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### RESEARCH ARTICLE

#### EVALUATION OF SINGAPORE AIRLINES' USE OF NICHE MARKETING TO GROW IN THE AMERICAN MARKET

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#### Manuscript Info

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#### Abstract

Singapore Airlines is a globally established airline operating out of Singapore. They have a fleet of 129 aircraft flying on 62 routes around the world. In 2018, they were ranked as the world's best airline by Skytrax. In the early 2010s, in accordance with the ambition to grow, Singapore Airlines expanded the American market with flights to the USA. This posed a challenge for the airline because of the geographical distance between Singapore and North America. With the A350-900 ULR, Singapore Airlines restarted its route to New York with the same ambition of expanding into the American market. However, this time the route only offered business class and premium economy to target, using segmentation as a means to grow in the American market. Thus through secondary research, I aim to find out: How effective has been Singapore Airlines' decision to reopen the New York route to expand in the American Market through segmentation? This research paper aims to evaluate the effectiveness of Singapore Airlines' strategy to expand into the American Market by targeting a new market segment. The success or failure of this strategy implemented by Singapore Airlines would determine whether or not the strategy of segmentation on ultra-long-haul flights can be replicated by other airlines. Hence, this research is significant as the findings may predict the future of ultra-long-haul flights such as the cities of New York and Singapore, innovation leading to the birth of the A350-900ULR, and an effective marketing mix employed created the perfect storm for Singapore Airlines to use segmentation to grow in the American market successfully.

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#### Introduction:-

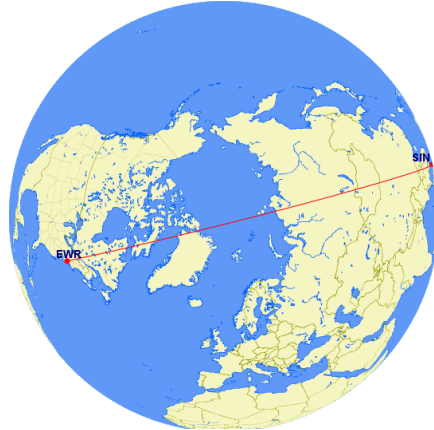
Singapore Airlines (SIA) is a globally established airline operating out of Singapore. SIA has a fleet of 129<sup>1</sup> aircraft flying on 62<sup>2</sup> routes around the world\*. In 2018, they were ranked as the best airline by Skytrax<sup>3</sup>. In the early

1 "Singapore Airlines Fleet Details and History." [www.planespotters.net/airline/Singapore-Airlines](http://www.planespotters.net/airline/Singapore-Airlines). Date Accessed: 2 Apr. 2019

2 "Where We Fly." Singapore Airlines, [www.singaporeair.com/en\\_UK/in/plan-travel/destinations/where-we-fly/](http://www.singaporeair.com/en_UK/in/plan-travel/destinations/where-we-fly/). Date Accessed: 2 Apr. 2019

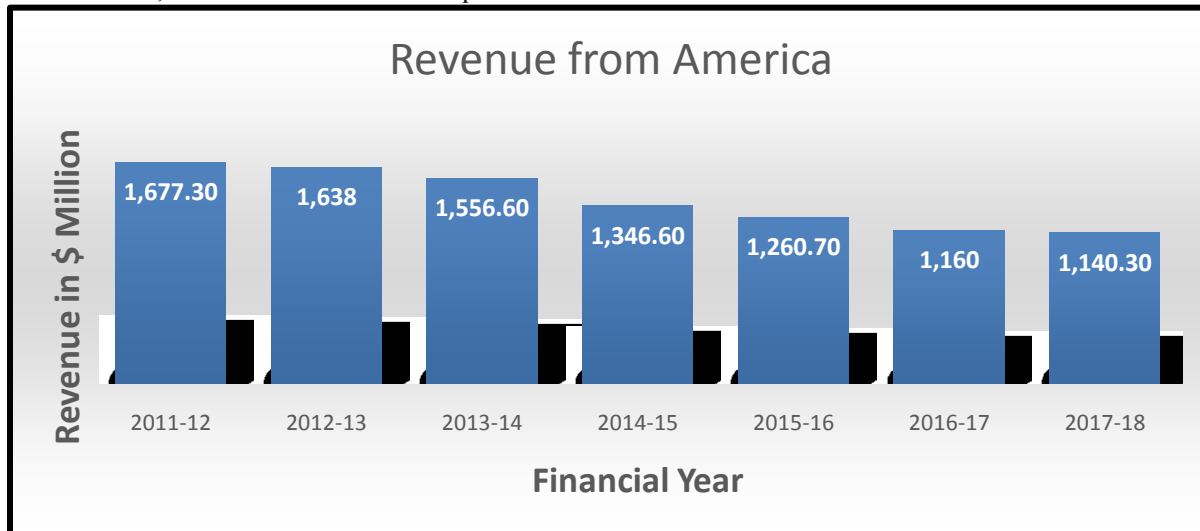
3 "2018 World Airline Awards Results Announced." SKYTRAX, [www.worldairlineawards.com/2018-world-airline-awards-results-announced/](http://www.worldairlineawards.com/2018-world-airline-awards-results-announced/). Date Accessed: 11 June 2019

2010's, in accordance with the ambition to grow, SIA aimed to expand into the American Market with flights to the USA<sup>4</sup>. This posed a challenge for the airline because of the geographical distance between Singapore and North America<sup>5</sup>



**Figure 1:-** The 9,500 mile route from Singapore to New York makes it the longest in the world.

The airline started a direct route between Singapore and New York with the Airbus A340<sup>6</sup>. However, the route was closed due to high operating costs. The aircraft was inefficient at operating this ultra-long-haul route due to high fuel consumption leading to higher costs, this meant that this route was not profitable for SIA<sup>7</sup>. Ultimately the route was closed in 2013, the closure slowed SIA's expansion into the American Market as its revenue declined.



**Figure 2:-** Singapore Airline's Revenue from America by Year<sup>8</sup>.

4 "Singapore Airlines Bullish on US Market Following Rapid Expansion of Nonstop Flights." Blue Swan Daily, 19 Dec. 2018, blueswandaily.com/singapore-airlines-bullish-on-us-market-following-rapid-expansion-of-nonstop-flights/. Date Accessed: 4 May 2019

5 "Singapore Airlines Reduces Focus on US Market as Non-Stop Flights Are Dropped.", CAPA - Centre for Aviation, CAPA - Centre for Aviation, 3 Oct. 2013, centreforaviation.com/analysis/reports/singapore-airlines-reduces-focus-on-us-market-as-non-stop-flights-are-dropped-131665. Date Accessed: 5 May 2019

6 "Singapore Airlines Upcoming Termination of Non-Stops to US Spells End to Ultra Long-Range Travel." CAPA - Centre for Aviation, 29 Sept. 2013, centreforaviation.com/analysis/reports/singapore-airlines-upcoming-termination-of-non-stops-to-us-spells-end-to-ultra-long-range-travel-130924. Date Accessed: 16 May 2019

7 Brancatelli, Joe. "Goodnight Singapore: The Globe's Longest Flight Gets Ready to Stop." Bizjournals.com, 23 Nov. 2013, www.bizjournals.com/bizjournals/blog/seat2B/2013/11/singapore-airlines-ends-longest-nonstop.html. Date Accessed: 23 May 2019

8 "Financial Results." Singapore Airlines, www.singaporeair.com/en\_UK/us/about-us/information-for-investors/financial-results/. Date Accessed: 27 June 2019.

To resume expansion into the American market, SIA informed Airbus that if they could build a more efficient aircraft to operate this ultra-long-haul routes, they would be willing to acquire and use it for long-haul operations<sup>9</sup>. This led to the creation of the A350-900 ULR, an aircraft designed with technological innovations to be more efficient in flying greater distances<sup>10</sup>.

With the A350-900 ULR, SIA restarted its route to New York with the same ambition of growing into the American market<sup>11</sup>. However, this time the airline focused on business travellers by only offering business class and premium economy. This indicates that SIA is focusing on a part of the broader American Market as a means to grow<sup>12</sup>. The focus of this essay is to evaluate the effectiveness of SIA's newly launched route by targeting a new market segment. The research focuses on whether the segmentation has been successful for SIA.

**Thus, my research question:**

“How effective has been Singapore Airlines’ decision to relaunch the New York route to grow in the American Market through Segmentation?”

The **purpose** of the essay is to evaluate the effectiveness of the strategy pursued by SIA using Business Management tools and theory to produce a detailed analysis. The Ansoff Matrix<sup>13</sup> would be used to further evaluate the growth strategy implemented by SIA. In addition, the theory of segmentation, targeting, positioning<sup>14</sup>, consumer product profitability analysis<sup>15</sup>, and the marketing funnel<sup>16</sup> will be applied as it would identify the role of segmentation to achieve growth in the American Market. Furthermore, the extended marketing mix<sup>17</sup> will be applied to clarify how the airline has manipulated the 7P's of marketing to appeal to the target segment. Porter's Generic Strategies<sup>18</sup> will be used to evaluate the strategy implemented to investigate the role of differentiation. Finally, data from the annual reports and supporting primary research would be analyzed to determine the quantitative effectiveness and success of the route and reach a conclusion.

**Methodology:-**

Varied sources of secondary research would be used for the analysis along with a supporting primary.

