopt new trends.

**Leaders & Super Leaders**
The most active and social: early adopters, content creators and most open to brands.

**Connectors**
Spend a limited time online, but when they are, they are heavily social.

Where can you find your target?
What moments matter (to your brand)?
When are they most receptive?
Customer Behaviour I
From Customer Lifecycle to New Persona Concept

FROM CURRENT CUSTOMER LIFECYCLE

NEW PERSONA CONCEPT: Bring “Clusters to Life”

BASIS: Booking Behaviour & Basic Demographics

Fictional Characters to represent the Different Customer Types with a targeted Set of...

1. Socio-Demographic,
2. Attitude,
3. Behaviour and
4. Customer Value SETS

that engages with a Brand or Products in a similar way
Customer Behaviour
Why Personas? = From What to Who!

Basic Lifecycle Profile Assumption = WHAT is Paul?

New Rich Persona Concept = WHO Paul really is!

Profile – Paul Durant

Position: CEO Financial & Real Estate Company
Personal Data: 54 Years, LUX Resident
Miles & More Status: SENATOR
LG: 23 Flights / Year (LGIT Packages: 0 Flights)
Booking Patterns: 90% High Yield
Luxair – Persona Concept

Leisure Traveler
Singles, Couples
- spontaneous
- open

„I’d like to get some inspiration and recommendations for different cities.“

Miles & More
No or Base Member

Leisure Traveler
Family
- long-term booking
- less flexible
- comparative
- organized
- shorter decision process

„We need a safe and organized travel experience.“

Miles & More
No or Base Member

Business Traveler
Frequent Flyer
- stress awareness
- time is money
- switching the schedule
- short-term booking
- high mobile affinity
- mobile oriented

>> flexibility is key!

„I need to be totally flexible changing my flights afterwards.“

„I expect maximum comfort and good service to arrive relaxed at the destination.“

Business Traveler
Occasional

„During the flight I continue working or just relax watching a movie.“

Miles & More
Frequent Traveller
LuxairTours – Persona Concept

Youngster
- easy going
- always online + social
- compare extensively
- rating driven
- most price sensitive/driven!
- less mobility
- more flexible than a family
- open for small group products

“We travel once a year - so everything has to be fine.”

Family
- early booking
- comparative
- not flexible
- price sensitive
- convenient
- structured and organized
- stress awareness (in terms of kids)

“No Kids, Couples, Singles
- (price sensitive)
- service driven
- high upsell potential
- rating driven

“We often decide short-term where our next trip will go.”

Best Ager
- Print driven
- Premium but pricy
- More into details
- Well prepared
- Highly service oriented
- Should have time > but in fact they don’t have time

“I’d rather pay a bit more, to get a better service and more comfortable travel experience.”
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E-Commerce & Digital Marketing Mix

1. Play the Marketing Mix

   - **PRODUCT & SERVICES**
     - Brochures vs. Dynamic & Customer-Driven Products
     - Leisure vs. Business
   
   - **PRICE**
     - Dynamic Pricing
     - Special Discount Offers
     - Upsell / Cross-Sell
   
   - **PROMOTION**
     - Newsletters / Banners / Display / Social Media Posts / Promo Pages
   
   - **PLACE**
     - Focus on Own Digital Channels / Online Store / Mobile & Social Media

2. Optimize Traffic & Conversion

   - **SEO Optimization**
   
3. Drive New Digital Solutions – Focus Customer Added-Value

   - **Mobile Worlds & Mobile App Management**
   - **New Customer Portal & Booking Tools**
   - **New E-Services (e.g. PayPal)**

4. Analytics & Sales Performance

   - **Google Analytics & Tracking**
   - **Evaluate Online Sales Campaigns**
   - **Online Sales Figures & KPI Reports**
   - **Manage Sales Action Plans**
Digital Sales Actions – Some Recent Examples

Advent Calendar Specials

Business Newsletter – Edition # 8

Luxair Destinations Action

LuxairTours – Summer Holidays 2017

LuxairTours – Sunny Winter

City Trips
Luxair & LuxairTours – E-Commerce Sales Performance

**Luxair Web & Mobile**

<table>
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<tr>
<th>Year</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>E2016</th>
<th>B2017</th>
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</thead>
<tbody>
<tr>
<td>Sales (in 1000 Pax)</td>
<td>142</td>
<td>182</td>
<td>242</td>
<td>311</td>
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- +26%
- +12%

**LuxairTours Web**

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<tr>
<th>Year</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
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<th>B2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales (in 1000 Pax)</td>
<td>32</td>
<td>40</td>
<td>44</td>
<td>52</td>
<td>87</td>
<td>113</td>
</tr>
</tbody>
</table>

- +30%
- +68%
Sneak Preview – New Customer Portal
Key Element For Digital Transformation

Luxair

Discounted prices start from €99.*

6.1 Mio. Visits / Year

2.8 Mio. Visits / Year
Focus on E-Services & Mobile Worlds

New Manage My Booking Suite

Luxair Mobile Apps

New Luxair Web & Mobile Check-In

New Luxair Fare Structure Display
Simple, Transparent, Smart

- Flight changes: 75€
- Refund: 75€
- Baggage allowance: 20 Kg (Classic), 20 Kg (Plus), 30 Kg (Business), 30 Kg (Business Flex)
- Miles & More: 125-1250 (Classic), 125-1250 (Plus), 1000-1250 (Business), 1250-2000 (Business Flex)
- Catering: Drink & snack (Classic), Drink & snack (Plus), Drink & snack (Business), Drink & meal (Business Flex)
- Business Lounge: - (Classic), - (Plus), - (Business), - (Business Flex)
“Social media forms a core part of how travel companies build and sustain brand images and customer relationships”

H. Harteveldt (Atmosphere Research Group)

KEY Challenge: How to Drive Sales Conversions!
What can we do to make them **happy**?

What can we do to make them **buy more**?

What can we do to make them **promote us**?
Last but not least: Sometimes…
Your Ad goes viral by pure Chance & Coincidence