

Marketing analysis of singapore airlines

Environment, Air



The airline industry is one of the fast growing industries in the world irrespective of its criticism. The genesis of aviation in 1909 was by the Wright brothers who flew their first successful flight in Kitty Hawk. Due to the risk involved, numbers of people did not consider travelling by air not until the 1900's. Another breakthrough was that of Charles Lindbergh who flew and completed a journey across the Atlantic Ocean in 1927. The United States postal service as well contributed to the aviation/airline growth. Kelly Airmail Act allowed transport mails from one destination to another in 1925. There was a major issue with increase in air collision which brought about an Act by the Federal Aviation Administration in 1958. Another discouraging issue was the increase in the price of fuel in the 1970's. During the early 1980's there another deregulation was introduced which brought about mergers of large carriers and growth of smaller ones. In the early 1990's, people's confidence returned and there was an increase in the number of passengers due to price cut and cities served by airline were increased.

Singapore Airline

Singapore airline along with its subsidiaries is basically engaged in passenger and cargo air transportation, engineering services, airport terminal services; they are also involved in training their staffs, tour wholesaling and other activities. Singapore airline operates in the Eastern part of Asia with about 30, 088 staffs as on March 31, 2008 according to market research. The revenue recorded by the company was \$15, 975. 5 million during the financial year ended march 2008 which yield an increase of 10. 2% compared to 2007. The operating profit of the company was \$2,

124.5 million in 2008 with a decrease of 3.8% compared to 2007.

<http://www.marketresearch.com/product/display>

INNOVATIVE STRATEGIES

MISSION STATEMENT:

In some organization just like Singapore airline, the vision and objectives and the master plan in order to achieve all achievable is referred to as 'innovative strategic plan'. Innovative strategic planning is a management process which simply can be identified as taking inputs and transforming it as output. The input can be defined as information which is understood by the organization, its environment and its management. The transformation of the information is referred to as the innovative strategic planning and lastly, the output is the defined innovation.

According to the mission statement of Singapore airline, it addresses the organization's basic goal i. e. the kind of business they are into. The purpose of the organization was clearly defined and stated which comprises of the potential activities the company is engaged in.

The mission statement of Singapore airline is to provide air transportation services of the highest quality and to maximise returns for the benefit of its shareholders and employees. Pillay, J. (1989)

Nature of innovation of Singapore airline

Clarity and commitment: the quality services to customers are clearly stated and it is company's fundamental objective and aspiration which has made them provide a world-class customer service due to their commitment.

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Continuous training: in order to meet up with customer needs and challenges, Singapore airline set up training centres for their staffs thereby offering a wide range of educational programs.

Career development: there is every opportunity to learn and grow in the company, senior managers are allowed to develop as well

Internal communication: Singapore airline employed people from different cultural background to work together in achieving the goal and objectives of the company. In order to maintain good and healthy communication. Singapore airline published departmental newsletters and magazines whereby creating regular dialog between management and staffs.

Consistent external communications: when there is a new development in the company and needs to be advertised, the Singapore airline girls are always featured which is the brand identity of the company

Connection with customers: several medium is being employed to communicate and carry customers along such as in-flight surveys, reply to compliments and complaints received, sending messages to flyers of offers and privileges which includes additional baggage allowance, priority seating and more.

Benchmarking: keeping an open eye for improvement and new ways or strategic means of satisfying customers by following the steps of banks, hotels and retail outlets' growth.

Improvement, investment innovation: Singapore airline came about a different way of doing things by introducing free drinks and headsets, fax machines on board, individual video screens and telephones in every seat, leading edge gaming and in-flight entertainment.

Rewards and recognition: Excellent staffs are being rewarded for their performance and selfless acts of service.

Professionalism, pride and profits: Singapore airline has been able to achieve a remarkable result due to staff commitment to the airline and to customers. The airline's reputation is being protected by the staffs as well. Chan, D. (2000)& Wirtz, J., & Johnston, R. (2003)

SNAP SHOT OF SINGAPORE AIRLINE

<http://s3files.core77.com/blog/images/sa3803.jpg>

From www.google.com/singaporeairlineimages

Comfort ability

FIRST HAND DATA

Through the means of email and telephone interview, I was able to collect the following first hand data directly from the public affairs department in Singapore from the 5th to the 9th of September 2009.