Source	Objective
Secondary Sources	
Official Statements and Press Releases	To attain key information possessed by SIA
Articles	To understand the significance of the introduction of the route by SIA and to evaluate the extended marketing mix implemented.
Market Reports	

9 “Airbus Developing Ultra-Long Haul A350-900 Variant for Singapore Airlines.” CAPA - Centre for Aviation, 18 Aug. 2015, [centreforaviation.com/news/airbus-developing-ultra-long-haul-a350-900-variant-for-singapore-airlines-474426](http://centreforaviation.com/news/airbus-developing-ultra-long-haul-a350-900-variant-for-singapore-airlines-474426). Date Accessed: 12 July 2019

10 Airbus. “Airbus Launches New Ultra Long Range Version of the A350-900.” Airbus, 19 Sept. 2018, [www.airbus.com/newsroom/press-releases/en/2015/10/airbus-launches-new-ultra-long-range-version-of-the-a350-900.html](http://www.airbus.com/newsroom/press-releases/en/2015/10/airbus-launches-new-ultra-long-range-version-of-the-a350-900.html). Date Accessed: 10 July 2019

11 “Singapore Airlines to Resume Non-Stop US Services with A350-900ULR: a Strategic Imperative.” CAPA - Centre for Aviation, 14 Oct. 2015, [centreforaviation.com/analysis/reports/singapore-airlines-to-resume-non-stop-us-services-with-a350-900-ulr-a-strategic-imperative-248462](http://centreforaviation.com/analysis/reports/singapore-airlines-to-resume-non-stop-us-services-with-a350-900-ulr-a-strategic-imperative-248462). Date Accessed: 23 May 2019

12 “Singapore Airlines to Boost US Premium Capacity with Singapore-Newark Service.” CAPA - Centre for Aviation, 31 May 2018, [centreforaviation.com/news/singapore-airlines-to-boost-us-premium-capacity-with-singapore-newark-service-806073](http://centreforaviation.com/news/singapore-airlines-to-boost-us-premium-capacity-with-singapore-newark-service-806073). Date Accessed: 23 July 2019

13 Muchena, Martin Mwenda, et al. *IB Business Management*. Oxford University Press, 2014. Date Accessed: 2 May 2019

14 Hoang, Paul. *Business Management*. IBID Press, 2014. Date Accessed: 15 May 2019

15 “Customer Product Profitability Analysis.” Kotler, Philip, and Kevin Lane Keller. *Marketing Management*. Pearson, 2019. Date Accessed: 14 June 2019

16 “Marketing Funnel.” Kotler, Philip, and Kevin Lane Keller. *Marketing Management*. Pearson, 2019. Date Accessed: 2 May 2019

17 Clark, Paul. *IB Business and Management: Higher Level*. OSC Publishing, 2016. Date Accessed: 9 May 2019

18 “Porter's Generic Strategies.” Kotler, Philip, and Kevin Lane Keller. *Marketing Management*. Pearson, 2019. Date Accessed: 5 May 2019

	To interpret consumer behaviour of business travellers To analyse SIA's competition To understand the advantage gained by using the A350-900 ULR Aircraft
Existing Studies	To discern segmentation and similar strategies adopted by other airlines.
Financial Reports	To understand the impact of SIA's strategy on the annual revenue of the airline
Existing Interviews of SIA Executives	To obtain SIA's perspectives
Supporting Primary Source	
Email to SIA	To determine SIA's perspective on the financial performance of the route

### Evaluation of Methodology:

To determine the authenticity, accuracy, and credibility of the information obtained would be cross-examined by checking it across varied sources. In order to analyse a source and identify its limitation, the origin, purpose, value and limitation of each source would be determined before data can be extracted. This would allow to bring in perspectives and determine the correct value and limitations of sources chosen, adding depth to the research. The financial information obtained is often window dressed, thus multiple sources will be looked at to validate it. The financial information obtained only limits to sales revenue, thus an email correspondence will be used to get official acknowledgement of the financial performance route.

### Analysis and Discussion:-

#### Product and Market Development

"The Ansoff matrix (1957) is an analytical tool to devise product and market growth strategies, depending on whether businesses want to market new or existing products in new or existing markets<sup>19</sup>." The Ansoff Matrix is used to analyse the growth strategy implemented by SIA.

		Products	
		Low	High
Markets	Existing	Market penetration	Product development
	New	Market development	Diversification

Figure 3:- Ansoff Matrix<sup>20</sup>.

SIA wanted to achieve growth in the American Market organically by increases operations<sup>21</sup>. SIA had already entered the American Market and wants to increase operations, suggesting an existing market is being targeted with a new

19 "Ansoff Matrix." Business Management, by Paul Hoang, IBID Press, 2014. Date Accessed: 5 May 2019

20 "Ansoff Matrix." BUSINESS MANAGEMENT 4TH EDITION, by PAUL HOANG, IBID PRESS, 2018. Date Accessed: 5 May 2019

21 "Singapore Airlines to Commence Nonstop Singapore-New York Service with A350ULR in Oct-2018." CAPA - Centre for Aviation, 30 May 2018, [centreforaviation.com/news/singapore-airlines-to-commence-nonstop-singapore-new-york-service-with-a350ulr-in-oct-2018-805787](http://centreforaviation.com/news/singapore-airlines-to-commence-nonstop-singapore-new-york-service-with-a350ulr-in-oct-2018-805787). Date Accessed: 22 Apr. 2019

product of “the premium Singapore-New York route<sup>22</sup>” with an altered marketing mix. Thus, the strategy of product development is implemented.

Another perspective on SIA’s strategy would be that with the new route, by not focusing on economy passenger, focuses on targeting a new segment of business travellers<sup>23</sup>, who travel more frequently, tend to minimize travel time, and prefer quality, comfort, and convenience over price.<sup>24</sup> Thus, one may consider SIA’s strategy to be market development<sup>25</sup>.

SIA has used this strategy in a highly competitive market to gain an advantage by challenging some existing players like Delta Airlines with the thrust of offering direct flights. SIA intensified the competition in the market, leading Delta to decide to pull out services from the route<sup>26</sup>.

Both strategies are medium risk, as in both cases there is an unknown variable. In the case of product development SIA was unaware of how the customers will perceive and respond to a premium route; in market development, SIA was unaware about the behaviour and expectations of the new market of business travellers.

Although the strategy in both views holds medium risk, SIA decided to implement the strategy effectively by segmenting the America Market to focus on business travellers.

#### Using Segmentation to Target Business Travelers:

“Market segmentation is the process of splitting the market into distinct consumer groups to better meet their needs”<sup>27</sup>. SIA segmented the market by using demographic, geographic, and psychographic segmentation. “In demographic segmentation, the market is divided into groups on the basis of age, income, occupation, nationality, family life cycle, and social class<sup>28</sup>.” “Geographic segmentation calls for dividing the market into different geographic units such as nations, states, regions, or cities<sup>29</sup>.” “In psychographic segmentation, buyers are divided into different groups on the basis of lifestyle or personality and values or habits<sup>30</sup>.” In doing so, they have created a consumer profile, “a description of a customer or set of customers that includes demographic, geographic, and psychographic characteristics, as well as buying patterns, creditworthiness, and purchase history.”<sup>31</sup>

22 W., A. “Singapore Airlines Launches the World's Longest Flight.” 25 Apr. 2019, *The Economist*, *The Economist Newspaper*, [www.economist.com/gulliver/2018/10/11/singapore-airlines-launches-the-worlds-longest-flight](http://www.economist.com/gulliver/2018/10/11/singapore-airlines-launches-the-worlds-longest-flight). Date Accessed: 11 Oct. 2018

23 “The Rise of 20-Hour Long Haul Flights.” Wendover Productions, YouTube, 11 Dec. 2018, [www.youtube.com/watch?v=72h1r-E7KA0](http://www.youtube.com/watch?v=72h1r-E7KA0). Date Accessed: 7 July 2019

24 Dwyer-Lindgren, Jeremy. “Singapore Air Is Again Flying Nonstop to USA from Singapore.” USA Today, Gannett Satellite Information Network, 24 Oct. 2016, [www.usatoday.com/story/travel/flights/todayinthesky/2016/10/23/singapore-air-again-flying-nonstop-usa-singapore/92661020/](http://www.usatoday.com/story/travel/flights/todayinthesky/2016/10/23/singapore-air-again-flying-nonstop-usa-singapore/92661020/). Date Accessed: 12 May 2019

25 “Singapore Airlines to Commence Nonstop Singapore-San Francisco Service in Oct-2016.” CAPA - Centre for Aviation, 16 June 2016, [centreforaviation.com/news/singapore-airlines-to-commence-nonstop-singapore-san-francisco-service-in-oct-2016-565891](http://centreforaviation.com/news/singapore-airlines-to-commence-nonstop-singapore-san-francisco-service-in-oct-2016-565891). Date Accessed: 26 Apr. 2019

26 Wei, Toh Ting. “US Carrier Delta Air Lines Set to Exit Singapore Market.”, *The Straits Times*, 3 Aug. 2019, [www.straitstimes.com/singapore/transport/us-carrier-delta-air-lines-set-to-exit-singapore-market](http://www.straitstimes.com/singapore/transport/us-carrier-delta-air-lines-set-to-exit-singapore-market). Date Accessed: 3 Oct. 2019

\*For the purpose of this essay, ‘product’ refers to ‘service’, which is the route.

