

AN INVESTIGATION INTO THE IMPACT OF LOW COST CARRIERS ON SINGAPORE AIRLINES

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ABSTRACT

This research project investigates the impact of low cost carriers such as Jet Star, Tiger Airways and Air Asia on the demand for services offered by Singapore Airlines (SIA). With increasing number of low cost carriers that promise fast and prompt point-to-point services at lower prices, traditional airline companies such as SIA are competing in a more challenging and competitive business environment. Using the mixed method research approach, the paper finds that SIA consumers have remained loyal to SIA for five important reasons: good customer service, reliability, safety, destination routes and strong brand name. Price remains a winning factor for low cost carriers, suggesting that airline travelers are price sensitive particularly among individuals in the lower age and income groups. The results also show that SIA consumers are responsive to flight duration. SIA consumers who have and have not travelled with low cost carriers express their willingness to switch to low cost airlines for shorter flight duration.

KEY WORDS: Airlines, Consumer Behavior, Services, Singapore.