Question 1:

Since its establishment, Singapore Airlines has earned a reputation as an innovative market leader, combining quality products with excellent service. In brevity, please explain the history of Singapore airline since its early days from 1947 till date?

Answer:

A Brief History

The Early Days

Singapore Airlines' history can be traced back to 1st May 1947, when a Malayan Airways Limited (MAL) Airspeed Consul took off from Singapore Kallang Airport on the first of three scheduled flights a week to Kuala Lumpur, Ipoh and Penang.

Over the next five years, larger capacity DC-3 aircraft were introduced. This meant faster and more comfortable flights, and the extension of services further afield to destinations in Indonesia, Vietnam, Burma (now Myanmar), North Borneo (Sabah) and Sarawak.

Inflight refreshments improved from the original thermos flask of iced water to sandwiches, biscuits and cold cuts plus a choice of hot and cold drinks,

and alcoholic beverages served by a lone hostess. Known as “ female pursers”, these hostesses are the forerunners of today’s Singapore Girl.

The 1950s & 1960s

More new aircraft were added to the fleet in the 1950s and 1960s, the period leading up to the jet age. Among these were the DC-4 Skymaster, Vickers Viscount, Lockheed Super Constellation, Bristol Britannia, Comet IV and Fokker F27.

On 16 September 1963, the Federation of Malaysia was born and the Airline became known as Malaysian Airways Limited. In May 1966, it became Malaysia-Singapore Airlines (MSA).

In 1968, for the first time, annual revenue hit S\$100 million. The sarong kebaya uniform for air hostesses, designed by French couturier Pierre Balmain, was introduced and three B707s were added to the fleet.

The Airline’s Boeing age began in 1969 with the purchase of five B737-100s.

The 1970s

The 1970s got underway with a bang: on 2nd June 1971, MSA’s first transcontinental flight took off for London.

In 1972, MSA split up to become two new entities – Singapore Airlines and Malaysian Airline System (MAS).

The rest of the decade was devoted to growth and consolidation of the newly-established Singapore Airlines. The fleet was expanded to include

B747s, B727s and DC10s. To provide more efficient ground services at Paya Lebar Airport, a subsidiary company, Singapore Airport Terminal Services (SATS) was set up. A B747 hangar and airfreight terminal was opened in 1977.

The 1980s

The move to the new Singapore Changi Airport from Paya Lebar on 1st July 1981 was a big event. Two years later, Airline House, Singapore Airlines' corporate headquarters in the Changi Airfreight Centre, was officially opened.

The first Singapore Airlines A300 Superbus went into service in February 1981 and the first B747-300 in May 1983. The first B757 and the first A310-200 arrived in November 1984. In 1989, Singapore Airlines became the first airline to operate a B747-400 on a commercial flight across the Pacific.

Tradewinds, a Singapore Airlines subsidiary, became Singapore's second airline in February 1989. It has since been renamed SilkAir and has an established network of 29 destinations in the region.

The 1990s

Singapore Airlines commenced operations from the new Terminal 2 at Singapore Changi Airport on 22 November 1990, with the arrival of SQ23 from Amsterdam.

In September 1998, Singapore Airlines set new standards in air travel by unveiling a new suite of product and services worth S\$500 million across all

three classes of travel, offering customers enhanced standards of service on the ground and new levels of comfort, cuisine and entertainment in the air.

In 1999, Singapore Airlines launched KrisFlyer, its first proprietary frequent flyer programme, which allows First, Business and Economy Class customers to earn mileage credits.

The 2000s

In February 2004, Singapore Airlines inaugurated its first Airbus 340-500 by setting a record for operating the world's longest non-stop commercial flight from Singapore to Los Angeles. The Airline bettered the record barely half a year later, in July 2004, when it launched the non-stop Singapore to New York (Newark) flight.