27 “Segmentation.” Hoang, Paul. *Business Management*. IBID Press, 2014. Date Accessed: 15 May 2019

28 “Demographic Segmentation.” Kotler, Philip, and Kevin Lane Keller. *Marketing Management*. Pearson, 2019. Date Accessed: 7 June 2019

29 “Geographic Segmentation.” Kotler, Philip, and Kevin Lane Keller. *Marketing Management*. Pearson, 2019. Date Accessed: 7 June 2019

30 “Psychographic Segmentation.” Kotler, Philip, and Kevin Lane Keller. *Marketing Management*. Pearson, 2019. Date Accessed: 7 June 2019

31 “Customer Profile.” Kotler, Philip, and Kevin Lane Keller. *Marketing Management*. Pearson, 2019. Date Accessed: 7 June 2019

Demographic	Geographic	Psychographic
-High Income Earners and Business Executives who aim to minimize travel time <sup>32</sup> by offering only business class and premium economy on a direct flight	-Those who live or work around the global financial hubs of New York or the East Coast of USA, like Boston, and Singapore <sup>33</sup>	-Passengers who prefer comfort, quality and convenience <sup>34</sup> -Brand Loyal customers of SIA who are a part of the KrisFlyer frequent flyer program <sup>35</sup>

Business Travelers

Figure 4:-Segmentation by SIA<sup>36</sup>

As segmentation on this route satisfies DAMAS (Differential, Actionable, Measurable, Accessible, Substantial)<sup>37</sup>, a set of criteria for assessing successful market segmentation, it can be concluded that the market has been segmented appropriately.

**Customer Product Profitability Analysis of Business Travelers:**

		Customers			
		C <sub>1</sub>	C <sub>2</sub>	C <sub>3</sub>	
Product	P <sub>1</sub>				Highly Profitable Product
	P <sub>2</sub>				Profitable Product
	P <sub>3</sub>				Losing Product
	P <sub>4</sub>				Mixed-Bag Product
		High-Profit Customer	Mixed-Bag Customer	Losing Customer	

“Marketing is the art of attracting and keeping profitable consumers.<sup>38</sup>” Through segmentation, SIA is attempting to maximise customer lifetime value. To assess the profitability of the target segment the Customer Product

32 Garcia, Marisa. “Lessons From Singapore Airlines' Relaunch Of The World's Longest Flight.” Forbes, Forbes Magazine, 15 Oct. 2018, www.forbes.com/sites/marisagarcia/2018/10/12/what-can-qantas-learn-from-the-re-launch-of-singapore-airlines-longest-flight/#5a5a07c73c4a. Date Accessed: 14 July 2019

33 Rosen, Eric. “Singapore Airlines Will Fly World's New Longest Flight New York To Singapore In October.” Forbes, Forbes Magazine, 5 June 2018, www.forbes.com/sites/ericrosen/2018/05/30/singapore-airlines-will-fly-worlds-new-longest-flight-new-york-to-singapore-in-october/#5c8b01ace3f6. Date Accessed: 25 Apr. 2019

34 “Singapore Airlines Revives Longest Route, Completes Singapore to New York Flight in 18 Hours.” Business Today, 12 Oct. 2018, www.businesstoday.in/current/economy-politics/singapore-airlines-revives-longest-route-completes-singapore-to-new-york-flight-in-18-hours/story/284969.html. Date Accessed: 23 Apr. 2019

35 “Singapore Airlines KrisFlyer.” Singapore Airlines www.singaporeair.com/en\_UK/in/ppclub-krisflyer/krisflyer/. Date Accessed: 8 May 2019

36 Self-Made Table

37 “DAMAS.” Hoang, Paul. Business Management. IBID Press, 2014. Date Accessed: 28 Apr. 2019

Profitability Analysis, which will indicate how SIA targeted profitable customers to yield more revenue from the American Market<sup>39</sup>.

SIA has assessed consumer profitability and has identified the business travellers as its key market segment to successfully tap with the 'premium' route to grow in the American Market.

It can be inferred that the newly launched route is profitable for SIA. Using the A350-900 ULR minimises operating costs<sup>40</sup>, which increase SIA's profit margins. SIA have made the mistake of operating this route when it was unprofitable, the relaunch indicates that it may indicate the route's profitability, as one can infer that SIA learnt from its mistake.

Business Travellers are highly profitable consumers. Statistics show that approximately 80% of revenue for most airlines comes from business travellers<sup>41</sup>, as they are willing and able to pay a high price for high quality service. Furthermore, they regular and repeat travellers who stay loyal to their preferred airline by following of airline loyalty programmes<sup>42</sup>.

Cell C<sub>1</sub>P<sub>1</sub> symbolises selling profitable business class seats on the route to high profit business travellers to yield maximum profitability.

As business travellers make up a small fraction of the broader American Market, SIA followed the strategy of Niche Marketing<sup>43</sup>, targeting a specific and well-defined market segment of business travellers<sup>44</sup>. To offer a value proposition to its target market, SIA modified its marketing mix on the route.

However, the Niche Market of business travellers does not offer a wide scope for growth since the market is significantly smaller and is growing slower rate than the broader market<sup>45</sup>. It may be argued that substantial growth may not be possible in the American Market by solely targeting business travellers, as the target market may be saturated in the long-run once SIA has established themselves. If SIA intent to significantly increase the volume of passengers carried in the American Market, segmentation may be ineffective.

Segmentation is followed by targeting. "Targeting refers to the market segment(s) that a business wishes to sell to. Appropriate marketing strategies are then developed for these target markets"<sup>46</sup>The effectiveness of segmentation strategy can be ascertained by The Marketing Funnel.

38 "Marketing." Kotler, Philip, and Kevin Lane Keller. *Marketing Management*. Pearson, 2019. Date Accessed: 6 Aug. 2019

39 "Customer Product Profitability Analysis." Kotler, Philip, and Kevin Lane Keller. *Marketing Management*. Pearson, 2019. Date Accessed: 6 Aug. 2019

40 Zhang, Benjamin. "Check out the Special \$317 Million Airbus Jet That Singapore Airlines Uses on the Longest Flight in the World." *Business Insider*, 18 Oct. 2018, [www.businessinsider.in/Check-out-the-special-317-million-Airbus-jet-that-Singapore-Airlines-uses-on-the-longest-flight-in-the-world/articleshow/66276072.cms](http://www.businessinsider.in/Check-out-the-special-317-million-Airbus-jet-that-Singapore-Airlines-uses-on-the-longest-flight-in-the-world/articleshow/66276072.cms). Date Accessed: 24 Apr. 2019

41 "Which Passengers Make the Most Money for Airlines?" Investopedia, 15 July 2019, [www.investopedia.com/ask/answers/041315/how-much-revenue-airline-industry-comes-business-travelers-compared-leisure-travelers.asp](http://www.investopedia.com/ask/answers/041315/how-much-revenue-airline-industry-comes-business-travelers-compared-leisure-travelers.asp). Date Accessed: 8 Aug. 2019

42 "The Rise of 20-Hour Long Haul Flights." Wendover Productions, YouTube, 11 Dec. 2018, [www.youtube.com/watch?v=72h1r-E7KA0](http://www.youtube.com/watch?v=72h1r-E7KA0). Date Accessed: 7 July 2019

43 "Niche Marketing" Paul. *Business Management*. IBID Press, 2014. Date Accessed: 23 May 2019

44 Garcia, Marisa. "Lessons From Singapore Airlines' Relaunch Of The World's Longest Flight." *Forbes*, *Forbes Magazine*, 15 Oct. 2018, [www.forbes.com/sites/marisagarcia/2018/10/12/what-can-qantas-learn-from-the-re-launch-of-singapore-airlines-longest-flight/#634c811b3c4a](http://www.forbes.com/sites/marisagarcia/2018/10/12/what-can-qantas-learn-from-the-re-launch-of-singapore-airlines-longest-flight/#634c811b3c4a). Date Accessed: 9 July 2019

45 "Which Passengers Make the Most Money for Airlines?" Investopedia, 15 July 2019, [www.investopedia.com/ask/answers/041315/how-much-revenue-airline-industry-comes-business-travelers-compared-leisure-travelers.asp](http://www.investopedia.com/ask/answers/041315/how-much-revenue-airline-industry-comes-business-travelers-compared-leisure-travelers.asp). Date Accessed: 12 Sep. 2019

46 "Targeting." Hoang, Paul. *Business Management*. IBID Press, 2014. Date Accessed: 23 May 2019



### The Marketing Funnel:

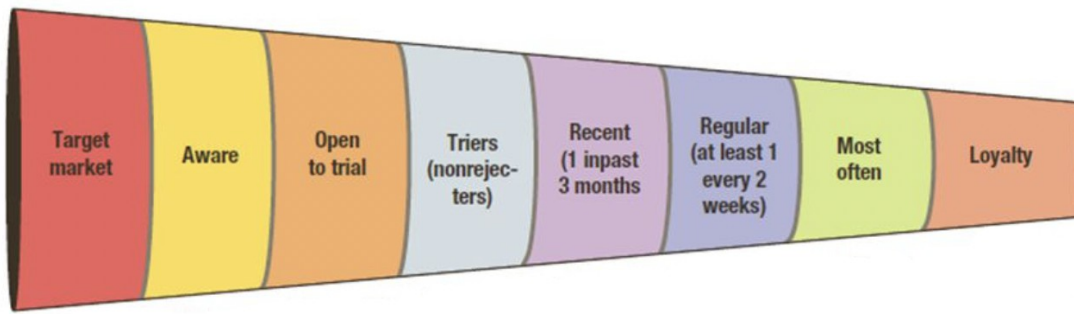


Figure 5:- The Marketing Funnel<sup>47</sup>.

