

Remain competitive in the airline industry marketing essay

[Environment](#), [Air](#)



**ASSIGN
BUSTER**

This research has chosen the topic of how Singapore International Airlines (SIA) can Remain Competitive in the Airline Industry. SIA is a World-known successful airline company in the industry. SIA has developed as one of the world's leading Airline in the last twenty years. SIA is more competitive because of its Strategic Management, each and every department of the SIA are specifically scheming to maintenance SIA's complete strategic plan which is " Compete on service". This research report describes the how Marketing Strategy and aim and objective of SIA help to uphold its long-range plan as well as successfully compete in the airline industry. The research mythology and survey will come from respondent on Singapore who had taken SIA and other major competitive airlines. This research report helps readers to understand how SIA successfully remain competitive in the Airline Industry and the researcher's finding and recommendation to the Singapore International Airlines.

Chapter 1: Introduction

Aim and Objective

The main purpose of the research presented in this assignment is to research on how Singapore International Airlines can Remain Competitive in the Airline Industry.

To analyse the Importance and Impacts of strategic management on SIA success

" The on-going process of formulating, implementing and controlling broad plans guide the organizational in achieving the strategic goods given its internal and external environment".

The importance and impact of strategic marketing of the SIA is to focus on passenger's needs and providing an excellent inflight service. To provide excellence service, SIA ensure flight attendants on board to be of excellent quality and it was continuously focuses on training and customer service of its employees. SIA target market is primarily in Australia, New Zealand, Indonesia, the Philippines and Singapore and SIA brand is very strong since the beginning of aviation. The impeccable service of SIA has become part of the corporate culture and image, by these elements, SIA turns into a powerful market-strategy and strategic valuable airline in the airlines industry.

To identify the Main business objectives of SIA in airline industry

The primary objective of SIA is to create a world-class airline and is able to compete with the best airline in the world without government support or interference. To create a positive extensive coverage SIA continues to encourage high passenger bookings after launch and deliver above and beyond customer expectations to ensure it expanding the internal marketing team. This international focus led to the creation of a company-wide commitment to the company's success. The biggest challenge for SIA is to maintain its position as the best airline in the world and the most profitable. And I this case most SIA objectives are reach its aim and customer expectations are exceeded significantly.

To Analyse the competitive position of SIA in airline industry

Competition: “ The degree to which a nation can, under free and fair market conditions, produce good and services that will meet the test of international markets while simultaneously maintaining or expanding the real income of its citizens.”

SIA has established an excellent reputation as a tough competition to commercial aviation businesses providing customers with high quality service and the dominant business travel segments. SIA's Strategy and Competitiveness are on top in present, especially in the area of service excellence, efficiency and innovation. As SIA no other airline has managed to “ brand” and promote the cabin crew successfully, which is the key competitive advantage of SIA. It is a service company; its front-line staff is representing the company and the service from the client side of the business and front-line staff has the power to make the decisions for is there any necessary; they can modify the services and take immediate corrective action in relation to the recovery services. SIA a reputation for reliable service has proven to develop a positive image to customers, which can lead to more jobs. The airlines are able to control these elements is said to offer better customer service, and thus provide a more reliable service, by this SIA is remain competitive in the airline industry.

To identify the Major challenges in the market environment of airline industry

Airline industry is facing one of the greatest challenges from the global recession, global warming and the growing scarcity of raw materials. These factors and other challenges involved in analysing the marketing environment. The main trends in the aviation industry took place in the past, have continued growth, deregulation and liberalization of the sky. Ailine industys increased use of air travel from the tourists, passengers are go for low-cost airlines, and they demands for change and the need for efficiency due to the economic conditions in the ailine industry, and each of these trends have an impact on the environmental performance of the industry. Following categorised the main cahllanges in the market environment in the airline industry:

Competition

International Economy

Changing modern culture

Consumer protection and rights of passengers

Relations with staff and new employees

Navy Exchange and the price of new aircraft

Impact of technology on the release process

Higher costs of fuel, labour, maintenance and security.

