



The Web Enforced Airline

Dutch airline Transavia is undertaking a major transformation of its business model. Once founded as a charter airline, the company aims at becoming a full service travel company with a business portfolio that goes far beyond flying alone. The airline has recently rebranded itself from 'Transavia' to 'Transavia.com' stressing the one-stop-shop functionality of its website. Enough reason for Aerius to invite Mr. Onno van den Brink, Chief Executive Officer of the airline for a lecture that took place last May 19th about this transformation.

By Willem Jan Zondag

After a short introduction about his own career and Transavia, Mr. van den Brink especially discussed the backgrounds of his company's transition. He pointed out that Transavia had been primarily in the charter business for several decades doing business with tour operators instead of individual consumers. Another characteristic of the charter airline business is the high demand during holiday seasons versus overcapacity during off-peak periods.

Two major developments in the airline business environment that started around the year 2000 have impacted Transavia's business model. The first development Mr. van den Brink explained is the vertical integration within the travel chain initiated by tour operators. Tour operators in Europe increasingly started their own air operations, either by acquiring an existing airline or by setting-up their own airline. A second development is the rise of low-fares airlines which legacy carriers underestimated in the early years.

In response to the low-fares airline threat, Transavia began to pioneer in this business as well by offering a low fare service concept called 'Basiqair'. Ultimately, the former Transavia and Basiqair business con-

cepts were merged into the new Transavia.com business model. This impacted not only passengers, but also the traditional travel agencies and the employees of Transavia.com. The airline management of Transavia.com decided to abandon the transaction fees previously paid to travel agencies. This lowered the cost base of course, but worried the travel agencies. The business transition also had its impact for the



Transavia's CEO Mr. Onno van den Brink

Transavia.com workforce, especially for the cabin attendants. Their primary responsibilities were ensuring safety and security, but the Transavia.com management decided to enrich their work with onboard sales as catering was no longer provided for free.

In the end, Transavia.com succeeded to lower its cost base dramatically by cutting agencies commission, caterings costs, introducing a single aircraft type with one less cabin attendant per flight. However, the new business formula not only involves low costs as Transavia.com evolves from a commodity player into a digital travel shop with convenience as primary characteristic. Site visitors not only may book a flight, but can also book a wide variety of ancillary products services – ranging from theatre tickets to city guides – related to their journey. The airline is becoming a 'web enforced airline', to put it in the words of Mr. Tjero Zomer, CFO of Transavia.com. This provides the airline with a unique business proposition making the airline less sensitive to developments in the external environment.

Despite its dynamic development, however, Transavia.com is still a subsidiary of Air France/KLM. Mr. Van den Brink also paid some attention about the relationship with the parent company of Transavia.com. He made clear that strategic choices made regarding the transition were taken autonomously. Discussion topics

between the parent and its subsidiary are for instance route choice and the purchase of aircraft. In practice Transavia.com benefits also from its parent company, for instance when it comes to hedging of fuel and the development of Internet check-in technology by KLM that is used by Transavia.com.

The interactive lecture gave an interesting look behind the scene of this dynamic airline and discussions were continued during the drinks in a café nearby. Should you wish to learn more about this company, please feel free to browse to... www.transavia.com.

Be sure not to miss the next lectures. More info will be available at www.aerius.nl