

Back to the future

Alaska Airlines begins 2007 by honoring its past—and looking ahead

By DEBBY ARKELL

Alaska Airlines has lots to be proud of in its 75 years of operations. It was the first airline to sell tickets to passengers via the Internet, and the first to let customers check in online and print boarding passes through the Web. And through its cargo service, the airline provides a lifeline to remote communities in Alaska that endure long, hard winters.

This year, the Seattle-based airline is commemorating its 75 years of accomplishments. As it does so, Alaska Airlines will keep looking ahead. Not only is this all-Boeing operator in the midst of transitioning to an all-737 fleet, but it's continuing to remain in the forefront of innovation by focusing on the customer experience and making the most out of technology.

Alaska Airlines, the ninth-largest carrier in the United States, is characterized as a low-fare carrier—yet with a twist. It's low fares plus “the mores,” said Chief Financial Officer Brad Tilden. “When we look at our competitors, there are those that offer low fares and those that offer big and complex networks. We aim for the ‘sweet spot’ in the middle—great fares plus a little more:



ED TURNER PHOTO

Bob Gregg of Boeing touches up the “Proudly All Boeing” stencil on an Alaska Airlines 737-800. “We are proud of the relationship between our two companies and felt our ‘Proudly All Boeing’ logo was a great way to highlight this,” said Brad Tilden, Alaska Airlines chief financial officer.

first-class seating, meals, and extra conveniences when purchasing tickets.”

Alaska’s mission is to provide the best value to customers of any airline, and to be the preeminent airline for customers living in Alaska and the Pacific Northwest. The carrier’s focus is on growth from Seattle and Portland, Ore., to other U.S. destinations.

Alaska’s sister-carrier relationship with Horizon Air extends the route system to include many cities served only by Horizon Air in the Pacific Northwest.

Alaska Airlines leaders target earnings ranging from 8 to 10 percent per year, and

they are quick to note that Boeing will play a role in the airline’s long-term success.

Last year, the carrier decided to transition to an all-Boeing all-737 fleet. Using a single-model fleet to lower costs, streamline processes and increase revenue is at the heart of Alaska Airlines’ growth strategy.

“Our brand-new 737-800s, with their tremendous payload and fuel efficiencies, are already helping us manage our costs,” said Fred Mohr, the airline’s vice president of Maintenance and Engineering. “The 737’s leading-edge technology helps us operate in landing conditions that give us competitive and safety advantages. 737s

Alaska Airlines celebrates its 75th anniversary this year. To commemorate the occasion, the airline had its employees select from among four past liveries one to be painted on a specially designated 737-800. This joins four other unique Alaska Airlines liveries: Spirit of Make-A-Wish, Salmon-Thirty-Salmon, alaskaair.com and Disneyland.



ALASKA AIRLINES PHOTO

allow us to provide quality service to our passengers, taking them where they want to be, when they want to be there.”

Indeed, technology plays an important role in the Alaska Airlines passenger and cargo business. The systems on the 737 aircraft allow Alaska Airlines to fly more reliably to nearly 20 cities in Alaska that often face severe weather. In addition, Alaska’s two 737-400 combi aircraft (configured to carry both passengers and cargo) support locations that lack a transportation infrastructure. Mohr said the services the airline provides to those communities are vital, and the carrier’s employees feel a connection and responsibility to those locales.

“The 737 is critically important to our cargo business in the state of Alaska,” said Mohr. “With the 737 we are able to support their mail programs and deliver everything from toilet paper, to fresh fruits and vegetables, to medicines. This really connects us to those communities.”

CUSTOMER FIRST

Alaska Airlines also has a clearly defined strategy on how best to serve the flying public. Glenn Johnson, senior vice president, Customer Service–Airports, said the best experience for customers in an airport is essentially a “no-hassle” one that speeds them from car seat to airplane seat with minimal delay. To that end, Alas-

A list of firsts

Alaska Airlines is a champion of technological innovation and pioneering customer conveniences. In fact, Alaska Airlines was the first airline to

- Book flights and sell tickets via the Internet (1995).
- Allow customers to check in online and print boarding passes via the Web (1999).
- Introduce wireless check-in using Web-enabled phones and wireless handheld devices (2001).
- Integrate Global Positioning System with Enhanced Ground Proximity Warning Systems. This allows Alaska Airlines to fly contoured approaches and departures with pinpoint accuracy into and out of airports with rugged terrain and weather challenges (1996).
- Use the Head-Up Guidance System on a passenger-carrying flight during foggy conditions (1989).