Singapore Airlines currently operates 77 Boeing 777s, consisting of 12 B777-300s, 19 B777-300ERs , 31 B777-200s and 15 B777-200ERs.

In October 2006, Singapore Airlines launched a comprehensive suite of new generation cabin products comprising the world's widest First and Business Class full-flat seat products, a new Economy Class seat, and the next generation of KrisWorld inflight entertainment system.

On 15 October 2007, Singapore Airlines took delivery of the world's first A380 at the Airbus Headquarters in Toulouse.

Singapore Airlines was the first airline to operate out of Changi Airport Terminal 3 in January 2008. The Airline currently operates out of both the new terminal and Terminal 2.

In May 2008, Singapore Airlines created history again by being the first carrier to operate an all-Business Class service between Asia and the USA with its launch of all-Business class non-stop flights from Singapore to New York (Newark). Three months later, in August 2008, the Airline introduced this all-Business Class non-stop service to Los Angeles.

On 21 January 2009, Singapore Airlines received the first of 19 new A330-300 aircraft in Toulouse, France. The aircraft is configured in a two class layout, with 30 new Business Class seats, and 255 Economy Class seats. The planes currently serve the regional and medium-haul routes between Singapore and cities in Australia (Brisbane, Adelaide and Perth) and Japan (Nagoya). The Airline will commence daily A330-300 services to Osaka in early 2010. Public Affairs Department Singapore Airlines Ltd (2009)

Question 2:

What are your innovative strategies in terms of your products and services?

Answer:

Product and Service Excellence

Excellence in customer service has been integral to Singapore Airlines' success. Superb in-flight service is the cornerstone of its reputation for customer service and hospitality.

Singapore Airlines has also developed a reputation as an industry trendsetter. The list of industry-leading innovations by Singapore Airlines includes:

First to offer free headsets, a choice of meals and free drinks in Economy Class, in the 1970s

First to fly non-stop from London to Singapore in 1984, and the first to fly non-stop from Singapore to London in 1989

First to fly non-stop across the Pacific between Hong Kong and San Francisco in 1989

First to introduce satellite-based in-flight telephones in 1991

First to introduce KrisWorld, a state-of-the-art inflight entertainment and communications system across all three classes in 1995

First to involve a comprehensive panel of world-renowned chefs, the International Culinary Panel, in developing inflight meals in 1998

First to bring high quality theatre-style “surround sound” to inflight movie viewing in all three classes with Dolby Technologies in 1999

First to offer audio and video on demand (AVOD) capabilities on KrisWorld in all classes in October 2001

First to operate the world’s longest non-stop commercial flight between Singapore and Los Angeles in February 2004 on the A340-500, and then surpassing the record (in terms of distance) later that year with the non-stop service to New York (Newark) in June 2004

First to introduce the Berlitz® World Traveler interactive language learning programme on all A340-500 aircraft in July 2004

First in the world to launch the next generation KrisWorld inflight entertainment system on Panasonic Avionics Corporation's eX2™ platform in October 2006

First to fly the A380 from Singapore to Sydney on 25 October 2007. Public Affairs Department Singapore Airlines Ltd (2009).

Question 3:

Globally, what impact has the company made so far in respect to innovative ideas?

Answer:

Global Network

The Singapore Airlines route network extends across 98 destinations in 40 countries, including those served by Singapore Airlines Cargo and the regional airline subsidiary, SilkAir.

On 1st April 2000, Singapore Airlines joined the Star Alliance network as part of its globalization strategy and continual commitment to offer its customers improved services and benefits, including “seamless” air travel worldwide.

Modern Fleet

Singapore Airlines' fleet today comprises A380-800s, A340-500s, A330-300s, B747-400s, B777-300s, B777-300ERs, B777-200s and B777-200ERs. It is the result of a series of large orders made in the 1990s, as part of an ambitious

fleet renewal and expansion strategy. The orders included a US\$10.3 billion order for 22 B747-400s and 30 A340-300s in 1994, a US\$12.7 billion order for 77 B777s in 1995 and a US\$2.2 billion order for 10 A340-500s in 1998.