To analyse the branding strategy used by SIA

SIA is one of the leading brands of world and it is a unique brand. SIA has consistently been one of the most profitable airlines in the world, and it has always had a reputation as an innovative competitor among the airline industry. There are many reasons for this, as it is directly related to the strong brand management is primarily driven by the boardroom of SIA and senior management, and a healthy brand equity as a result of private, professional brand across diverse, global brand organisation. Singapore Airlines brand is unique in the sense that the conference takes dedicated leadership, brand strategy, unlike many other Asian companies.

Contents of This Report

This research report consists of seven Chapters. In the following chapters, contents of the research report will be discussed as follows:

Chapter 1

Introduction describe the main purpose of the research, Aims and objective of the research topic, to support this, report provide details to analyse the importance and impact of the strategic management on SIA. Also to identify the major challenges of the market environment and competitive positions of SIA in airline industry.

Chapter 2

Backgrounds information's give details description of History of Ailine industry and the second part analyses the SIA whole, reviewing its historical development and services provide to the consumers. As the most successful

aininr in the industy, SIA has the valuable milestones, here will provide the SIA competitors details and its market potiosn details.

Chapter 3

Litreture review is to describe the defination and importance os Applying Marketing Strategy on SIA. And second part is to describe the Marketing strategy of the SIA and furthermore third part describes the external and internal Analyse of the SIA with support of PEST and SWOT analysis tools, final part describe the industrial analysis of SIA with support of Porter's Five Forces tools.

Chapter 4

A methodology is the chapter that the researcher adopted the overall research. This is describe, how to choose the proper methods to survey used to conduct this research and it will clearly explain how the researcher collect all data and information related to the reach topic, with use of following tools; Primary Research and Secondary Research.

Chapter 5

this result chapter will discuss about the survey results and provide the findings which the researcher collect from the survey details.

Chapter 6

Recommendation chapter will be provide by the researcher the SIA to improve and stay successful competitive ailine in the industry, by using the collected data from the survery and their marketing strategy.

Chapter 7

Conclusion of the report reminds the reader of the main aim and objectives of this research report.

Chapter 2: Backgrounds

History of Airline Industry

The airline industry has always remained divided, mainly to reduce the impact on the national and international regulations. In the form of forced termination and related restrictions on competition, even though the major airlines had only been able to develop their own self-determination of regional markets, at best. However, the competitive dynamics in the sector had begun to change dramatically over the last year. Liberalization, privatization, and new technologies have begun to modify the industry worldwide. Airline industry has been affected by various factors, such as excess capacity, product sales promotions, cut-throat competition exacerbated by the entry of low cost airlines and periodically catastrophically low. Aviation came of age during the 1960s, mainly to the introduction of jet-liner, and the gradual removal and replacement of propeller aircraft. (Anon., 2009) Airline stocks grown from 1960 through 1967, when the great bull market ended, and a replacement of propeller aircraft with jets, reduce unit costs and increased productivity, air transport became affordable to the masses and found the airlines compete on price. This growth in passenger traffic generated significant growth in the development of industry, which, unfortunately, the extrapolation of the time, which turned out to be an incredibly optimistic. Recession of the 1970s, high oil prices, contraction in

demand was hit just as the airlines brought a huge amount of new capacity, which is based on rosy forecasts a compound growth planned. The stock market has found that the air was a growing industry, but it was a very cyclical industry. 1978 the de-regulation took place. First, the airlines were given free entry and exit for all domestic flights. Second, the airlines were able to create their own pricing. This was great airline managers who were generally inept at competitive prices: prior to the regulated prices can raise prices by raising the cost of all the regions, and the entry into your market was highly regulated, increasing the price will not cost you market share. In the last century, air traffic has grown an experimental means of transport for a large part of the transport system in the world, carrying some 1. 5 billion passengers a year. With the rapid growth years of the Second World War, the U. S. airline has changed dramatically with the publication in 1978. During the next 30 years, the major airlines have merged into a failed and went out of business, while smaller airlines become strong competitors on the inner journey. At the same time, many airlines have purchased larger aircraft can accommodate flow of passengers.

