

# flydubai

## MARKET

Conceived in March 2008, flydubai, Dubai's first low cost airline, started operations on June 1<sup>st</sup> 2009. Set up by the Government of Dubai, flydubai is dedicated to making travel more accessible and affordable, taking every step to lower costs and pass on those savings to customers.

As of April 2011, the airline had a fleet comprising sixteen brand new Boeing 737-800 NG aircraft – one of the safest and most trusted aircraft types ever to take to the skies – and served more than 34 destinations in 24 countries, making it the world's fastest growing startup airline. The carrier has had a positive impact in many destinations to which it operates, helping to grow overall passenger traffic; in the first twelve months of operation (June 2009-June 2010), the Beirut market grew by 33%, Damascus 39%, Amman 40% and Egypt 22% overall.

Based on a low cost business model, flydubai offers a value-for-money product at an extremely competitive price. The principle of its fare model is that the price includes everything a person needs to travel – i.e. the price of the seat, all taxes and hand baggage. Passengers then pay for optional extras, such as checked baggage, extra legroom, in-flight entertainment and refreshments on board.

To put the region's potential low cost carrier (LCC) market into context, in Europe 35% of air passenger business goes to LCCs, whereas in the Middle East the figure is just 7%. With this in mind, flydubai has aimed to expand both its fleet

and network as quickly as possible to offer more choice and attract more passengers, thereby creating a sustainable and profitable business model in the years to come.

flydubai's website ([www.flydubai.com](http://www.flydubai.com)) is an important interface for customers, together with a call centre and travel partners.

## ACHIEVEMENTS

flydubai supports the city's commercial and tourism sectors by providing affordable air links to a range of destinations.

After an exciting twelve months, on June 1<sup>st</sup> 2010, flydubai celebrated its first year of commercial operations, during which it had carried more than three quarters of a million passengers. It recorded its one millionth passenger booking soon after.

flydubai has constantly announced new destinations and opened up many new routes previously not served by international airlines. Indeed, throughout 2010, it started flights to seventeen new cities, three of which were previously restricted to domestic operations.

In July 2008, flydubai placed an order for 50 737-800 NG aircraft from Boeing at the Farnborough Airshow. It had received sixteen of these by April 2011, with several more due before the end of the year.

The 737-800 NG comes from a Boeing family that is officially the most commercially successful aircraft type ever designed. There are 1,250 Boeing 737s in the air at any time, with one taking off every 4.6 seconds. Its reliability, safety and fuel efficiency make the aircraft ideal for flydubai – benefits that it can pass onto customers through reduced fares.

Other notable achievements in its short history include being the launch customer for two new products: Boeing's Sky Interior and the Lumexis Fiber To The Screen™ In-Flight Entertainment (IFE) system, which enhance the on board environment.



## HISTORY

The Government of Dubai announced the formation of a low cost carrier in March 2008 and by June that year it was announced that it would be named flydubai.

An historic order for 50 737-800 NG aircraft from Boeing, worth US\$4 billion, placed at the Farnborough Airshow in July 2008 made the new airline the Middle East's largest 737 customer.

April 2009 saw the airline announce its first day of operation (June 1<sup>st</sup> 2009), initial routes and prices. In May that year, His Highness Sheikh Ahmed bin Saeed Al Maktoum, flydubai's Chairman, unveiled the



carrier's first Boeing 737-800 NG.

In just three months of operation, flydubai had four aircraft, five destinations and had carried more than one hundred thousand passengers, which prompted it to sign aircraft financing and maintenance deals worth more than US\$180 million at the Dubai Airshow in November of that year.

In June 2010, flydubai celebrated a successful first twelve months of operation, with passenger numbers exceeding 750,000.

## PRODUCT

flydubai is a low cost airline committed to high quality in-flight products, which include an excellent menu and a wide range of duty free items, spanning fragrances, jewellery, cosmetics and flydubai branded merchandise. The café-style menu was developed in consultation with a team of international chefs and nutrition experts to ensure passengers have the option of fresh, wholesome food that reflects the diversity of the regions flydubai serves.

The onboard snacks, like flydubai's fares, are geared towards providing value for money, thus the menu options are priced below comparable products at many cafés around Dubai. Optional extras are focused on the principle of customers only paying for the services they choose.

"This is one of the mainstays of our service," said Ghaith Al Ghaith, CEO of flydubai. "We will not inflict charges where they are not justified. It's understandable if customers choose not to eat or drink on what are relatively short journeys. But for those who do want a snack or meal, the menu has wonderful food at excellent prices."

