

Impacts of low cost airlines in singapore

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



What impacts have the low cost airlines had on the tourism product in Singapore? Consider this from a consumer perspective and a supplier perspective; i. e. hoteliers.

Introduction

Tourism related activities have change and grown in different ways of classifying the industry have emerged. It has also evolved as attempts have been made to place a title on a difficult to define group of naturally related service activities and participants. The activities undertaken during their stay in those destinations, and the facilities created to cater to their needs is temporary movement of people to destinations outside their normal place of work and residences.

History of Low cost carrier

The first airline that created the concept of a low cost airline is Southwest Airline, an American domestic carrier which launched its flight on 18 June 1971. The airline was created to provide consumers with cheap airfares. The creation of low cost carriers proved to be attractive to consumers, and also a threat to premium airlines as they were able to offer cheaper airfares as compared to the full cost airlines.

With its unique branding of air stewardesses in hot pants and white boots, Southwest's concept was copied around the world. More people began to see the success in the concept of low cost carriers, and the market for low cost carriers began to expand.

The industry for low cost carriers has grown significantly over the past decade. According to an Airline Business low-cost airline survey done in 2011, low cost carriers “ carried nearly 640 million passengers in 2010”.

Low cost carrier in Singapore

In Singapore, there are three low cost carriers based here, and a total of 6 low cost carriers that have operations in the country. The pioneer low cost airline in Singapore is Tigerair, previously known as Tiger Airways. The budget carrier was established in 2004, and has since then grown to be the biggest low cost carrier, and second biggest airline in Singapore as of 29 April 2010. Jetstar Asia, which was established soon after Tigerair in 2004, is also one of the airlines based in Singapore.

As these low cost carriers have managed to create a new market, traditional airlines are more inclined to create a low cost carrier as subsidiary so as to maintain or even increase its market share. As a result, airlines such as Scoot were created. Scoot is a low cost carrier established by Singapore Airlines, to offer no-frills, low-fare flights for medium and long-haul routes.

In general, low cost carriers have a positive effect on the travel industry. While it may have a negative impact on premium airlines, low cost carriers have managed to increase the profit of the tourism industry. This is because passengers who have been unwilling or unable to afford the traditional full-frill airfares now have the option to fly at a lower airfare.

In Singapore, the growth of the low cost airline industry has increased so much over the years, there was a budget terminal built specially for low cost

carriers. However, as there is still much potential for low cost carriers to expand, the Singapore government has decided to tear down the budget terminal and build a new Terminal 4, in order to provide passengers with the best experience. This is a prominent evidence that proves that low cost carriers have become an influential segment here in Singapore.

Jetstar Asia had scheduled 37 flights to Singapore on February 12, 2014, on an average 1.5 hours a flight landing in Singapore which is very frequent. This is one of the reasons why Singapore Changi International Airport ranked 15th in the world's busiest airports in 2013 with 51,181,804 passengers in 2012.

Consumer perspective

When the budget airline concept first launched, many consumers deemed it unsafe, and even flying without maintenance. A few years down the road, more and more consumers are choosing low cost carriers as their first choice when flying overseas. The word "budget" implies something made cheaply, without much concern for quality, but the answer to this is no. Budget airlines are no less safe than any other airline, cutting corners on safety could completely ruin their business. Some of their cost-cutting measures even increase safety.

The biggest differences between low cost carrier and full-fledged carrier are that low cost carrier plane is smaller than full-fledged carrier plane, and on-board catering has to be paid extra when flying with budget airlines, extra costs mean the quality of the food is often good or even better than the regular airlines. Consumers are recommended to look at hidden extra charges and what is the special offers which regular airlines have before they book the flights. Consumers who are flying short distance may prefer to fly with budget airline as they may find that the additional services of a traditional airline are redundant.

Not all passengers taking low cost carriers are budget traveler, because some are taking short route flight, and they just need a seat to fly to certain country. 40% of the travelers are visiting friends or relatives, 37% for vacation or leisure, 20% for business and 3% of other purpose.

Definition of tourism product

It is the inclusion of a whole tourism package to meet the clients' expectations. These would include accommodation, tourism, meals, entertainment, and transport among others. It can be divided into a local product to encourage the citizens to participate or international products for revenue collection.

5 Advantages of tour package

Convenience - Traveler does not need to spend a lot of time deciding what to do and which supplier to use. The decision-making process will be shortened.

One-stop shopping - One payment covers the cost and paperwork of two or more services which made buying process easier. The traveler is allowed to know how much the trip will cost because all inclusive tour can be seen as virtually cash free

Cost savings - Tour packages will be more expensive if the tourist were to buy all the elements separately, tour group are able to able to get special discount and this cost saving will be passed on the tourists because they are able to take advantage of volume discount straight from the suppliers.

Special treatment - Tour member will receive privileged treatment as the volume of business tour operator represent to service supplier. Take for example that tour group members seldom stand in the long queue or under the hot sun, transport are park near from the entrances to attractions and when they arrived, the hotelier will pre-check-in the tour groups, and they just simply pass them the hotel key.

Worry free - The tour personnel will handle problems and details allowing the tourists to concentrate on the experiences and the new world around them when traveling on a hosted or escorted tour.

Economic impacts

When travelers from another country purchase goods and services within Singapore, tourism acts as an export industry by earning revenues from external sources. Travelers' expenditures also increase the general level of economic activity in the host community in numerous ways, direct and indirectly, the two most visible being creating new job opportunities and income. Taxes collected by government will also increase with the higher level of economic activity.

There are several factors that can influence the level of tourism activities