History of Singapore Airlines

Singapore airlines were originated from Malayan Airway Limited, where the company began operations in 1947. Due to political reasons, Singapore Airlines is maintained by Temasek Holding, a state-owned investment house. Without domestic routes available after the separation, the airline Singapore has come into effect only rely on the international market, which is subject to intense competition. Created the first hard drive to compete with the spirit

and dedication to the brand. Airlines have launched the brand strategy, the inflight service, the company dealing with French haute couture designer Pierre Balmain in 1972 to design a special edition of the Malay sarong kebaya uniform as hostess and then you have the trademark “ Girls Singapore “ is an excellent inflight entertainment. This later becomes one of the most famous signatures airlines. (Airbus, 2007)

Marketing Strategy accompanied by background information to talk about lobbying effort by providing access to the airport and the dedication of its workforce, investing in a training facility 20 million. What made since 1973 when the company was ranked third in Far East Asia. Since then, the company has the power to make a cost reduction program to combat the surge in oil prices in 1973 ~ 1977. Surviving this, in 1977, a joint venture with airlines British Airways offers a Concord jet service between Singapore and London, the service was discontinued in 1980. This, however, consider the marketing success of Singapore Airline was to make known all over the world in this achievement. At the same time the new airport changing built, which is a higher level of service offered to the airline of Singapore. This has paid off, and Singapore Airlines was the first priority in the Asia-Pacific region in 1981. (Pan, 2009)

airline continuously monitors the internal growth strategy for 1980, to expand the size of the fleet renewal and the addition of a path. Co privatized in 1985, including the Stock Exchange of Singapore Temasek Holding owns 63% initially and gradually decreased to 54% in 2008. In 1990, the company follows its aggressive growth pattern was in the form of two subsidiaries in

1992, Silk Air to close the gap between the network path and the lower end of the food market, the SIA Engineering is a form to increase productivity and performance of the best business opportunities. The globalization of the 1990s, also calls the airline to expand abroad, invest in another airline will form a new subsidiary in another country is a better support to airlines. The Asian financial crisis in late 1990 to call the airline to check the operating costs, while pruning is not a profitable way. [St James Press, 1999]. Against conventional wisdom, the company has taken advantage of the strong financial resources during the financial crisis, venture capital investment, expenditure of 300million renovating homes in the air. This was useful for the airline during the crisis are low and airlines have greater bargaining power in relation to the supplier. (Calingo., 1997)

To date, Singapore Airlines Group provides passenger and cargo air transport, airport terminal and aerospace technical services, training of pilots, air charters and tour wholesaling and related activities. Since March 2009, the group has 31, 834 employees, posted net sales of SGD 15996000000. Airlines operating on the route in 36 countries and 66 destinations and 726 weekly flights. Performance Singapore Airlines in early 2009 and was severely depressed before buying fuel hedging prices high before the economic crisis. Internal factors were the main value of SMP made in the late 90 s, and apart from SIA focused on cost containment. Developed a strong cultural brand through the “ image of Singapore Girl”, which is associated with a stewardess on the plane. They also increase the frequency of route network with the development and acquisition of new aircraft, and

was innovative in relation to new products. External factors that led to the increase of technical and strategic location of Singapore in the middle of Southeast Asia. External competition was one of the factors that brought the new product development Co., to overcome competition from outside the state aid from abroad the matter, which contributes to the increase of SMP. favor of sustainable development, the basic values of CO takes place, which was the foundation of excellent service to the values and guidelines for getting things into consideration. The organizational structure was that each worker knew what the company called its own initiative and creativity of workers. satisfaction of customers and Co. will make every effort to satisfy the customer, what happened to meet specific needs customers. Customer feedback has been very important to improve the company, and the company focused on new trends. addition, the company paid attention to the education of their employees. To maintain key personnel to maintain key personnel, SIA could receive an increase in salary, a higher position on key personnel, as well as participation in new projects and goals. addition, key personnel could receive awards for performance and get some discount flights, or even a discount on hotels, especially in cities. (Warnstam., 2007)

