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Flying High

Finnair is ensuring seamless flights for its customers with a focus on operational excellence and safety.

Images courtesy of Finnair

Punctuality and purpose drive the staff and services of Finnair, with the company concentrating on its core aim of connecting Asia and Europe via Helsinki. As the flag carrier and largest airline of Finland, Finnair is widely considered to be one of the safest and most dependable airlines in the world.

Finnair CEO Pekka Vauramo spoke to *The CEO Magazine* about the company's dedication to ensuring smooth and seamless connections for the world's travellers.

***The CEO Magazine:* What prompted you to make the move to Finnair in June 2013?**

Pekka: My background is in industrial heavy machinery. I've spent a lot of time in Asia over the years and that's maybe one reason why I joined Finnair and why I was selected for the role. I was in Hong Kong and China from 1989 to the end of 1993. I then returned to Hong Kong for a few years before coming to Finnair.

In a way, Hong Kong is the heart of Asia. It's definitely the heart of industrial aviation in that part of the world. Without air connectivity, Hong Kong wouldn't be what it is today.

Finnair has had an Asian strategy for a long time now. It was more than 20 years ago that Asian traffic started to become the strategic focus of the company. Finnair used to fly to Tokyo once a week in 1983. Now we have more than 80 flights per week to 13 Asian megacities. The growth has been phenomenal. We see that growth continuing in the future. Japan is a very important market for us. China is also increasingly more important for us.

Travel across Asia is growing faster than anywhere else in the world and we believe that we can contribute to that market, due to our geographical location here in Helsinki, which happens to be situated more or less on a straight line between dozens of key city pairs in Asia and Europe.

The European markets with the most potential are those cities that

are a two- to three-hour flight from Helsinki but don't have direct connections to the Asian destinations that we fly to. That's where we are really competitive.

Direct flights are always a better option than connecting ones, but for those cities that don't have direct connections, we have a compact, efficient airport in Helsinki where people can connect and transfer within 35 minutes. That's the minimum time that we require for transfer and that makes it much more efficient than any of the major hubs in Europe, and the same applies to flights from Asia to Europe.

How do you target those consumers who may book a connecting flight instead of a direct one?

In sales and marketing, we concentrate on targeting those customer groups who prefer to visit places in Europe that have no direct route, or we focus on customers in those cities who don't have direct flights to Asia. We also promote our Helsinki hub as a compact airport with short >

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distances and short connecting times. Also, the fact that it's on a straight line from Europe to Northern Asia—and a fast route—is very important.

You fly to Europe, the Asia-Pacific, North America and the Middle East. Are you planning on expanding into South America or Africa?

We cover South America and Africa through our oneworld partners. We're very much disadvantaged for the African market since we're located in Northern Europe and Finland's population is very small, so we don't have the natural catchment for African travel. This also applies to South America, so therefore we cover those areas through alliance partners.

Finnair has a reputation for being one of the safest airlines in the world. How have you gained this reputation?

Safety and risk prevention form the foundation of the company's operating culture, and indeed for the sector as a whole. We comply with EU regulations and with IATA safety audit requirements, but more than that, we have built up a comprehensive safety culture at Finnair that systematically identifies potential risk and acts promptly when warranted. We do not attempt to compete on safety—this is an area where everyone wins with deeper cooperation.

But we do compete on operational excellence and punctuality, of which safety is the foundation. We are in the business of connecting customers. This means that to be successful in business you need to be punctual. According to the FlightStats organisation, we were the world's most punctual airline in April, May, August, and November 2013. Over the course of the whole year, we operated the world's second most punctual network. Given the scope of competition, that's something I'm extremely proud of.

This is another example of what happens when you drive your



"We will be the launch customer in Europe for the Airbus A350. We will start to roll those out next year. We will be one of the first ones to introduce a new level of comfort and an environmentally friendly fleet."

- Pekka Vauramo

operational excellence down to the basic details. That's really where we demonstrate our value.

What are your growth plans for the company over the next few years?

Almost every airline is struggling with profitability, and so are we, but we see further opportunities for growth in the Asian region. Travelling is growing much faster in Asia than anywhere else in the world, and travelling from Asia to other parts of the world is growing as well. That's one dimension going forward.

We fly to cities in Asia where you would naturally open the first flights—Beijing, Shanghai, Hong Kong, and three cities in Japan. We have recently started new flights to second-tier cities in China, like Chongqing and Xi'an. We see this as the second phase of our Asian strategy. We are starting to find smaller cities, which are still huge cities, with between five- to 10-million people living in them. We found some interesting traveller groups as well. The greater Chongqing area has around 30-million people and while the city of Xi'an has only 8-million people, the surrounding province has around 35-million people. They're huge economies.

With the proliferation of low-cost airlines, how will you remain competitive and retain your loyal customers in the future?

Half of our capacity is on our Asian flights, and we don't see that many low-cost airlines in long-haul flights yet. There are some flights that they've introduced but they're all point-to-point flights. We are in the business of connecting people between Asia and Europe via Helsinki so our approach is different in this respect. We are a network carrier. It's too early to say anything definitive about what our competition will be on those flights and how successful our competitors will be.

What do you think sets Finnair apart from its competitors?

First of all, we want to provide customers with good connectivity, modern aircraft and a good standard of service. We want to deliver a short travelling time and a short connecting time here in Helsinki.

We fly modern aircraft and we will be the launch customer in Europe for the Airbus A350. We will start to roll those out next year. We will be one of the first ones to introduce a new level of comfort and an environmentally friendly fleet. •