“The Marketing Funnel highlights the progression of the the target market at each from aware to loyal<sup>48</sup>.” In addition to attracting new customers, It is vital for SIA to retain and harvest sales from existing ones. This aligns with its objective to strengthen its premium position and build brand loyalty<sup>49</sup>. Satisfied customers are SIA’s customer relationship capital or relational capital, “one of the three components of intellectual capital, and the value created by having, nurturing , and managing a company's relationships with its customers.<sup>50</sup>”

The analysis of the marketing funnel indicates that most of the consumers of SIA on the route are Triers and Recent Users, as the route was launched recently<sup>51</sup>. However, the analysis has limitations since it makes a generalization about SIA’s target market. It is likely that SIA, with its global reputation and prominent frequent flyer programme<sup>52</sup>, already has loyal customers on this route who frequently travel on the route.

To convert Triers and Recent Users into Most Often Used and Loyal customers, SIA has altered elements its marketing mix to strengthen its premium position to grow in the American Market by appealing to business travellers.

### Elements of the Marketing Mix:

To decipher how SIA has manipulated the marketing mix to target business travellers the seven Ps model is used<sup>53</sup>. “The seven Ps model refers to the marketing of services, such as flights, which includes three additional Ps (people, processes and physical evidence) with 4Ps in the marketing mix (product, price, promotion and place).<sup>54</sup>”

### Product:

The product is the “premium” service offered between Singapore and New York by SIA through the use of the A350-900ULR,<sup>55</sup><sup>56</sup> SIA improves operating efficiency, which maximize the profit margin on this route, making the

47 “Marketing Funnel.” Kotler, Philip, and Kevin Lane Keller. Marketing Management. Pearson, 2019. Date Accessed: 27 Aug. 2019

48 “Marketing Funnel.” Kotler, Philip, and Kevin Lane Keller. Marketing Management. Pearson, 2019. Date Accessed: 27 Aug. 2019

49 “Annual Report and Sustainability Report.” Singapore Airlines [www.singaporeair.com/en\\_UK/sg/about-us/information-for-investors/annual-report/](http://www.singaporeair.com/en_UK/sg/about-us/information-for-investors/annual-report/). Date Accessed: 3 June 2019

50 “Relational Capital.” Kotler, Philip, and Kevin Lane Keller. Marketing Management. Pearson, 2019. Date Accessed: 27 Aug. 2019

51 “Press-Release-Update.” Singapore Airlines, 2018, [www.singaporeair.com/en\\_UK/us/media-centre/press-release/article/?q=en\\_UK%2F2018%2FApril-June%2Fne2018-180530](http://www.singaporeair.com/en_UK/us/media-centre/press-release/article/?q=en_UK%2F2018%2FApril-June%2Fne2018-180530). Date Accessed: 16 July 2019

52 Kevin, and Andrew. “Review of KrisFlyer, the Frequent Flyer Program of Singapore Airlines.” The Luxury Travel Expert, 12 July 2019, [theluxurytravelexpert.com/2018/10/19/review-krisflyer/](http://theluxurytravelexpert.com/2018/10/19/review-krisflyer/). Date Accessed: 1 Sep. 2019

53 “Marketing Airlines: Understanding Consumer Psychology and Marketing Airlines ...” Marketing Airlines | Understanding Consumer Psychology and Marketing Airlines, [www.marketing-schools.org/consumer-psychology/marketing-airlines.html](http://www.marketing-schools.org/consumer-psychology/marketing-airlines.html). Date Accessed: 28 July 2019

54 “Seven Ps Model” Hoang, Paul. Business Management. IBID Press, 2014. Date Accessed: 8 June 2019

55 Zhang, Benjamin. “Check out the Special \$317 Million Airbus Jet That Singapore Airlines Uses on the Longest Flight in the World.” Business Insider, 18 Oct. 2018, [www.businessinsider.in/Check-out-the-special-317-million-](http://www.businessinsider.in/Check-out-the-special-317-million-)



route feasible for the airline. In addition, the route fills a gap in the market that was created when it was previously closed. Furthermore, the product is credible as SIA is the “world’s best airline,” as ranked by Skytrax in 2018.<sup>57</sup>



Figure 6:-World’s Top 3 Airlines in 2018 as ranked by Skytrax<sup>58</sup>.

Price:

	China Southern	China Airlines	Air India	Korean Air	Cathay Pacific	Emirates	United	Multiple Carriers	ANA	EVA Air	Singapore Airlines	Finnair	China Eastern
All flights													
Nonstops	--	--	--	--	--	--	--	--	--	--	From US\$5,361	--	--
1 stop	From US\$3,051	From US\$4,130	From US\$4,875	From US\$4,909	From US\$5,016	From US\$5,063	From US\$5,066	From US\$5,067	From US\$5,068	From US\$5,166	From US\$5,386	From US\$5,606	From US\$6,085

Figure 7:- Price Charged by Airlines for Business Class on the Singapore-New York Route<sup>59</sup>.

Airbus-jet-that-Singapore-Airlines-uses-on-the-longest-flight-in-the-world/articleshow/66276072.cms. Date Accessed: 24 Apr. 2019

56 “Press-Release-Update.” Singapore Airlines, 2018, www.singaporeair.com/en\_UK/us/media-centre/press-release/article/?q=en\_UK%2F2018%2FApril-June%2Fne2018-180530. Date Accessed: 16 July 2019

57 “2018 World Airline Awards Results Announced.” SKYTRAX, 11 Apr. 2019, www.worldairlineawards.com/2018-world-airline-awards-results-announced/. Date Accessed: 16 June 2019

58 “2018 World Airline Awards Results Announced.” SKYTRAX, 11 Apr. 2019, www.worldairlineawards.com/2018-world-airline-awards-results-announced/. Date Accessed: 16 June 2019

59 James, et al. “Singapore Airlines Struggling To Sell Premium Economy On The World's Longest Flights.” One Mile at a Time, 18 Nov. 2018, onemileatatime.com/singapore-airlines-struggling-to-sell-premium-economy/. Date Accessed: 4 July 2019

SIA is the only airline that offers non-stop flights on the route,<sup>60</sup> implying that the demand is relatively price inelastic due to lack of competition<sup>61</sup>. Operating a non-stop flight is a USP, the main aspect of the service that differentiates SIA from competing airlines. Furthermore, business travelers are relatively price insensitive<sup>62,63</sup>. This suggests that SIA can charge higher prices to obtain greater total revenue. But the data above indicates that the non-stop flight is competitively priced at \$5,361 which is 12% lower than the 1 stop flight offered by China Eastern Airlines at \$6,085.

However, one can infer that in order to prevent the price from dissuading consumers from choosing SIA, the price is kept competitive. This indicates that SIA is using segmentation to an extent, as they are keeping the price competitive to potentially attract customers from the broader market interested in SIA's offering, encouraging potential customers to try SIA's offering. This has allowed SIA to become a priority choice, leading SIA to effectively position itself in the minds of the target market by offering them a valued proposition. However, the analysis of pricing has limitations, as prices offered by airlines are dynamic in nature and tend to change depending on season and availability.

#### **Place:**

For the purpose of the study 'place' refers to the destinations of this route. Targeting business travelers was a good decision as the two cities of Singapore and New York are global financial hubs<sup>64</sup> with high levels of commercial activity that creates a presence of business travelers. The route is also attractive to those working on the East Coast in cities like Boston, as it is the only direct connection to Singapore. This makes the route feasible<sup>65</sup> and ensures traffic on the route to generate enough revenue for SIA to grow, expand, and increase its presence in the American market.

#### **Promotion:**

To generate brand loyalty and preference from the target segment, SIA focused on usage of below the line promotion in the form of a 'Corporate Travel Programme' to target business travelers by meeting the travel needs of large businesses<sup>66,67</sup>. In addition, SIA promotes the route with its Highflyer business loyalty programme<sup>68</sup>, proving members 5 points for every \$0.7 spent. SIA uses above the line promotion to create awareness for the route through emails, print ads, and social media. Also, the route creates recognition for itself for being the world's longest flight<sup>69</sup>, which has allowed SIA to gain valuable coverage from the media.

