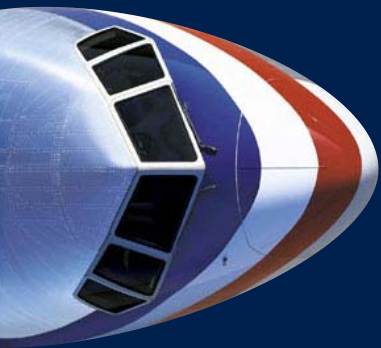


American Airlines and 



Building Brand Credibility After September 11

Marketing Communications Responses at American Airlines

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Today's Agenda

- Marketing communications responses to the crises of autumn 2001
 - Media advertising
 - Direct marketing
 - Public relations
- Discuss developments in 2002
- Plenty of time for questions and comments



Larger Corporate Responses

- First, it is important to understand that the current financial crisis predated the attacks
 - We were in financial trouble by Spring 2001
- By October 1, we had reduced capacity by about 20%
- Reductions in key parts of the network
 - International services, such as Chicago-Milan and San Jose-Taipei
 - Decreases in high-frequency domestic markets, such as Chicago-New York



Larger Corporate Responses

- Substantial layoffs and early retirements
 - These are always problematic in a service business
- Reductions in passenger amenities, consistent with competitors' actions
- Even with these actions we were bleeding \$10-\$20 million in cash *every day* for several months



Advertising Responses to the Crisis

- There was no template for our response to this enormous national and company trauma
- Market research, experience, judgment, and instinct guided our decisions
- We set forth two primary objectives
 - Instill confidence among employees, flyers, and the larger public, and show that American was getting back to business
 - Stimulate travel and build revenue



A Place to Begin

- We re-launched ads on September 24, with a condolence letter in the U.S. and selected Latin American and European newspapers

On behalf of the entire American Airlines family, we extend our deepest sympathies to the thousands affected by the tragic events of September 11th. It was a day of enormous sorrow and unspeakable pain for our country, and our company. Our thoughts and prayers will forever be with each and every one of you.

As we resume operations, we will continue to work tirelessly with our government to assure the safety of our passengers and employees.

The travel experience is changing for us all. As we implement heightened security measures, we ask for your patience. We will do everything we can to keep you informed of the latest developments that will affect your travel plans.

We ask that you check our website: www.aa.com for the most immediate, up-to-date information on schedules, flights, changes in our system, and airport procedures.

These past few days, as we have resumed flying, we have gained renewed strength from our customers, employees, friends and even complete strangers.

We realize there is no better tribute we can pay to those who have fallen than to move forward with a new resolve.

This is a nation of great character and courage.

And it makes us proud to bear the name "American".

The people of American Airlines.

AmericanAirlines

“The Great American Get-Together”

- This became our major effort, a campaign to remind people of the joy of getting together, especially during end-of-year holidays
 - We based the initiative on substantial research that told us that in the wake of the attacks people were focused on friends and family
 - We used television, reinforced with press – essentially a fare sale with a warm broadcast message



The Great American Get-Together

The Great American Get-Together

Other Marketing Communications

- We also sent a substantial amount of personalized communications, using paper and e-mail, to our frequent customers (our AAdvantage CRM database)
 - Accurate information about airport security, to counter exaggerated accounts in the press
 - Updates on new behind-the-scenes processes
 - Marketing messages



The Public Relations Challenge

- Framing the situation: the first attack on the U.S. in nearly 60 years, and with two of our aircraft as weapons
- Even in the calmest of times, attempting to influence the press is a large undertaking for airline P.R. professionals
 - Complexity meets sound bite
 - Belief that reporters understand the business because they are also passengers
 - Continued unease with deregulation



The Public Relations Challenge

- The media and Washington were already unhappy
 - Summer 2000 Air Traffic Control gridlock
 - Rising fares, especially for business travel
 - Labor unrest at United and other airlines
- Just as we were beginning to get traction, the tragic loss of our flight 587 at New York on November 12 set us back
- The December “shoebomber” incident and others compounded the challenge



The Public Relations Challenge

- Fortunately, we have long had well-developed crisis-response plans
- Still, the magnitude of the task was enormous
- The principles we applied
 - Be as visible and accessible as authorities would allow, given the ongoing criminal investigation
 - Be compassionate
 - Be honest
 - Be firm; this was no time to allow misinformation, nor to allow so-called experts to gain ground



The Strength of the Brand

- Finally, some good news: sustained market research indicated that the brand was still strong
 - Equity was especially solid among our best, most loyal customers
- Customers gave us high marks for handling the crises, and moving forward
- Less solid brands may not have been able to weather the storm



Moving Forward in 2002

- In Winter 2002, we began to remind the public of our strengths and core values
- “American Pride” spots aired between February (timed for the Olympics) and May
 - An effort to assert leadership, and to begin to reclaim our historic positioning
 - Audience was customers and employees
 - Response was hugely positive
- Remaining 2002 ads were tactical



American Pride: “Engine”

Managing the Crisis Overseas

- We had additional challenges in Europe, especially France and Germany
 - We used price to overcome fear
 - We rebuilt the business, only to suffer again after the Iraq invasion in 2003
- Japan was also difficult, because Japanese travelers are very risk-averse
- Latin America was somewhat easier, given familiarity with disorder in many countries



Time for Your Questions!

