

Singapore Airlines' branding of its low-cost carrier

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The story. Singapore Airlines has won a reputation over decades for providing passengers with high levels of service and hospitality. In the airline's marketing, this is personified by the "Singapore Girl" cabin crew in their trademark elegant sarongs.

But by 2012 air travel in the region had become increasingly commoditised as new budget airlines and rising income levels encouraged more people to fly, and to do so more often. No-frills budget airlines accounted for 30 per cent of passengers flying into and out of Singapore and 52 per cent of flights in southeast Asia. Collectively, airlines were carrying more passengers but full-service carriers such as Singapore Airlines were under increasing pressure as pricing became more competitive.

The challenge. This posed a dilemma to Singapore Airlines. On the one hand, newcomer low-cost airlines threatened to speed loss of customers among Singapore Airlines' more price-sensitive passengers. On the other hand, the airline's parent company Singapore Airlines Group believed there might be huge opportunities in the new developments. Noting that almost every budget carrier in the world operated on short- to medium-haul routes, SAG thought that some budget flyers would want to travel further afield. But what did SAG have to offer them? Just the premium full-service Singapore Airlines.

Competing on price was not an option for Singapore Airlines. Much of its reputation was built on excellent service: compromising on that in order to cut costs would be a disastrous precedent for a premium brand. Alternatively, if the group did nothing it risked further encroachment of low-cost competition.

The strategy. The group decided to develop a low-cost airline for the medium- to long-haul category. This separate airline would have a drastically different business model, target audience and service.

In May 2011 Campbell Wilson, a 17-year veteran of Singapore Airlines, was seconded by SAG to become the new airline's chief executive. Among the many tasks he and his small team faced in launching an airline within 12 months was to develop a strong brand and identity for it. They knew they must distinguish it from the group's other airlines long before they sold the first ticket. A strong brand-differentiation strategy would prevent contamination of the Singapore Airlines brand, which had grown during more than 40 years of premium service.

- The team decided the new airline's name should be slightly offbeat – a bit quirky, but memorable. The result was "Scoot".
- They chose yellow and white for the brand because those colours feel bright, vivid and happy.

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- The airline would be positioned as an airline for the time-rich and cash-poor, the young and the young-at-heart, and for those that just wanted a good deal.
- In an energetic press conference in November 2011, Mr Wilson unveiled Scoot with the promise of low-cost tickets to exciting destinations. From the start, it was established as an independently operated airline with its own “attitude” – dubbed “Scootitude” – to denote a relatively unconventional approach to personable service that was fun.
- Scoot began generating a buzz about four months before tickets went on sale in March 2012. The airline directly engaged with its target audience through social media such as Facebook, YouTube and Instagram. By the time of its maiden flight in June 2012, the airline had 70,000 followers on Facebook.

The airline involved these online communities in its development by consulting them on subjects such as a brand tagline, naming aircraft and determining what products to sell on board. Social media thus enabled Scoot to create a two-way communication with customers, which strengthened an emotional connection to the brand.

The lessons. Scoot is an excellent example of strategic brand positioning: it is well set to shield its parent brand Singapore Airlines from competitive pricing and to help preserve its premium brand status.

More than that, however, it allows the group to take advantage of market opportunities that are inaccessible to Singapore Airlines.

Scoot is, in fact, a separate airline with a distinct brand, identity and purpose. However, building its distinct brand while managing customer expectations as a member of the Singapore Airlines Group was – and will continue to be – a delicate endeavour.

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