#### **People:**

60 Haines, Gavin. "A New Chapter in Air Travel' – Introducing the Plane That Will Operate the World's Longest Flight." The Telegraph, Telegraph Media Group, 26 Sept. 2018, [www.telegraph.co.uk/travel/news/the-aircraft-that-will-operate-the-worlds-longest-flight/](http://www.telegraph.co.uk/travel/news/the-aircraft-that-will-operate-the-worlds-longest-flight/). Date Accessed: 12 May 2019

61 "Inelastic Demand - How Prices Impact Demand, Definition, Diagrams." Corporate Finance Institute, [corporatefinanceinstitute.com/resources/knowledge/economics/inelastic-demand/](http://corporatefinanceinstitute.com/resources/knowledge/economics/inelastic-demand/). Date Accessed: 15 June 2019,

62 "How Airlines Price Flights." Wendover Productions, YouTube, 2 Jan. 2018, [www.youtube.com/watch?v=72hlr-E7KA0](http://www.youtube.com/watch?v=72hlr-E7KA0). Date Accessed: 7 July 2019

63 Ovi, Ejiro. "91 Business Travel Statistics (Some Never Before Released)." TravelPerk Blog, 14 June 2019, [www.travelperk.com/blog/business-travel-statistics/](http://www.travelperk.com/blog/business-travel-statistics/). Date Accessed: 18 June 2019

64 "Compare Quality of Life: Singapore vs New York." Teleport Cities, [teleport.org/compare/singapore-and-new-york/](http://teleport.org/compare/singapore-and-new-york/). Date Accessed: 22 July 2019

65 Thomas, Geoffrey. "Singapore to New York Non-Stop a Hit with Travellers." The West Australian, 29 Aug. 2018, [thewest.com.au/business/aviation/singapore-to-new-york-non-stop-flight-a-hit-says-travellers-ng-b88943384z](http://thewest.com.au/business/aviation/singapore-to-new-york-non-stop-flight-a-hit-says-travellers-ng-b88943384z). Date Accessed: 9 June 2019

66 "Singapore Airlines Corporate Travel Programme." Singapore Airlines, [www.singaporeair.com/en\\_UK/us/sq-corporate/sqc-requirements/](http://www.singaporeair.com/en_UK/us/sq-corporate/sqc-requirements/). Date Accessed: 17 June 2019

67 "World's Longest Flight Touches down in New York." Singapore Airlines, 8 Nov. 2018, [www.facebook.com/singaporeair/videos/1085045505010060/?v=1085045505010060](http://www.facebook.com/singaporeair/videos/1085045505010060/?v=1085045505010060). Date Accessed: 4 May 2019

68 Bright, Craig. "Singapore Airlines Unveils Highflyer Business Loyalty Programme." Business Traveller, 6 July 2018, [www.businesstraveller.com/business-travel/2017/07/06/singapore-airlines-unveils-highflyer-business-loyalty-programme/](http://www.businesstraveller.com/business-travel/2017/07/06/singapore-airlines-unveils-highflyer-business-loyalty-programme/). Date Accessed: 30 July 2019

69 "Press-Release-Update." Singapore Airlines, 2018, [www.singaporeair.com/en\\_UK/us/media-centre/press-release/article/?q=en\\_UK%2F2018%2FApril-June%2Fne2018-180530](http://www.singaporeair.com/en_UK/us/media-centre/press-release/article/?q=en_UK%2F2018%2FApril-June%2Fne2018-180530). Date Accessed: 16 July 2019

Delivering high on quality quotient to keep the route 'premium', SIA crew maintains a high service standard, ensuring the best experience for its passengers. Its crew was ranked as the best in the world by Skytrax in 2018<sup>70</sup>. A high-quality personalized service from the crew keeps consumers satisfied, increasing brand loyalty and generating referrals. This enables SIA to make customers progress along the marketing funnel.

#### Process:

The process consists refers to the inflight service and facilities. The product caters to people for whom "time is money"<sup>71</sup>, offering convenience to business travelers wanting minimize travel time with a direct flight<sup>72</sup>. SIA have stated, "the route was designed with customers well-being in mind"<sup>73</sup>, indicating that SIA are following a market-oriented approach by focusing on the needs of business travelers. "Lie-flat beds" catch sleep and "in-flight wi-fi" offers connectivity vital for business travelers. Lounge access, gourmet dining, and a powerful entertainment system add to the amenities<sup>74</sup>. These features indicate that SIA assure seamless experience to the traveler as suggested by reviews online<sup>75,76</sup>, enabling the airline to differentiate its offering from competitors and gain a competitive edge



**Figure 8:-** SIA's Business Class on the Singapore-New York Route<sup>77</sup>.

70 "Our Awards." Singapore Airlines, [www.singaporeair.com/en\\_UK/us/flying-withus/our-story/awards/](http://www.singaporeair.com/en_UK/us/flying-withus/our-story/awards/). Date Accessed: 25 July 2019

71 Wei, Toh Ting. "US Carrier Delta Air Lines Set to Exit Singapore Market." The Straits Times, 3 Aug. 2019, [www.straitstimes.com/singapore/transport/us-carrier-delta-air-lines-set-to-exit-singapore-market](http://www.straitstimes.com/singapore/transport/us-carrier-delta-air-lines-set-to-exit-singapore-market). Date Accessed: 23 May 2019

72 Walton, John. "Singapore Airlines Shakes up Newark Nonstop: New Seats, Timings." Runway Girl, 11 Oct. 2018, [runwaygirlnetwork.com/2018/06/03/singapore-airlines-shakes-up-newark-nonstop-new-seats-timings/](http://runwaygirlnetwork.com/2018/06/03/singapore-airlines-shakes-up-newark-nonstop-new-seats-timings/). Date Accessed: 12 July 2019

73 "Singapore Airlines Launches World's Longest Flight. Press-Release-Update" Singapore Airlines, [www.singaporeair.com/en\\_UK/gb/media-centre/press-release/article/?q=en\\_UK%2F2018%2FOctober-December%2Fne3418-181012](http://www.singaporeair.com/en_UK/gb/media-centre/press-release/article/?q=en_UK%2F2018%2FOctober-December%2Fne3418-181012). Date Accessed: 14 June 2019

74 Frost, Natasha. "On the World's Longest Flight, Expect Flat Beds, Guided Stretches, and Lobster Thermidor." Quartz, 17 Oct. 2018, [qz.com/quartz/1417867/the-worlds-longest-flight-is-singapore-airlines-sin-to-ewr/](http://qz.com/quartz/1417867/the-worlds-longest-flight-is-singapore-airlines-sin-to-ewr/). Date Accessed: 23 Apr. 2019

75 Brooks, Jeb. "The Longest Flight in the World | A350-900ULR Business Class Singapore Airlines." YouTube, 13 Oct. 2018, [www.youtube.com/watch?v=xyWyonGkHmM](http://www.youtube.com/watch?v=xyWyonGkHmM). Date Accessed: 22 Apr. 2019

76 "What It's Like On The Longest Flight In The World On Singapore Airlines." Business Insider, 8 May 2019, [www.youtube.com/watch?v=tanqrySJ5Ng](http://www.youtube.com/watch?v=tanqrySJ5Ng). Date Accessed: 12 May 2019

77 Ruggiero, Nina. "I Took the World's Longest Flight Twice in 4 Days and This Is What I Learned." Travel + Leisure, 17 Oct. 2018, [www.travelandleisure.com/airlines-airports/singapore-airlines-worlds-longest-flight-newark-singapore-nonstop](http://www.travelandleisure.com/airlines-airports/singapore-airlines-worlds-longest-flight-newark-singapore-nonstop). Date Accessed: 19 May 2019

**Physical Evidence:**

The business class seats, ranked as the best business class seat in Asia by Skytrax<sup>78</sup>, and the comfortable cabin of the new A350-900 ULR ensure comfort<sup>79,80</sup>. Furthermore, the dining experience has won the Kayak award for “favorite inflight food and beverage”<sup>81</sup>.

Modifying the marketing mix to focus on business travellers enables SIA to provide high quality service, setting a benchmark and gaining a competitive advantage. Aligning with SIA’s mission statement<sup>82</sup>, this strategy provides high quality services to business travelers. This has led SIA to effectively create value for target consumers and prospects available to enhance the return on customers. The analysis indicates that the marketing mix appeals to business travellers, which is essential to effectively carry out segmentation to achieve growth. Without altering the marketing mix, SIA may not be able to target business travellers. With the altered marketing mix, SIA follows service differentiation, “the act of designing a set of meaningful differences to distinguish the company’s service offering from competitors’ service offerings”<sup>83</sup>. Through this SIA is able to make its offering relatively unique.

**Porter’s Generic Strategies:**

<b>Target Scope</b>	<b>Advantage</b>	
	<b>Low Cost</b>	<b>Product Uniqueness</b>
<b>Broad (Industry Wide)</b>	<b>Cost Leadership Strategy</b>	<b>Differentiation Strategy</b>
<b>Narrow (Market Segment)</b>	<b>Focus Strategy (low cost)</b>	<b>Focus Strategy (differentiation)</b>

**Figure 9:- Porter’s Generic Strategies**<sup>84</sup>

“Porter suggested four ‘generic’ business strategies that could be used to gain competitive advantage. The strategies relate to the extent to which the scope of a business’ activities are narrow versus broad and the extent to which a business seeks to differentiate its products”<sup>85</sup>. SIA targets the relatively narrow market segment of business travellers with the Singapore-New York route, which is made unique with the modified marketing mix, implying that SIA is following a focused differentiation strategy.