Source: Alaska Airlines



ALASKA AIRLINES PHOTO

A stilt walker dressed in period costume performs at an Alaska Airlines event held in early March to unveil the carrier’s 75th anniversary airplane, dubbed “Starliner 75.”

ka Airlines is investing approximately \$18 million in its patented “Airport of the Future” concept at its hub, Seattle-Tacoma International Airport. Nearly 50 percent of all SeaTac passengers fly on Alaska Airlines, and Alaska sees its Airport of the Future concept as a way to speed those customers through the preflight process.

The concept begins with removing the traditional ticketing counter and replacing it with multiple electronic, bilingual kiosks. Travelers use these kiosks to check in and print boarding passes—if

they haven’t already done so online before arriving at the airport.

Travelers checking bags then proceed to a nearby redesigned bag-drop area where agents generate bag tags and place bags on conveyors. The traveler then proceeds to airport security and on to the gate. Service counters will still be available to help with a full-service transaction such as changing flights, or to assist special-needs travelers.

The concept has been in operation since 2004 at Ted Stevens International Airport in Anchorage, and travelers and Alaska

Fast facts about Alaska Airlines

Type of airline:	Major, low-fare U.S. carrier
Relative size of airline:	Ninth-largest U.S. carrier
Founded:	1932 in Anchorage, Alaska
Headquarters:	Seattle
Chairman, President and CEO:	William S. Ayer
Number of employees:	10,000
Total destinations:	58
Average daily flights in 2006:	494
Total departures in 2006:	178,038
Total passengers enplaned in 2006:	17.2 million

Current fleet mix *

737-400	37
MD-80	21
737-700	20
737-800	21
737-900	12
737-400C	2
737-400F	1

Average daily departures, by region

Lower 48 states	356
Alaska	110
Canada	12
Mexico	16

* as of March 31

Source: Alaska Airlines

Airlines employees alike are benefiting. Alaska agents already are seeing customer-service efficiencies by being able to process more passengers per hour.

“Passengers love it, once they’re used to it, because it dramatically reduces the time it takes to get to the gate,” Johnson said. “In fact, in Anchorage we’ve seen the time it takes to get from curb to gate cut in half.”

The SeaTac project is due to be complete by the end of this year. Meanwhile, the airline is working hard to make reservations and sales functions as efficient as possible.

“We want to give our customers the ability to easily book travel, obtain refunds and use miles,” Tilden said. Among the recent changes: The airline switched to all one-way fares and no longer requires an overnight stay for the best fare. Also, its frequent-flier-program members can use miles to buy one-way tickets.

Ultimately, Alaska Airlines believes that its distinction starts with its people.

“All our folks delivering service with ‘Alaska Airlines spirit’ make a difference every day,” Johnson said. “Every point of contact is an opportunity to win a customer for life.” ■

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Trust in action: the Boeing-Alaska relationship

“There is a tremendous amount of integrity at Boeing and in ‘getting it right’ for the customer,” said Brad Tilden, Alaska Airlines chief financial officer. That sentiment is echoed by Alaska Airlines employees Russ Summers and Andy Leiper. They work at Boeing locations at Seattle’s Boeing Field and in Renton, Wash., ensuring Alaska airplanes move smoothly through the Boeing production system.

With Boeing expected to deliver about 14 airplanes this year to Alaska Airlines, Summers and Leiper figure they’ll be busy. However, in a job where looking for—and resolving—problems on a product could create adversarial feelings, they have a different outlook.

Leiper focuses on the 12-month schedule of airplanes in work, and he works with Customer Engineering, Sales, Contracts and more. Meanwhile, Summers looks for items that will affect the airplane in service. He conducts short-term airplane flow inspections and, ultimately, customer acceptance.

“I do my job as a business partner with Boeing—100 percent,” Summers said. “If damage occurs during manufacturing, we work together with Boeing to evaluate Boeing’s proposed repairs and determine how that would affect Alaska operations.”

The duo said they’re amazed to see the pride that Boeing people have in their work. “I do a lot of deals with a handshake, a phone call, or e-mail,” Summers said. “The contract can follow, but with the trust we have, we’re able to get started immediately on working the solution.”

—Debby Arkell

JIM COLEBY PHOTO

Andy Leiper, an Alaska Airlines company acceptance inspector, views a 737 landing gear at the Boeing factory in Renton, Wash. Leiper performs inspections prior to aircraft acceptance and delivery.