Singapore Airlines reinforced its commitment to fleet upgrading and expansion by placing a series of orders for a range of new generation aircraft in recent years, including:

25 Airbus A380-800 (10 in fleet, 9 on firm order and 6 on option)

40 Airbus A350 XWB-900 (20 firm and 20 on option)

40 Boeing 787-9 (20 firm and 20 on purchase rights)

19 Boeing 777-300 Extended Range (all in fleet)

Singapore Airlines became the first in the world to take delivery and fly the super-jumbo A380-800 aircraft in October 2007.

Singapore Airlines has one of the youngest fleets of any major airline, with an average age of 6 years and one month as at 1 September 2009.

Singapore Airlines Cargo, a wholly-owned subsidiary, operates a fleet of 12 B747-400 Freighters.

SilkAir, also a wholly-owned subsidiary, operates a fleet of 16 aircraft, including ten Airbus A320-200s and six Airbus A319-100s. Public Affairs Department Singapore Airlines Ltd (2009).

Question 4:

Without leaving out the financial aspect of it, what were your innovative ideas in terms of management of funds?

Answer:

Financial Strength

Prudent management has helped Singapore Airlines maintain a healthy financial position and return a profit in every year of its operation.

For the financial year ended 31 March 2009, the Singapore Airlines Group recorded an operating profit of S\$1, 062 million. Public Affairs Department Singapore Airlines Ltd (2009)

Question 5:

How many subsidiaries does the company have and how has it helped with the growth of the company?

Answer:

Subsidiaries

The Singapore Airlines Group has over 20 subsidiaries, covering a range of airline-related services from cargo to engine overhaul.

The philosophy of investing in overseas joint ventures is the driving force behind Singapore Airlines' development into a global group of aviation-related companies.

The Singapore Airlines Group will continue to invest in related businesses, rather than seek to diversify outside of the aviation industry. Public Affairs Department Singapore Airlines Ltd (2009)

Question6:

How many staffs do you have at present?

Answer:

Human Resource

The Singapore Airlines Group's staff strength as at 31 August 2009 was 29,965 of which 14,054 were employed by the Airline.

Public Affairs Department Singapore Airlines Ltd (2009)

Question 7:

In what other areas have you made impact?

Answer:

Corporate Citizenship

Singapore Airlines recognizes the importance of building strong relationships, not only with its customers and business partners, but also with the many communities it serves.

Through corporate donations, sponsorships and other forms of support, Singapore Airlines provides backing to a wide range of community groups including charities, educational institutions, and arts and sports events.

Issued by Public Affairs Department Singapore Airlines Ltd to John Odewole.
5th-9th September 2009)

Information systems

The main kinds of information systems that brings about innovation are as follows;

Executive support system

Management information system

Decision support system

Knowledge management system

Transaction processing system

Office automation system

Operational level system

An operational level system is managed by the operational managers to support them by keeping the track of elementary activities and transactions of the organisation by the use of transaction processing system. The flow of transaction is tracked at this level such as sales, receipts, cash, deposits, payroll, credit decision and flow of materials. Major function of this level includes sales management, scheduling, budgeting and personnel records.

Training and development is one of the tools responsible to the success of SIA, therefore new ideas are needed to enhance this.

Operational level involves sales and marketing, manufacturing, finance which is the backbone of the company, accounting and human resources. All these should be carried out accurately and effectively for proper running of the company. For the company to function well, a basic routine of transaction necessary must be carried out. At this level, the goals of the company, task, and recourses are predefined and structured intelligently.

Beardwell, I., Holden, L. & Claydon, T

Knowledge level system

The knowledge level is to help the organisation in discovering, organising, and to integrate new and existing knowledge in to the business. Controlling the flow of paper work should be employed in this level as well. A classical planning system in terms of models of problem solving should be carried out properly and accurately. A high level of information system design is needed at this level.

In the knowledge level, a biometric system can be employed in order to monitor the staff's attendance and for security purpose. This system would reduce the level of insecurity and intruders or unauthorised access into the company.

