

Case Study: Virgin America—Redefining Elegance in Flying

“With SaaS and cloud computing we are seeing IT move to an on-demand model. Virgin America has similarly brought on-demand to the airline industry.”

Brett Billick, Director of Customer Loyalty Programs at Virgin America, is explaining some of the philosophy of the airline—including the subtle one of calling customers “guests.”

“From our 2007 launch, our mission has been to harness new technology and design to reinvent the flying experience and give guests more comfort, choice, and control,” says David Cush, president and CEO.

Yes, 2007 launch—this is the San Francisco-based airline and a completely separate company from Virgin Atlantic, the international carrier that has been in business much longer. The Virgin Group is a minority investor in Virgin America. They are both part of Sir Richard Branson’s Virgin family.

On-Demand in the Airline World

Billick expands on the On-demand theme:

On most airlines, the food and drink trolley comes along when it suits the flight crew. On Virgin America, you order your meal whenever you want during the flight and as often as you like.

Upgrades—most other airlines have cut-off times, even days before your flight. On Virgin America if you feel like upgrading while on the flight you can via the airline’s state-of-the-art entertainment system, Red.

You want to work on the flight? The airline has wi-fi onboard every one of our planes. There’s no guessing whether a particular flight has wi-fi or not and there’s a standard power outlet near every seat.

You want to be entertained? We have the largest entertainment library in the U.S. skies—not just one movie shown when you may want to nap.

You want to nap? We have one-of-a-kind moodlighting, which transitions through 12 shades that adapt to outside light that is incredibly soothing and not only helps to relax guests, but gently wakes them on a red-eye flight.

You want to shop? Most airlines have a paper SkyMall catalog and you hopefully remember to call when you land. We offer on-demand digital shopping via the Red platform at every seat.

You're curious about where you are? No need to pass on a request to the captain or wait for him to announce the plane is passing over the Grand Canyon. We have interactive, terrain-view Google Maps on every seat.

You want to use your Elevate program frequent flyer points? We have no blackout dates. If there's a seat, you can book it any time.

Continues Billick:

We also have custom designed, deeper, and more comfortable leather seats throughout our cabin. The Virgin America experience was designed to be like no other, marrying stylish design and innovative technology. The airline provides an upscale flight for less and gives guests control over their in-flight experience.

That was a core design principle when we launched our airline. Virgin America is a California-based airline on a mission to make flying enjoyable again—with brand-new planes, attractive fares, topnotch service, and a host of innovative amenities like wi-fi and the Red platform.

Red, a Linux-based in-flight entertainment system, is accessible from a nine-inch touch screen on every seatback and a Qwerty-keyboard handset at every seat.

Flying Redefined

Wired magazine has called their planes “a multimillion-dollar iPod. That flies.” When you analyze the nuances, you marvel at the improvements it brings to flying:

The wi-fi is via Aircell's GoGo In-flight Internet described in Chapter 5. The service leverages Aircell's experience with airphone technology onboard flights in the 1990s. It uses air-to-ground frequencies—a

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big difference from the satellite services that other airlines are trying out. The plane transmits via underbelly blade antennae to over 90 cell towers that can be accessed around the United States and up to about 100 miles over international waters. Each plane has three wireless access points, and even if everyone on the flight uses the wi-fi service, the speeds are acceptable. On the day Virgin America became the first airline to have fleetwide wi-fi, the airline did a Skype chat call with Oprah Winfrey for her “Where in the Skype Are You” show. The Red system also allows a seat-to-seat digital chat capability so you can converse with a colleague a few rows away.

The shopping is via a special section of the SkyMall online store. You can buy a Tag Heuer Aquaracer Watch or you can drill into the Apple, Best Buy, Target, Barnes & Noble, and many other online stores. Each purchase rewards you with Elevate frequent-flyer points.

The enhanced Google Maps feature shows terrain views with eight levels of zoom functionality, so you can see the topography over which you are flying. Jesse Friedman, product marketing manager for Google Maps, has been quoted as saying, “With fresh data presented in our beautiful terrain view, this update improves travelers’ ability and desire to track their flight progression as it happens. Flying is simply more fun when you can explore what’s below.”²³

The dining and entertainment is supported with an “open tab” functionality. Guests can swipe their credit card just once per flight and order food, cocktails, movies, and more—and keep the tab going.

The entertainment includes live satellite television lineup via DISH Network, prerecorded television channels, and a 25+ film library at every seat. Alternatively, you can enjoy the 3,000+ MP3 music library and even create playlists in-flight. Need more choices? You can play a variety of videogames, including cult favorites like Doom.

Virgin America is known for its award-winning cuisine. The airline refreshes its offerings quarterly in order to provide travelers with seasonal and locally sourced food options. It offers food pairings like a Pacific brie and turkey sandwich bundled with PopChips and Peach White Honest Tea. Or you can order à la carte. The first-class menu is even more elaborate and has included entrees like a Beet Lavash Wrap with Gazpacho or Goat Cheese Tortelloni.

The drink choices are just as wide, with specialty cocktails named Funkin Margarita, Drunken Parrot, and Moonmosa. Virgin calls them “Cocktails with Altitude.” Flight crew, by the way, see your food and drink orders on a tablet in the pantry of the plane where they prepare your serving and bring it to you on a tray.

