

Emirates Air Aims to Sell More Than Flights; Christoph Mueller wants to reinvent the airline, taking travelers from start to finish of a trip

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FULL TEXT

DUBAI—At the headquarters of Emirates Airline, techies have taken over an entire floor. A sign hanging on the wall captures their ambition—and challenge.

It shows an airplane with Google written on its side, a fanciful reminder of the company the airline considers one of its biggest future competitors, not in the air but in cyberspace.

Emirates is the world's largest airline by international traffic. But it worries that nimble tech giants like Google that hold massive amounts of customer data could start using all that information to get into the business of selling trips.

The nightmare scenario for Emirates is that it could be reduced to a mere inventory provider of flights to companies with the technological understanding to develop and offer high-margin products to its customers—privatized services like ground transportation, entertainment, restaurant bookings and hotel stays.

Instead, Emirates wants to provide those services itself. To do that, it is building a proprietary information-technology system that will rely on mountains of data and artificial intelligence to anticipate each of its customers' travel needs before, during and after their flights—and have the technological power to fulfill those needs.

The goal is for passengers to be able to make arrangements not only for their flights but also for their entire trips on the airline's website, and for them to be offered various activities and entertainment based on their established personal preferences. In addition, AI will be used to expand on those services by predicting what passengers might be interested in based on factors such as age and gender.

This digital revamp is being driven by Christoph Mueller, chief digital and innovation officer of Emirates Group, the airline's parent.

"The transportation wallet of a given individual might be a \$500 budget per year, whereas the travel wallet including the hotels and other transportation is \$5,000," Mr. Mueller says. "But the lifestyle wallet is \$10,000.

Lifestyle is basically driving the whole thing: tickets for rock concerts, soccer, sailing courses, going skiing, going to a spa."

Mr. Mueller, who turned around Ireland's Aer Lingus and helped Malaysia Airlines recover after the disappearance of one plane and the shooting down of another in 2014, joined Emirates in 2016. He spoke with The Wall Street Journal about his plans; edited excerpts follow.

'We are disrupted'

WSJ: Why is there a need for a digital revamp at Emirates?

MR. MUELLER: In the past, you would simply ask the question: Where is my competitive advantage? Who is attacking me with conventional weaponry? The new thing is that we are disrupted.

These are social-media companies, these are the search companies, these are the retail companies, basically everybody is trying to get into the travel space, and that of course would degrade us to a pure transportation company, and that is what we are not willing to accept.

WSJ: What does the revamp entail?

MR. MUELLER: We have rewritten our business model. The supporting technology has not been invented yet. So we had no choice but to start to build it now and with our partners in a bespoke platform for the Emirates Group. What other airlines do—a new app here, a new app there—won't change the game. We want to change the game.

WSJ: What is Emirates trying to accomplish here?

MR. MUELLER: It's really the personalization of travel. The best example of personalization, you carry in your pocket. You buy a cold piece of metal in the store and one hour later there's no other iPhone like yours: the combination of music, pictures, the combination of apps, it is basically your digital fingerprint, it's almost a carbon copy of your brain. And that's how we believe people will want to travel.

WSJ: As an airline traveler, how would I benefit from the digital revamp?

MR. MUELLER: Let's say you watched the first two episodes of "House of Cards" at home before your flight. [By linking your Netflix account to your Emirates account,] we could upload No. 3 and 4 for your convenience.

Or you come on board and get into your seat and you could think about flight attendants approaching you and saying: "I just saw you had that New Zealand Sauvignon Blanc in the lounge. Would you like to continue with that white wine or would you like to try out something else?" It's seamless customer experience.

In-flight entertainment might start in the pickup limousine, from your home address, where you start watching a movie, you continue watching that movie in the lounge, you finish that movie in the aircraft.

WSJ: You talk about a professional wanting to work on his outbound flight but perhaps sleep on his return. How does that fit into the company's digitization effort?

MR. MUELLER: There is an infinite choice of combinations of transportation class—first, business, economy, food and in-flight entertainment, lounge access, ground transportation, fast-track security, etc. The endgame is really that you can personally combine that on our website exactly the way you anticipate your travel is going to happen. One sector of your trip economy, one sector business, with limousine service on one end and Uber service on the other end. That is basically what we believe customers want.

Privacy issue

WSJ: How would you collect this type of personal data from your passengers?

MR. MUELLER: Every data point that would enable us to learn your preferences better will be voluntarily given by you. So if you enter in your profile that you're a fan of U2 or the Rolling Stones, then we will be able to curate an individualized offer and send it to you if you want and draw your attention to the fact you can combine a business trip to New York with visiting one of those concerts.

WSJ: So will Emirates not be fundamentally an airline after this digital transformation?

MR. MUELLER: Emirates Airline alone has an asset value of more than \$100 billion today. The airline won't be a sideshow, ever. But we need to support the transportation proposition with the travel and lifestyle proposition end-to-end.

The user experience let's say for in-flight entertainment will be benchmarked against capabilities of modern tablets and streaming services, not so much against the in-flight entertainment capabilities of other airlines. Our payment solutions will be compared to the everyday online shopping experience during iPay, you pay with your thumb, you pay with your face, you pay with all other kind of biometric things. Our business will be benchmarked against the day-to-day experience that particularly our young customers have in their life every day.

WSJ: How does the new strategy tally with what your owner, the Dubai government, is doing to attract visitors?

MR. MUELLER: If you board the plane in Seattle with your electronic boarding pass, it should pay in every restaurant and water park in Dubai. That's what we are working on. Can you imagine that your boarding pass opens your hotel room? You don't have to check in; once you booked the hotel in conjunction with the flight you just simply go to the fourth floor and open room 31. I believe Emirates will just be the key to unlock the experience of the U.A.E.

WSJ: How do other Emirates managers view your plans?

MR. MUELLER: We developed a digital induction program for our entire management team, because the big elephant in the room is still that the vast majority of managers believe that they have to become tech-savvy in the

digital age. That's totally wrong.

The true challenge for management in the digital age is to let go, to delegate decision power to lower levels, to allow cross-collaboration to happen and to resist the temptation to micromanage--to keep their hands off and their eyes on. We will expose our management to successful and not so successful enterprises on the digital journey so that they can learn the do's and don'ts firsthand.

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