The use of SAP (system Anwendungen und produkte) can be employed in Singapore airline to manage the system at the operational level. SAP is system software used to manage the system database. Its efficiency and accuracy make it outstanding among other system software.

Management level system

The purpose of management level is to monitor and control, decision making, and administrative activities by middle managers. The management level is the decision support system unit where management information system should be used to carry out sales management, inventory control, annual budgeting and relocation analysis.

is4

(By Lachlan Mackinnin and Phil Trinder)

The management should be able to analyse regional sales, schedule production in such a way that time and cost of production will be will be managed by telling the production facility what to make with which staff, and on which equipment. This is done by using production scheduling tools. An inventory control system can be used, which is integrated package of software and hardware used in controlling the company's stock.

The management level of SIA should be able to analyse cost quantitatively in order to decide whether to follow a course of action or not. In terms of pricing or profitability, the management should be able to conduct a proper profitability analysis in order to provide invaluable evidence concerning the earning potential of the company.

Innovative system

This level is being managed by senior managers to tackle and address strategic issues and long term trends. Senior managers do not only tackle

issues within the organisation, they look into the external environment as well. The senior manager's major concern is how to match the capability of the organisation with challenges, changes and opportunities externally.

Executive support system is used at the strategic level by senior managers to carry out sales trend forecasting, operating plan, budget forecasting and manpower planning.

is7

Inter-relationship between IS types (by Lachlan Mackinnin and Phil Trinder)

Using information systems to facilitate customer relations of Singapore airline

Information systems can be used to facilitate customer relations through the following means or medium:

Functional support role

To record and store customer market data, customer profiles, customer purchase history, marketing research data, and other useful marketing records.

Marketing records are used for advertising, marketing plans and sales activities.

Helps to record competitor's activities data, industry data, intelligence data and strategic market records.

In implementing, controlling, monitoring plans, strategies, tactics, new products and new business models as well as new customers.

Decision support role

Decision making is determined by asking what if?? Questions such as: what if we decrease the price of flight 5% will that increase our sales? What if we increase it by 2% will it decrease or increase sales? Or rather discourage customers, what if we decrease by 2% then increase by 3%? And so on.

Strategic support role

Core competence: sustainable competitive advantage which gives the company (SIA) long term advantage in the market place.

Piloting the chain of internal values which helps to reduce costs and manage performance

Rapid speed of change in information and technology helps in competitive aspect which serves as an advantage to the company.

Performance monitoring role

Help to establish relevant and measurable objectives

Helps in monitoring results and performance

Helps to send or to alert managers at each levels of the organisation.

Benefits of a good customer relation management

A good customer relation management helps to provide an excellent customer service in such a way that customers are satisfied and retained.

Examples of this is providing a rapid response to queries, fast delivery, providing solutions to customer needs/ meeting customer needs and warm customer service that cannot be found elsewhere.

Using customer information to optimise/ prioritize products/ goods and services and design as well as marketing strategy.

Knowing your customers and then focusing on them in terms of provision of services.

Building a long term relationship with the customers and conducting interaction with customer in order to know more about their needs.

Reasons for CRM

To be able to compete at a higher level with other competitors

Unequivocal of customer economic retention

With the help of technology, Singapore airline will be able to do so effectively and profitably.

By doing the above, Singapore airline will definitely acquire and retain as much customers as possible and possibly enhance profits for the company.

Ethical issues

The principle of right and wrong:

Ethical issue is concerned the choices that people make. Ethical issue can be classified under two categories such as:

The fundamental morality of behaviour: this type of issue, as well known as deontologist refers to the basic and unarguable instances of right and wrong. Therefore this medium must not be used to mislead or differentiate.

The consequences of behaviour: known as teleological, this refers to social effect of behaviour.

The ethical issues Singapore airline might be encountering are:

The innovative strategies used by corporate employees to maximise their frequent fliers benefits such as games which can be stored by frequent fliers.

Breach in individual right

Inconsistence in code of conduct of the company

Unlawful distribution or exposition of customer details

The consequences of this action on the society

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