78 “Our Awards.” Singapore Airlines, [www.singaporeair.com/en\\_UK/us/flying-withus/our-story/awards/](http://www.singaporeair.com/en_UK/us/flying-withus/our-story/awards/). Date Accessed: 25 July 2019

79 Gerald. “Geek Review: Singapore Airlines Newark to Singapore (SQ21 A350-900ULR) Business Class.” Geek Culture, 4 May 2019, [geekculture.co/geek-review-singapore-airlines-newark-to-singapore-sq21-a350-900ulr-business-class/](http://geekculture.co/geek-review-singapore-airlines-newark-to-singapore-sq21-a350-900ulr-business-class/). Date Accessed: 13 July 2019

80 Ruggiero, Nina. “I Took the World’s Longest Flight Twice in 4 Days and This Is What I Learned.” Travel + Leisure, 17 Oct. 2018, [www.travelandleisure.com/airlines-airports/singapore-airlines-worlds-longest-flight-newark-singapore-nonstop](http://www.travelandleisure.com/airlines-airports/singapore-airlines-worlds-longest-flight-newark-singapore-nonstop). Date Accessed: 19 May 2019

81 “Our Awards.” Singapore Airlines, [www.singaporeair.com/en\\_UK/us/flying-withus/our-story/awards/](http://www.singaporeair.com/en_UK/us/flying-withus/our-story/awards/). Date Accessed: 25 July 2019

82 “Vision, Mission and Values of Singapore Airlines.” Sky Journeys, 28 July 2019, [skyjourneys.blogspot.com/2015/11/vision-mission-and-values-of-singapore.html](http://skyjourneys.blogspot.com/2015/11/vision-mission-and-values-of-singapore.html). Date Accessed: 22 June 2019,

83 “Service Differentiation.” Kotler, Philip, and Kevin Lane Keller. Marketing Management. Pearson, 2019. Date Accessed: 9 Sep. 2019

84 Porter, Michael E. Competitive Strategy: Techniques for Analysing Industries and Competitors. Free Press, 2004. Date Accessed: 3 June 2019

85 “Porter’s Generic Strategies.” Quick MBA, [www.quickmba.com/strategy/generic.shtml](http://www.quickmba.com/strategy/generic.shtml). Date Accessed: 3 June 2019

**Focus Strategy: Differentiation:**

A differentiated service offering focusing on the needs of business travelers allows SIA to position itself as a premium high-quality service in the minds of the target market. This appeals to business travellers<sup>86</sup>, who prefer quality, allowing SIA to gain a competitive advantage.

*A. SIA's Premium Positioning on the Singapore-New York Route*

SIA has effectively positioned itself as a premium service offering to appeal to business travellers. "Positioning is the act of designing the company's offering and image to occupy a distinctive place in the target market's mind. The end result of positioning is the successful creation of a market-focused value proposition, a cogent reason why the target market should buy the product."<sup>87</sup>

The positioning map was created by using pricing data<sup>88</sup> previously analysed and official airline ratings from Skytrax<sup>89</sup>. However, since pricing is dynamic and perception of airlines varies, this analysis is limited. Regardless, it depicts how SIA have positioned themselves in the 1<sup>st</sup> quadrant as a premium service. This suggests that the claims made by the airline are genuine<sup>90</sup>. The positioning map indicates that introducing this route has allowed SIA to meet its strategic objective of strengthening its premium position<sup>91</sup>.

**Quantitative Effectiveness:**

In order to determine how effective, the strategy of segmentation to grow in the American market has been, data from SIA's financial report before and after the route was launched would be compared<sup>92</sup>.

After the route was launched, the number of weekly flights offered in American Market rose to 72 from 65<sup>93</sup>, an 11% increase.

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86 Ben, and Tiffany. "Singapore Airlines' Next A350-900ULR Route?" One Mile at a Time, 18 Sep. 2019, [onemileatitime.com/singapore-airlines-a350-900ulr-routes/](http://onemileatitime.com/singapore-airlines-a350-900ulr-routes/). Date Accessed: 30 Sep. 2019

87 "Positioning." Kotler, Philip, and Kevin Lane Keller. *Marketing Management*. Pearson, 2019. Date Accessed: 13 Sep. 2019

88 James, et al. "Singapore Airlines Struggling To Sell Premium Economy On The World's Longest Flights." One Mile at a Time, 18 Nov. 2018, [onemileatitime.com/singapore-airlines-struggling-to-sell-premium-economy/](http://onemileatitime.com/singapore-airlines-struggling-to-sell-premium-economy/). Date Accessed: 4 July 2019

89 "World Airline Star Rating." Skytrax, [skytraxratings.com/about-airline-rating](http://skytraxratings.com/about-airline-rating). Date Accessed: 13 Sep. 2019

90 "Singapore Airlines Launches World's Longest Flight. Press-Release-Update" Singapore Airlines, [www.singaporeair.com/en\\_UK/gb/media-centre/press-release/article/?q=en\\_UK%2F2018%2FOctober-December%2Fne3418-181012](http://www.singaporeair.com/en_UK/gb/media-centre/press-release/article/?q=en_UK%2F2018%2FOctober-December%2Fne3418-181012). Date Accessed: 14 June 2019

91 "Financial Results." Singapore Airlines, [www.singaporeair.com/en\\_UK/us/about-us/information-for-investors/financial-results/](http://www.singaporeair.com/en_UK/us/about-us/information-for-investors/financial-results/). Date Accessed: 27 June 2019

92 "Financial Results." Singapore Airlines, [www.singaporeair.com/en\\_UK/us/about-us/information-for-investors/financial-results/](http://www.singaporeair.com/en_UK/us/about-us/information-for-investors/financial-results/). Date Accessed: 27 June 2019

93 Kaur, Karamjit. "SIA Reclaims Title of Operating World's Longest Non-Stop Flight with SQ22 from Singapore to Newark.", *The Straits Times*, 12 Oct. 2018, [www.straitstimes.com/singapore/transport/singapore-airlines-reclaims-title-of-operating-the-worlds-longest-non-stop](http://www.straitstimes.com/singapore/transport/singapore-airlines-reclaims-title-of-operating-the-worlds-longest-non-stop).

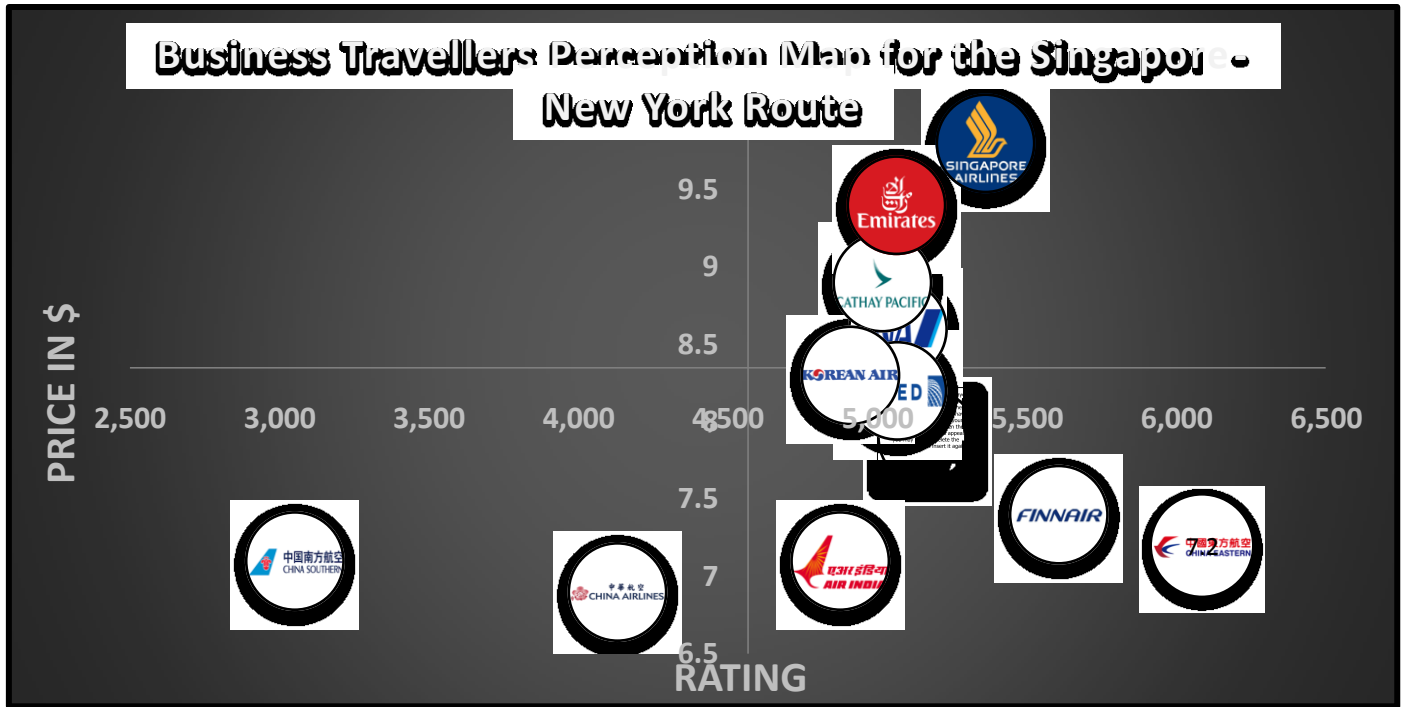


Figure 10:- Position Map illustrating the “premium” positioning of SIA on the Singapore-New York route.