Product and Market

The main product is SIA is travel. Because there is no monopolize domestic routes, SIA was to target the global market and compete with the more experienced players. In 1973, SIA set up a subsidiary company in Singapore Airport Terminal Services Ltd, to provide ground handling services. In 1977, along with British Airways, SIA introduced the supersonic Concorde London-

Bahrain-Singapore route. The service was discontinued in 1980.

Geographical area of operation includes SIA East Asia, Europe and the Western Pacific region.

Chapter 3: Literature Review

Definition and Importance of Applying Marketing Strategy

Marketing strategy is a long term approach to optimize the allocation of limited resources used to produce excellent customer service experience of the company and customers to promote the interests of other stakeholders. It is close to strategic planning, creating company strategy. Marketing strategy associated with the corporate mission and values.

Benefits of Marketing Strategy

Best sales

The smart future shape of the company

Improve productivity and profitability

To increase awareness of external threats

Understanding of competitors' strategies

Less resistance to change

All businesses need marketing strategy. Time and money are important factors for the success of the primary air industry. Marketing Strategy helps owners determine the brand, so you do not spend a lot of productivity, time to market your products to offer false humans. The marketing plan a blue

print for entrepreneurs to pursue their hopes to bring in more profit than they earn and research shows that organizations use strategic management concepts are more profitable and successful than those who do not. Companies use strategic management concepts show a significant improvement in services, productivity and profitability compared to firms without systematic planning activities. Effective enterprises tend to do systematic planning to prepare for future changes in the external and internal environment and the companies who with a design that resembles the systems of strategic management theory generally excellent long-term economic performance in the airline industry.

Marketing Strategy

Marketing strategies on the fundamental rights of marketing plans designed to meet the market needs and achieve your marketing goals. Plans and objectives are generally tested for specific results. In general, marketing strategies are developed multi-annual plans with the tactical plan in detail the specific actions to be carried out later this year. Horizons of the marketing plan vary by company, industry and the nation. They have designed and partially unplanned. Marketing strategy involves careful scanning of internal and external environments. Internal environmental factors are the marketing mix, as well as performance analysis and strategic controls. External environmental components hold consumer analysis, competitor analysis, target market analysis and evaluation of all parts of the technical, economic, social and political background possible to impact on success. A key part of the marketing strategy is often to be marketed in

accordance with the dominant company in the idea. After a critical analyse is complete, a strategic plan can assembled to categorize business alternatives, create high goals, and decide the ideal marketing mix to reach these objectives, the development of a marketing strategy, market selection types, public, market segmentation, planning and co-competitive behaviour and application details. The last stage in increasing a marketing strategy is to build a plan for monitoring progress and various costs if problems arise during the implementation of the program. (Chan, 2000)

SIA used mainly diversification strategy at the Group level, extends its business aviation catering, aircraft maintenance, airport. SIA used two strategies of differentiation and cost leadership, to achieve efficient service excellence in a very business performance. The company had achieved a high corporate profitability through five organizational systems in place. There is a structured design and development services, has a special section in product design and run through a myriad of tests, in order to perfect the quality of the product in the final meeting last customer expectations. Another common innovation uses a special section of consumers' development in the next five years, focusing on a small improvement, but the wide reach, when cost-effective, highly productive innovation. SIA offers its successor weak point of copying other consecutive development, to reduce the risks and costs of re-innovation. Third, cultivate cultural awareness non-profit, educational workers of the importance of profitability and balance trying to satisfy the customer and providing the products have gone through the analysis of the profit before. The company also set up a

system to reward employees based on peer pressure, which causes the profitability of waste and encourage the team aims to increase productivity. Also SIA achieved cost synergies by diversifying and infrastructure subsidiary. Vertical integration enables the company to have better quality control, to increase knowledge and reduce costs at the same time. The company also manages the subsidiaries clear expectations and allows the subsidiary subject to market discipline. Finally, the company is developing a comprehensive human resources rigorous interview and training, to promote themselves directly to continuous learning to improve self-esteem. This was responsible for the company's ability to achieve a diversified offer good performance. (Scott, 2008)