Slim-line Recaro Aircraft Seating with a full-size headrest provides unusually comfortable airline ergonomics. Some of the nice features: 32-inch general seat pitch, five-inch average seat recline, hidden under-floor electronics boxes providing all seats an unobstructed foot well; a seat structure with greater knee clearance than traditional seats at the same pitch; luxurious black leather, soft upholstery, and high-gloss white plastics; headrests with adjustable wings as well as height and tilt adjustment; enhanced lumbar support, and contoured seat-pan structures unlike the metal bars that can be felt through traditional airline seats.

And that is seating in coach class! First Class seating offers 13 inches of electronically controlled recline with extended leg and footrests and other nice touches you typically see only on international flights. In another nice touch, cabin lavatory locations (behind the aft doors) mean that no passenger is seated adjacent to a restroom.

The planes themselves are new—fuel-efficient Airbus 320s. Virgin has announced plans to move to newer LEAP engines. “Designed in collaboration between CFM International, Snecma, and GE, the new LEAP engines improve fuel efficiency by 15 percent. Aside from fuel efficiency, the LEAP engine also produces 15 percent less CO₂ emissions than other planes and it reduces nitrogen oxide emissions by 50 percent. The LEAP engine also cuts engine noise by 15 decibels, which is like “reducing a jack hammer to an alarm clock.”²⁴

The planes are already carbon-conscious. Virgin was named “Most Eco-Friendly Airline” in May 2010 by the SmarterTravel Editors Choice Awards. In addition, Virgin allows its guests the option to pay a voluntary fee when booking their ticket, which will go toward supporting carbon-offset projects.

Billick continues:

Technology has allowed us to leverage social tools effectively. In fact, we reward guests for virtual check-in via Foursquare and Facebook Places. We leverage our social media channels given that we have

a number of very passionate and loyal advocates online. As the only airline based in Silicon Valley, our flyers tend to live online as well—and it's a great way for us to drive awareness. We were also the first airline to offer fleetwide wi-fi and plugs near every seat—so we have a real-time link to our guests via social media channels. We've also launched some interesting partnerships with some of our neighbors like Twitter, Google, and Loopt, and our partnership with Groupon—the first-ever Groupon for air fare—was very successful. Social media can be a real authentic link to our guests—it can help us drive awareness and trial as a young airline, identify positive and negative issues as they unfold, and increasingly we see that it can drive sales when done in a compelling way.

Loyalty Program 2.0

Billick again:

Technology has also allowed us to create a very innovative frequent flyer program.

To start with, it is simple—which in itself is innovative. You earn 5 points for every dollar spent, and free flights start at as little as 2,500 points. There are no blackouts, you can redeem for any unsold seat, and you can redeem for one way trips.

Billick continues:

Or you can take advantage of some unique rewards like a party with Sir Richard Branson, or even a trip on Virgin Galactic, the group's planned private space venture.

Tibco's Loyalty Lab technology powers the Elevate program. Guests see dynamic pricing for various trip combinations in Elevate points as they would if they were paying for the fare. Loyalty Lab has made adding affinity partners much easier. Virgin America has over 200 partners that allow guests to earn points. These include credit card, hotel, and rental car companies, and other airlines. (Loyalty Lab is attuned to creative loyalty promotions. In one it helped Zynga award Farmville currency for General Mills spinach purchases.)

Loyalty Lab also provides Virgin analytics such as guest flight and award patterns, demographic and psychographic data, and partner activity.

“We’ve been very pleased with our partnership with Tibco’s Loyalty Lab and the flexibility it has provided our Elevate program. It’s extremely important for our guests to utilize Elevate redemptions as seamlessly as booking a regular flight—and Tibco Loyalty Lab’s powerful technology has made it simple,” says Billick.

It is pretty impressive what Virgin America has accomplished in four years. It now serves 15 airports in the United States and Mexico. But importantly, it has shown “the art of the possible” in an industry that *USA Today* said “scored lower than the Internal Revenue Service in customer satisfaction” around the time Virgin America was started.

Of course, it has earned plenty of kudos. *Travel and Leisure* magazine has named it “Best Domestic Airline” four years in a row—2008 to 2011. The real satisfaction comes from delighted customers like Karen Auby, senior manager of public relations at Plantronics, Inc. “I flew Virgin America for the first time in 2008 and have been a loyal customer since. I actually drive 20 minutes out of my way to SFO so I can take Virgin. There are so many surprisingly cool things: on-demand food and drinks, comfy leather seats, and good content on the personal screens.”

Auby continues: “What keeps me loyal is the staff. Virgin has the coolest flight staff. They never fail to make a 5+-hour flight entertaining. I can tell they love their job. Nothing is worse than grumpy flight attendants.”

Steve Naventi, at The Outcast Agency, which represents several high-tech firms like Salesforce.com and Facebook, says:

Virgin America makes flying feel enjoyable and special for me—like it once did—but with a modern approach. I actually look forward to going to the airport when I’m flying Virgin. The only complaint I’ve ever had is when I find that their flights won’t match my schedule or they don’t fly where I’m going!

Billick summarizes:

Our brand pillars are:

—Advocacy—think of the guest first when acting.

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—Innovation—do it better than the other guys, in whatever we are executing.

—Vibe—do it with personality and wit.

He might as well add “continually improve.” Virgin has tested free use of the new Google Chromebooks on selected flights.²⁵ And that also comes with free wi-fi!

Now that is technology-enabled elegance!

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