Elsewhere on board, the magazine pocket



has been moved to the top of the seatback to allow an additional 5cm of legroom, easing one of the most common reasons listed for airline customer dissatisfaction – lack of legroom. The new pocket design also helps to maintain hygiene as it is easier to clean than traditional fabric pockets. Additionally, passengers have the ability to choose their seat from AED 5 or opt for one with extra legroom for AED 100, which will provide up to 22cm more legroom.

flydubai's seats are ergonomically designed by one of the world's most specialised seating manufacturers, Recaro, which also manufactures seats for Porsche. Because the seats are constructed of lighter materials, the aircraft is substantially lighter, resulting in fuel savings, which can, in turn, be passed onto flydubai's customers. It also allows flydubai to comfortably fit an extra nine seats on the aircraft, while still maintaining the feeling of extra space. With extra seats to sell, passengers pay less.

flydubai's main priority – the all-important safety aspect – was taken into consideration when developing the seat. In emergency exit rows, specially designed pins are used to ensure that food trays do not fall and block exits.

When looking at the aircraft exterior, one of the most striking features is the winglets. While they may appear to be small additions, they add an extra 1.4 metres to the wingspan, and are aerodynamically designed to save up to 4% of the total fuel burn.

A winglet equipped aircraft can typically use 3% less climb thrust on take-off, while cruising fuel flow is 6% less, which will save flydubai between 75,000 and 125,000 gallons per aircraft per year. This, of course, not only saves on energy costs but extends engine life and reduces maintenance costs. The reduced fuel consumption will also lead to 5% less nitrogen oxide and 4% less carbon dioxide emissions throughout the lifespan of the aircraft.

Meanwhile, flydubai has introduced a number of innovative ways to book and pay for flights



that mean no matter where a customer is in the UAE they are never far from a payment partner. In addition to booking flights at a number of travel agents, customers can also pay for their online or telephone booking with cash within 24 hours through exchange houses, online banking, banks and post offices to avoid discriminating against those who do not have a credit card.

## RECENT DEVELOPMENTS

In November 2010, flydubai became the first low cost airline in the Middle East to introduce on-demand In-Flight Entertainment (IFE). It also became the first airline in the world to screen movies in HD. The revolutionary Fiber To The Screen™ system from Lumexis works through fibre optics rather than traditional copper pipes. This makes the system lighter and therefore viable for a LCC as it reduces fuel consumption, which is an airline's single biggest cost. In line with flydubai's principle of paying for extras, movies are priced from AED 25 and TV shows from AED 5. Passengers can also listen to music or play games for free, as well as order refreshments and duty free items.

At the same time as the IFE was introduced, flydubai also became the launch customer for Boeing's Sky Interior. The new design has an updated lighting system, which incorporates mood settings to help prevent jetlag, while the overhead lockers have been redesigned to create extra headroom and storage capacity.

There have also been substantial developments on the maintenance and engineering side; flydubai has installed carbon brakes, which are almost 280kg lighter per aircraft, which allows the LCC to not only save money on fuel but also carry more weight on board.

More recently, in April 2011, flydubai announced it had invested US\$20 million to bring all of its maintenance and engineering functions in-house for which it recruited more than 75 engineers from over fifteen countries – another sign of its growing maturity.

## PROMOTION

flydubai's strategy is to deliver uncomplicated, low fare travel at every consumer touch-point irrespective of channel – website, call centre or travel agents – and to manage customer expectations about the flydubai experience, which is evident in the airline's communications strategy.

The carrier constantly challenges the way it does things, looking for more cost-effective and innovative ways to connect with customers. For example, it has built-up a substantial database of subscribers and bookers so it can send emails

and SMS messages to thousands of potential passengers quickly and cost-efficiently. It is also testing social networking as a communications tool because it can help create a dialogue between flydubai and its prospective customers at little or no cost.

As a startup, flydubai needed to invest in above-the-line mediums, such as press, radio and outdoor, to generate awareness, so advertising campaigns are implemented for every new route launched in both the UAE and local markets. This is then supported by below-the-line activity in the shape of sales collateral and point-of-sale materials.

The airline also invests heavily in online marketing, including banner advertising and search engine marketing. As an online brand, the company expects investment in this area to increase – especially as internet penetration across the region continues to grow at pace.

Ultimately, flydubai recognises that the credibility and longevity of the brand will be dependent on how it delivers the product through its people – pilots, cabin crew, ground handling staff and call centre agents. For this reason, it invests in training its customer-facing staff to handle passengers efficiently and with a smile.

flydubai has to question cost in every aspect of its business, and promotion is no exception. Everything has to generate a return on investment because low cost is all about accountability.

## BRAND VALUES

flydubai has ensured that its brand is built on the principle that the product is the brand. This lays the foundation for the brand's values, which are to be honest, uncomplicated and humble. Living by these values, flydubai believes it can deliver its brand promise to provide uncomplicated, low fare travel. As Ghaith Al Ghaith, flydubai's CEO, says: "flydubai will try to make travel a little less complex, a little less stressful and a little less expensive."

[www.flydubai.com](http://www.flydubai.com)



## Things you didn't know about flydubai

- flydubai has staff of 85 different nationalities.
- 189 is the number of seats on all flydubai aircraft.
- 5,500km is the flying range of flydubai aircraft.
- flydubai carried 1 million passengers in its first thirteen months of operation.
- It is the world's fastest growing startup airline ever.
- It is the Middle East's largest Boeing 737 customer.

Superbrands