A strategic marketing model has 3 main stages, those are following:

Analysis

By analysing the organization, customers, competitors and the business environment

Planning

Match the business environment and the mission and values. The focus of phase two phases: the development of products and services for sustainable competitive advantage, and design an attractive brand.

Execution

To better communicate our value proposition, consistent communication of public relations, advertising, sales promotion, direct marketing, guerrilla marketing, e-marketing, and others are used.

Marketing competence

Distribution channel is traveling Co. mainly produces and reservation. Carrier Internet moving towards e-ticketing, and is the first fully interline e-ticketing system allows full ticketless passengers boarding even if the connecting flight for partners scheduled flights (SIA, 2012). It's also a good investment for the search engines when searching for the keywords Airline Singapore and Singapore airline tickets, SIA was visible at the top of the list, but the address field [www. sia. com](http://www.sia.com.sg) www. sia. com . sg and lacks the SIA has drawbacks, attempt website marketing social network, the company without the presence of a limited presence on Twitter and Facebook. All this shows that the company was not very good at established Internet, even though the company has been promoting their business online. The company is using a smaller amount of marketing effort; Figure 3 shows a downward trend in sales costs. In 2009, the sale price is 5% of total expenses. This is still a high percentage when you compare Qantas rate was 4. 4%, while Cathay Pacific had little marketing costs. SIA characters was 19% less than the previous year, but still have the top brand in Singapore. Standing around SGD 4billion, this value indicates that the company is still well recognized around the world. (Hamel, 2002)

External and Internal Analyse

Internal Environment Analyse

SWOT Analysis [S-W: Internal Analyse]

The term is derived from the SWOT analysis of the use of SOFT Albert Humphrey original goal was to examine the company's design. The strength and the weakness factor is the internal organization; this is often done by analysing the financial situation of the organization's ability to position products, marketing, research and development capabilities, organizational structure, personnel, facilities, and the objective and strategy of the past. (Datamonitor, 2008)

Strengths

Well-known world brand

A strong and well-established R & D capabilities

Highly reliable in the field of numerous awards.

Strong financial position of high reserve

Significant new fleet of aircraft cabin design overcapacity.

The company promotes autonomy is therefore able to quickly response to climate change

Strong human resources personnel are highly motivated, service oriented and effectively.

Weakness

No domestic market

Low level of Internet presence

Separating the high costs of marketing

Revenues depend largely on major long-distance skiing and the class fee.

External Environment Analyse

SWOT Analysis [O-T: External Analyse]

Opportunity

Low product offered substitution

Many countries emerge from the economic crisis.

Singapore has a good relationship with other countries

High bargaining power over the aircraft manufacturer

Singapore Tourism Board to promote good opportunity mice traveling for business premium.

Threats

High fuel prices

impact of terrorism on the aviation industry

High bargaining power of travellers and travel agents

Conferencing is gaining popularity as a substitute for business travel.

Low-cost carrier to create and the potential business market premium.

PEST Analysis [External Analysis]

PEST analysis is widely used to organize the scan results to the environment.

PEST refers to the political, economic, social and technology. It is important to recognise the key drivers of transformation of these factors and their impact on the external factors of SIA and the drivers are specific areas of interest. [Morrison, 2009]

Political

Singapore is a stable political environment, the ruling party is People's Action Party held by the Government of independences. Singapore government gave freedom of corporate governance and have set some restrictions on the industry. The company is able to make more than 90% of the decision on their own. The Board of Directors will only affect the company's director nomination for the company. The Board of Directors is also authorized emphasizes SIA. Over profits, compared to the public or social responsibility, the government supports the company's practice of cuts during the economic crisis [Sikorski, 1995].

