SINGAPORE AIRLINES CEO ON ITS MULTI-BRAND STRATEGY FOR WINNING IN ASIA

News / Airlines

The Singapore Airlines Group has built a portfolio that it hopes appeals to nearly every kind of passenger — luxury, business, economy or budget — and its changing strategy in Asia highlights the growing importance of the region to global carriers.

Singapore Airlines seeks to grow its ultra long-haul routes (those longer than 12 hours) during the next few years but it isn't slighting markets close to home. CEO Goh Choon Phong said in an interview with Skift earlier this month that the carrier has "embarked on a brand new approach and direction" and sees more opportunity with its low-cost and budget brands.

"While Singapore Airlines has traditionally been focusing only on full service, we've moved on to diversify the budget segment," said Choon Phong during a media roundtable at Airbus headquarters in Toulouse, France to mark the delivery of the carrier's first A350-900 aircraft. "With [SilkAir, Tigerair, Scoot and Singapore Airlines] we basically cover the full spectrum of travel whether it's full or budget service, regional, medium or long-haul, and we'll be able to provide the right [carrier and aircraft] for anyone wanting to travel on any sort of budget to any destination."

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“For example, Singapore Airlines used to fly to Nantong, China and Nantong is not quite the market where you can sustain with a full-service operation. Now, Scoot operates at Nantong and Scoot is doing very well and Scoot was able to bring that destination back to the group. China is an absolutely important market for us and the entire group serves 24 points in China,” Choon Phong said.

The carrier’s 90% stake in budget airline Tigerair and its five-year-old low-cost subsidiary Scoot points to this evolving strategy. Scoot, for example, generated in $18 million in profits during the last quarter, according Choon Phong. He also said that low-cost carriers have more than 50% market share in Southeast Asia — the highest percentage compared to any other part of the world.

Network connectivity within Asia is one of the main philosophical pillars for Singapore Airlines, with its SilkAir subsidiary increasing its destinations in the region by more than 40% during the past five years, for example. Responding to a question about brand crossover, Choon Phong said it’s not possible to change to TigerAir if you arrive in Singapore on Singapore Airlines, for example, and this avoids brand confusion.

The group still faces challenges in determining how to further differentiate its Tigerair and Scoot brands.

“However, as we all know, sometimes a customer can choose to travel full service or on a budget,” said Choon Phong. “On a short vacation you may choose to travel with your family on a budget but on business you travel on full service, etc. For young families with babies usually they prefer to travel on full service just to make sure everything goes better.”

Bringing Back the World’s Longest Flight

Choon Phong also admitted that Singapore Airlines hasn’t been aggressive with growing its list of long-haul and ultra long-haul destinations over the past five years, but that’s about to change.

Earlier this month the carrier took delivery of its first A350-900 aircraft and the airline will use to restart nonstop service between Singapore and New York City in 2018 and reclaim the world’s longest nonstop route. Singapore Airlines previously had nonstop service between both hubs but ended it in 2013 due to low demand and inefficiency. The carrier will launch nonstop service with the aircraft between Singapore and Amsterdam in May and later to Dusseldorf, Germany. Its ultra long-haul U.S. destinations include New York and Los Angeles and one more U.S. city yet to be announced.

Given recent volatility in global markets the carrier didn’t place firm orders for 67 other A350-900s. If demand proves weak for the U.S. market, as it did before, the aircraft could be dialed-back for shorter long-haul routes to Europe or medium-haul routes within Asia.

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