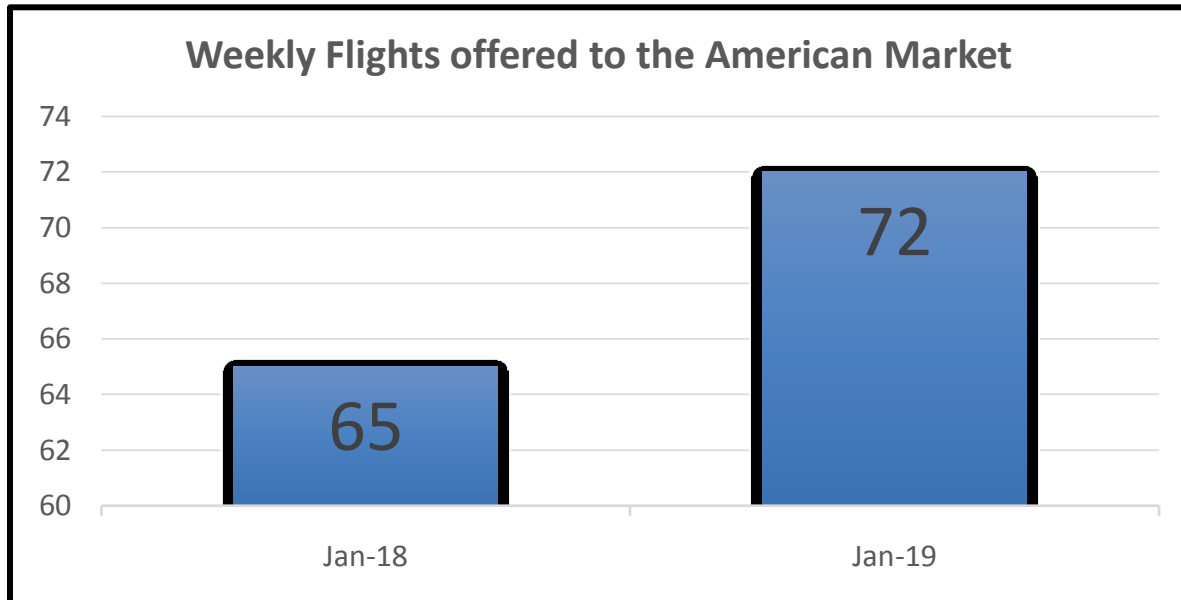
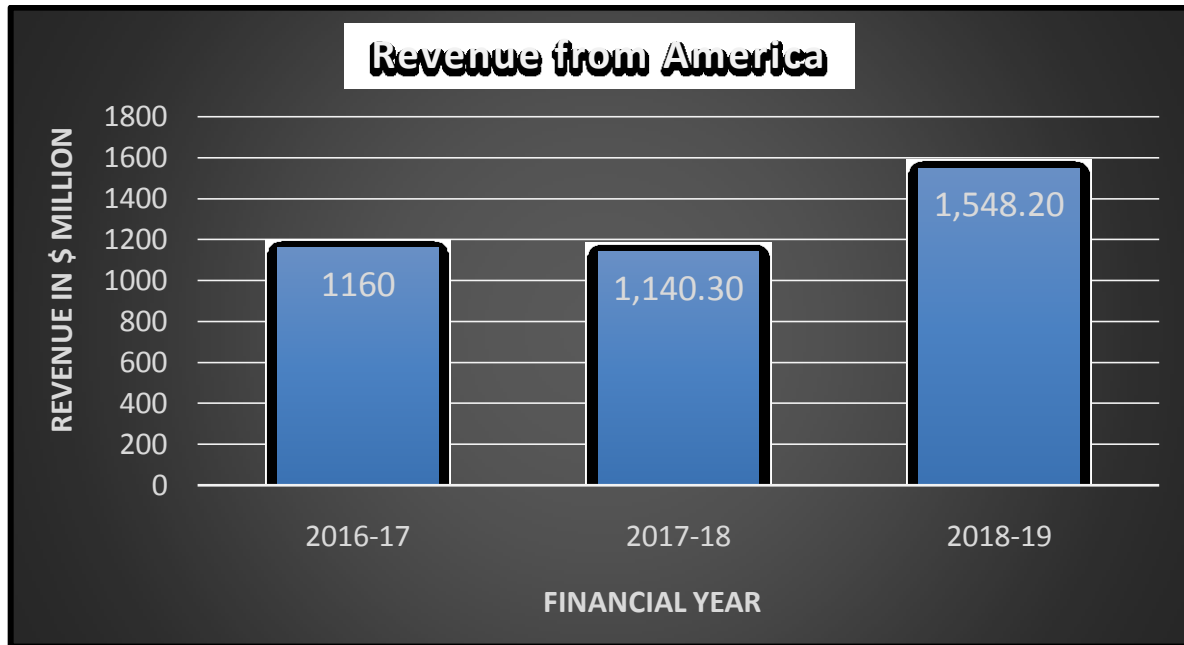


Figure 11:- Increase in Weekly Flights Offered to the American Market Post the Launch of the Route<sup>94</sup>.

94 Kaur, Karamjit. “SIA Reclaims Title of Operating World’s Longest Non-Stop Flight with SQ22 from Singapore to Newark.” The Straits Times, 12 Oct. 2018, [www.straitstimes.com/singapore/transport/singapore-airlines-reclaims-title-of-operating-the-worlds-longest-non-stop](http://www.straitstimes.com/singapore/transport/singapore-airlines-reclaims-title-of-operating-the-worlds-longest-non-stop). Date Accessed:5 July 2019



**Figure 12:-** Increase in Singapore Airlines' Revenue from America after the Introduction of the Route<sup>95</sup>.

Revenue from America between April 2018 and April 2019, after the route was introduced, has increased from \$1,140.30 Million to \$1,548.20 Million, a \$407.90, 36%, increase; however, this data is not available exclusively for the specified route. Therefore, the exact quantitative contribution of the new route towards the increase in revenue cannot be determined. Furthermore, this data does not explicitly state that SIA is growing by targeting new consumer groups more effectively through segmentation. Although, several sources suggest that the route has been successful<sup>96,97,98,99,100,101</sup>.

Another reason for this growth may be the influence of external factors, like higher costs from competing airlines and greater revenue being generated from SIA's other routes in America. Despite this, by viewing SIA's position in the American Market before they implemented this strategy, it can be stated that significant growth was achieved after this strategy was implemented.

Another perspective to the analysis is flight occupancy on routes operating in the American Market.

95 "Financial Results." Singapore Airlines, [www.singaporeair.com/en\\_UK/us/about-us/information-for-investors/financial-results/](http://www.singaporeair.com/en_UK/us/about-us/information-for-investors/financial-results/). Date Accessed: 27 June 2019

96 "Financial Results." Singapore Airlines, [www.singaporeair.com/en\\_UK/us/about-us/information-for-investors/financial-results/](http://www.singaporeair.com/en_UK/us/about-us/information-for-investors/financial-results/). Date Accessed: 27 June 2019,

97 "Singapore Airlines Bullish on US Market Following Rapid Expansion of Nonstop Flights." Blue Swan Daily, 19 Dec. 2018, [blueswandaily.com/singapore-airlines-bullish-on-us-market-following-rapid-expansion-of-nonstop-flights/](http://blueswandaily.com/singapore-airlines-bullish-on-us-market-following-rapid-expansion-of-nonstop-flights/). Date Accessed: 4 June 2019

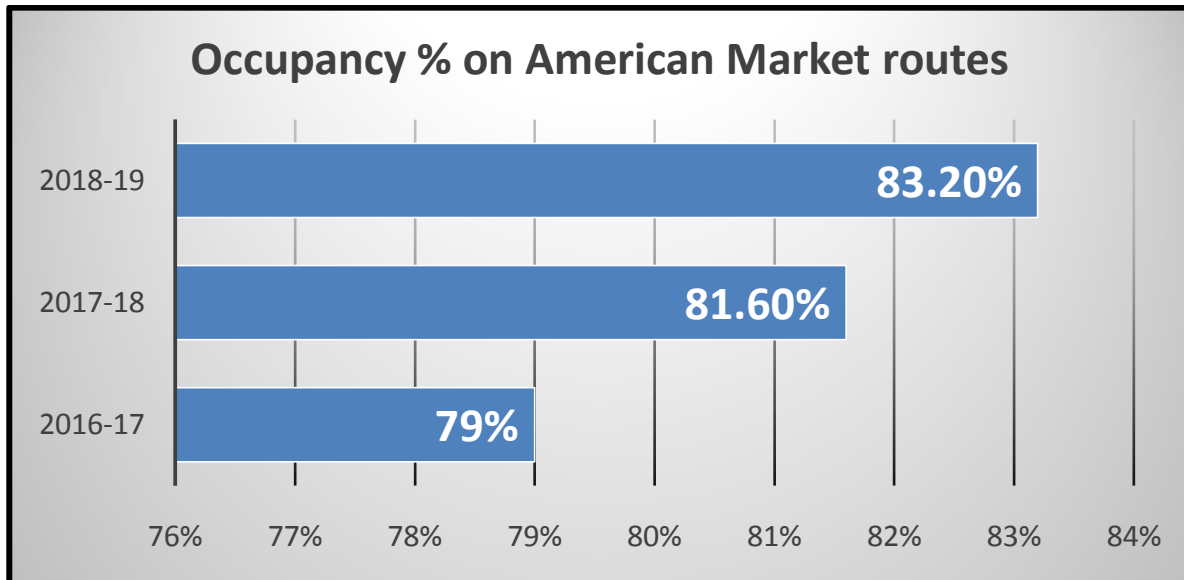
98 Wei, Toh Ting. "US Carrier Delta Air Lines Set to Exit Singapore Market." The Straits Times, 3 Aug. 2019, [www.straitstimes.com/singapore/transport/us-carrier-delta-air-lines-set-to-exit-singapore-market](http://www.straitstimes.com/singapore/transport/us-carrier-delta-air-lines-set-to-exit-singapore-market). Date Accessed: 2 Sep. 2019