Singapore's foreign policy is to maintain the good relations that have established diplomatic relations with 175 countries and has a particularly good relationship with a great economy in the country, such as France, Germany and the United Kingdom, Europe. The country has close to a free trade agreement with Australia, India, Japan, Korea, New Zealand, United

States and more recently China in October 2008. The country has seen hard to build a strong bond with the country of the Middle East-intensive high-level visits between the two countries in 2008 and the signing of the GCC-Singapore Free Trade Agreement, 15 December, 2008. The Asia-Pacific region has increased during the unrest last year, particularly in developing countries. Thailand is a chronic disease in 2008, continuing the protest, and greatly affected the tourism industry. Terrorism is also affected by some of the country of India in 2008 and Pakistan in 2009 most recently caused hundreds of lives lost. Other includes North Korea missile crisis that forces change SIA. (Board., 2009)

Economic

The financial crisis, 2007 was severely hit countries around the world, which will bring the recession in most countries. The latest crisis, until 2008 and made a very careful financial institution money lending companies have gone through a difficult measures to reduce costs to survive. Combining recovery is shown in 2009, and the IMF has predicted that most countries are recession in late 2009. The price of oil was high dollar \$ 140. 00 a barrel in June 2008, has seen a sharp drop of about USD 40. 00 in December 2008. Price then rose steadily to about USD 80. 00, hitting the high end of the peak of October 2009. The price of oil has led to the promotion of the combination; some expect the price of oil would drop to a comfortable level USD 70. 00 because most countries are still in recession and other speculation that it will continue to accelerate due. (Hooi, 2009)

Singapore Tourism Board, has no place in an extremely aims to promote Singapore's target Meeting, incentives, conferences and exhibitions. In February 2009, SGD 90 million Building opportunities to increase tourism, the program is started, follow the October 2009 announcement of a new Tourism Compass 2020 roadmap for strengthening tourism in Singapore in 2015 as the lead mice. Two integrated resort project costs SGD 18 million, Marina Bay Sand and Resort World Sentosa is also going to the end of 2010, which is expected to top 17 million drawn quality of tourism in the next 5 years. Singapore will remain to congregation the Formula One night race. Everything of is certainly a positive impact on their business trips to Singapore and to strengthen the tourism sector. (MFA, 2012)

Social

Singapore is a country of immigrants and a very diverse culture for nearly 35% of the population is living in the country. Although a high proportion of non-citizen nationals of that country continues to promote foreign talent and believe in the shortage of labour, if the migrant policy was to stop. The population consists of more than 75% in China, Malaysia and India to follow. Major religion is Buddhism, Islam, Christian, Taoism and Hinduism. Regardless of the rich Asian culture in the country is, Singapore is also one of westernizes Asian countries. Recent growing economy of China and the open-door policy in Singapore has landed major foreign workers arriving in mainland China, has created a cultural conflict for many Singapore. Singapore is known for its hard work and competitive mind-set of the work. Chinese traditional values have a major impact on work culture, it is a high

power distance culture, and the lowest level of the employee accepts a lower level and infrequent treatment decisions. They also highlighted the work of the team and maintain group harmonies. This has led to a very cooperative relationship to the employer. Unions in Greece are usually a good service for businesses and open the last labour strike of more than 20 years ago in 1986.

Technology

Inventions in the computer, and then you have a direct Internet endless expansion of electronic and telecommunications innovations in recent decades. Recent developments in the high videos provide a sharper image, coupled with high-speed computer processing power to compress and decompress these pictures and quicker data transfer rate, resulting in high-quality real-time video conferencing without a delay and clear sound and picture. This has become a very attractive video conferencing companies as a proxy for business travellers. With the advancement of technology, the definition of entertainment is also developing. Electronic devices are becoming more portable better performance. These devices are