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Epsilon speaks with Tony Fernandes, Group CEO of AirAsia, about the links between great service, smart online communications and customer experience in a very competitive market.

Key points

- » The best time to build brand and market share is when your competitors pull back.
- » Great customer service is built on great communication – it shows you're committed.
- » Digital marketing based on CRM builds loyalty – and it works best when it's interactive and encourages conversation.



Tony Fernandes is Group CEO of AirAsia, a position he has held since 2004 when the company went public. Born in Kuala Lumpur, he was educated in the United Kingdom at Epsom College and then graduated from the London School of Economics in 1987. He then worked as an accountant for Richard Branson's Virgin Records/Virgin Communications London, subsequently gaining management roles at Warner Music Malaysia and Warner Music South East Asia, where he was promoted to VP, ASEAN. He has received numerous awards for leadership, including the title Setia Mahkota Selangor from the King of Malaysia for promoting ethnic music into the mainstream, and was named Malaysia CEO of the Year 2003 by American Express and Business Times. His vision and efforts in reinvigorating the airline industry were recognised with the Global Brand Forum's Malaysian Brand Icon Award 2008.

Most people would argue that the worst possible time to take business risks is when an industry or market is in trouble. Tony Fernandes, Group CEO of AirAsia, has already proved the flaw in this logic – and he's ready to do it again.

"I believe the best time to build brand and market share is when most of the industry has got its head in the sand," he asserts.

In this instance, he is talking about the business climate in early 2009, though the maxim could equally apply to October 2001, when he famously acquired the debt-laden AirAsia from the Malaysian Government for one ringgit. Everyone thought he was crazy: who would enter the commercial aviation industry just after the September 11, 2001 terrorist attacks, when no-one wanted to get on a plane?

Fernandes relaunched AirAsia as a cut-price carrier with the tagline 'Now everyone can fly'. Within a year, AirAsia had broken even and clear of its debts leading to a hugely successful IPO in 2004. The airline has since inspired several competitors and has grown up to compete in the open market as an international carrier.

Now that AirAsia 'owns' its space – the brand is synonymous with low-cost travel in Asia – Fernandes isn't resting on his success. One of the charismatic CEO's favourite terms is 'better value'. If it becomes possible to own the concept outright, you know he wants it.

While offering crazy cheap airfares or even free seats is a good start, Fernandes believes the first of AirAsia's biggest strengths is marketing. If you want to own the idea of value in customers' minds, particularly when they feel less inclined to spend, you need to communicate a great deal.

"The value of branding and marketing is underplayed – it's an easy item to cut during times of recession, but that's probably the worst thing you can do," suggests Fernandes. "We'll increase our advertising spend. Marketing really is the be-all or end-all of a business and I think not enough people take branding seriously. The fact that we can go to London – having never flown there – and sell 25,000 seats in three days shows the value of branding."

Customer service, the second of AirAsia's strengths, is again built on communication.

"The most important thing about great customer service is ensuring that the customer has an opportunity to speak with you," Fernandes explains, listing as examples AirAsia's recent investments in multiple communication channels to provide customers with even more choice. The latest improvements include a more interactive website including instant messenger for fast service; an SMS and email service called Red Alert; and the February 2009 upgrade to a better call centre in Kuala Lumpur.

While AirAsia had ongoing plans to extend these channels anyway, their development was fast-tracked in the second half of 2008 in response to criticism from customers as the organisation's service team struggled to cope with a spike in requests. "We are in service recovery period," admits Fernandes. "What's happened is that obviously in Asia we've had some pretty scary incidences in terms of Bangkok Airport being closed, so our call centres have been inundated and we've never been through something like this."

In March 2009, AirAsia will switch on a huge new customer relationship management (CRM) system to make the most of its digital channels, segmenting audiences based on interests, budgets and favourite destinations. There are also plans to encourage conversations about favourite destinations and experiences among like-minded customers online.

"I'm really investing a lot in digital so we'll be able to target market much better," enthuses Fernandes. "The CRM system tells us who went to Phuket, for example, so we may send them an email on Bali or something like that. We may include a video clip and hotel information. We may connect them with people who've been – we're big believers in social networks."

Fernandes has his own blog (www.tonyfernandesblog.com) and is active in online social networks such as Facebook and AirAsia's soon-to-launch Kool Red. While it's no longer a novelty to see a prominent business leader blogging, Fernandes has received much kudos for engaging directly and sincerely with customers in this and other social media channels.

"If managed well, it's a very useful tool," he notes. "I've hired pilots through Facebook, we've done business with people who've come through my blog and I've got many ideas through it as well. But if you're going to do it, you have to treat it seriously and be very open to suggestions.."

"I started off just to meet people, but it exploded into a massive communications outlet. The key is that you've got to keep it current and active – and I struggle with that sometimes! So make sure you have the time and patience to devote to it, because it ain't gonna stop, it's gonna grow! It's a real monster!"

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