99 Rosen, Eric. "The 2019 List Of The World's Best Airlines Is Out Now." Forbes, Forbes Magazine, 16 Nov. 2018, [www.forbes.com/sites/ericrosen/2018/11/16/the-2019-list-of-the-worlds-best-airlines-is-out-now/#77a9ee6e470f](http://www.forbes.com/sites/ericrosen/2018/11/16/the-2019-list-of-the-worlds-best-airlines-is-out-now/#77a9ee6e470f). Date Accessed: 4 Apr. 2019

100 Appendix: Email response from Singapore Airlines

101 Ngai, SiMin. "ANALYSIS: Singapore Airlines Continues to Dominate US Flights." Flight Global, 8 Oct. 2019, [www.flightglobal.com/analysis/analysis-singapore-airlines-continues-to-dominate-us-flights/134698.article](http://www.flightglobal.com/analysis/analysis-singapore-airlines-continues-to-dominate-us-flights/134698.article). Date Accessed: 10 Oct. 2019





**Figure 13:-** Increase in the Occupancy on Flights in the American Market after the Introduction of the Route<sup>102</sup>.

This chart shows that the flight occupancy has increased after the Singapore-New York route was launched. However, the increase in flight occupancy has been consistent for the 2 years. Hence, there is no evidence to suggest that the new route has increased flight occupancy. Furthermore, there is no link between market growth and flight occupancy. Nevertheless, since flight occupancy is not maximised it can be inferred there is greater potential for growth in the American Market<sup>103</sup>.

In 2018-19, post the introduction of the Singapore-New York route, SIA carried 59,000 more passengers in the American Market than they did in 2017-18<sup>104</sup>, implying a possible increase in market share. Post the introduction of the route, the number of passengers in the American Market has increased. Naturally the new route contributed to the increasing number of passengers; however, the exact contribution cannot be determined.

Furthermore, the revenue per passenger per kilometre has increased by 7.7% after the Singapore-New York route was launched<sup>105</sup>. This serves as evidence for the fact that the use of segmentation is vital for growth in the American Market. Segmentation targets business travellers, who pay a higher price than economy class passengers on other SIA routes in the American market<sup>106</sup>. Therefore, by carrying more business class passengers SIA generates more revenue by averaging greater revenue per passenger per kilometre.

The analysis of the data suggests that SIA's decision to reopen the New York route to grow in the American Market through segmentation has been effective<sup>107</sup>. This is also evidenced by the email<sup>108</sup> from SIA which suggests that the

102 "Financial Results." Singapore Airlines, [www.singaporeair.com/en\\_UK/us/about-us/information-for-investors/financial-results/](http://www.singaporeair.com/en_UK/us/about-us/information-for-investors/financial-results/). Date Accessed:27 June 2019

103 Kaur, Karamjit. "SIA Reclaims Title of Operating World's Longest Non-Stop Flight with SQ22 from Singapore to Newark." The Straits Times, 12 Oct. 2018, [www.straitstimes.com/singapore/transport/singapore-airlines-reclaims-title-of-operating-the-worlds-longest-non-stop](http://www.straitstimes.com/singapore/transport/singapore-airlines-reclaims-title-of-operating-the-worlds-longest-non-stop). Date Accessed:5 July 2019

104 "Financial Results." Singapore Airlines, [www.singaporeair.com/en\\_UK/us/about-us/information-for-investors/financial-results/](http://www.singaporeair.com/en_UK/us/about-us/information-for-investors/financial-results/). Date Accessed: 27 June 2019

105 "Financial Results." Singapore Airlines, [www.singaporeair.com/en\\_UK/us/about-us/information-for-investors/financial-results/](http://www.singaporeair.com/en_UK/us/about-us/information-for-investors/financial-results/). Date Accessed:27 June 2019

106 Ben, and Tiffany. "Singapore Airlines' Next A350-900ULR Route?" One Mile at a Time, 18 Sep. 2019, [onemileatathetime.com/singapore-airlines-a350-900ulr-routes/](http://onemileatathetime.com/singapore-airlines-a350-900ulr-routes/). Date Accessed: 30 Sep. 2019

107 "Singapore Airlines to Resume Non-Stop US Services with A350-900ULR: a Strategic Imperative." CAPA - Centre for Aviation, 14 Oct. 2015, [centreforaviation.com/analysis/reports/singapore-airlines-to-resume-non-stop-us-services-with-a350-900-ulr-a-strategic-imperative-248462](http://centreforaviation.com/analysis/reports/singapore-airlines-to-resume-non-stop-us-services-with-a350-900-ulr-a-strategic-imperative-248462). Date Accessed: 23 July 2019

108 Appendix 1: Email from Singapore Airlines

flight has “delivered solid load factors” and is “performing within expectations.” Furthermore, the SIA’s recent decision to increase the number of weekly Singapore-New York flights by using another A350-900ULR aircraft suggests that the strategy has been successful for SIA<sup>109</sup>.

The data used has limitations. SIA’s improved performance in the American market could be caused because of better performance on SIA’s other routes in the American Market such as flights to Los Angeles, San Francisco, Seattle and Houston<sup>110</sup>. The extent to which these routes contributed towards growth in the American Market cannot be determined.

The positive performance in all indicators evaluated suggests that the strategy aligns with SIA’s objective of maximising returns for shareholders. SIA’s newly launched route certainly contributes towards growth in the American Market; however, the extent of the contribution cannot be determined.

**Conclusion:-**

“How effective has been Singapore Airlines’ decision to relaunch the New York route to grow in the American Market through Segmentation?”

The research concluded that the use of segmentation played a vital role for SIA to achieve growth in the in the American Market. Using the technological advancement of the A350-900ULR to launch the non-stop route for business travellers has allowed SIA to strengthen its premium position. Demographic segmentation has ensured that the target market has the ability to pay a higher price for the “premium” non-stop route. Geographic segmentation is used to ensure that there is traffic on the route. Psychographic segmentation is used to target passengers who value comfort, quality, and convenience over price as well as brand loyal members of the KrisFlyer programme.

Geographic, demographic, and psychographic segmentation forced SIA to modify its marketing mix to appeal and provide a value proposition to business travellers. This has enabled SIA to offer better customer service that differentiating it from other airlines by positioning itself as premium high-quality service on the Singapore-New York route, allowing SIA to ensure high consumer satisfaction and retain customers. This in turn gave SIA a competitive advantage. This ensures that the target market progresses from aware to loyal on the marketing funnel, which will strengthen SIA’s premium position. This has allowed SIA to accomplish its mission<sup>111</sup> of delivering services of the highest quality to its customers.

However, as the trend for non-stop long-haul flights is growing, SIA in the long run may face competition from American carriers. Furthermore, the segmented market is niche and therefore offers limited scope for growth in the future. As more competitor airlines are acquiring aircrafts capable of flying non-stop to Singapore<sup>112113114115</sup>, the impact of competition on SIA’s USP and profitability of the route can be an area of further study.

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Finally, the analysis of the quantitative effectiveness found that SIA's strategy has been successful, maximising returns for the benefit of its shareholders and employees. There has been a positive impact on revenue, passengers carried, occupancy, and revenue per kilometre per passenger; however, the data used to reach this judgement has limitations as it is not specific to the route. Regardless of the fact that the exact contribution of the route towards growth in the American Market cannot be determined, all parameters evaluated suggested that the route played a vital part in achieving growth in a competitive market.

In conclusion, the nature of the cities of New York and Singapore, innovation leading to the birth of the A350-900ULR, and an effective marketing mix employed to appeal to business travellers created the perfect storm for SIA to use segmentation to successfully grow in the American Market.

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## Appendix:

[ref:S-2019-05-1404045:ref] KRIS, Nagdev



Inbox x



SQUS esc <SQUS\_esc@singaporeair.com.sg>

Thu, May 30, 12:00 AM



to me, US

Dear Kris,

Thank you very much for your interest in evaluating the performance of our recently launched Newark-to-Singapore nonstop flights.

While we are impressed with the scope of your project, much of the information you have requested is commercially sensitive and therefore not available for public disclosure. We trust that you can appreciate our position on this matter.

We can, however, share with you that since inception late last year, our nonstop Newark-Singapore flights have consistently delivered solid load factors and are performing well within our expectations. We have expanded on the success of the Newark launch to introduce additional nonstop from Los Angeles and San Francisco, and will add Seattle to the roster of direct operations to Singapore later this year.

Singapore Airlines is the world's most experienced ultra-long-haul carrier. Having operated record-setting, nonstop flights between New York and Singapore for more than a decade, we know that the service is a mainstay for time-stressed corporate travelers who depend on the convenience and time-savings that this flight delivers. Further, the nearly 30 percent improvement in operating efficiency that this two-engine aircraft provides is a key factor supporting the success of the route.

Once again, we thank you for your interest in Singapore Airlines' A350 ULR flights. We wish you much continued success with your project, and hope to have an opportunity to welcome you aboard as a passenger in the near future.

Yours sincerely,

Charles Leung  
Customer Relations Executive  
Singapore Airlines