

Providing service-fuelled flights

Budget carriers are gaining fast on premium airlines with services that foster greater customer loyalty. **KAN KWOK LEONG** reports

WITH an expanding network of destinations, a menu of services to suit different budgets and high-quality frontline service, low-cost carriers (LCCs) appear to be closing the gap with their full-service counterparts.

The latest Customer Satisfaction Index of Singapore (CSISG) survey showed that gains in the budget airlines sub-sector increased by 4.88 percentage points year-on-year, compared with the full-service airline sub-sector, which made a more modest increase of 2.49 percentage points.

"A notable outcome of the budget airlines' stronger CSISG performance is improved customer loyalty. Specifically, compared to 2012, budget airline sub-sector respondents had higher repurchase intentions this year," said a spokesman for the Institute of Service Excellence at the Singapore Management University (ISES), which commissioned the survey.

And when it came to customers who were less inclined to repurchase, it was significantly easier for budget airlines to win them back. This year, low-cost carriers had to drop prices an average of 11.9 per cent to get these disgruntled customers back on board, compared to a discount of 17.1 per cent a year earlier.

Perhaps the biggest reason for the gains is the fact that LCCs, once restricted to a few nearby destinations, have vastly expanded their network in recent years as they added to their fleet of aircraft, said industry players.

"No-frills carriers have grown at a much faster pace than full-service carriers in terms of destination and frequency, so travellers today have a wider choice when travelling on business or leisure," said Chin Sak-Hin, chief corporate development officer at Tiger Airways, the low-cost arm of Singapore Airlines.

"As such, it has become much more affordable for travellers to take a short weekend vacation or a business trip to a nearby destination any time they want."

Another Singapore-based budget airline, Jetstar Asia, recently announced an additional 18 weekly services that would result in 17,200 seats on flights every month from Singapore to popular destinations in Cambodia, Indonesia and China.

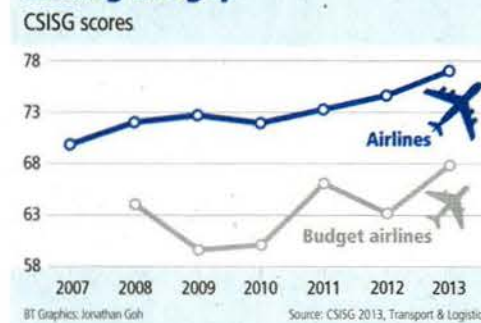
Since 2009, the airline has been ac-



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Closing the gap



quiring aircraft at an average rate of two per year. And in its fiscal year 2013, Jetstar Asia introduced six new A320s.

"Our focus on expanding our South-east Asia network and schedule gives our customers as well as our codeshare and interline passengers, greater choice and access to some of Asia's most exciting holiday destinations," said Jetstar Asia CEO Bara Pasupathi.

Boosting services to popular destinations in Cambodia, Indonesia and

China will see the airline carry more than four million passengers before year-end.

Budget carriers now also offer long-haul flights, something that until recently had been exclusive to full-service airlines, and passengers, too, are buying into the concept of flying budget over long distances.

AirAsia X, a unit of the AirAsia Group, recently said it would increase the frequency of its flights from Kuala Lumpur to Osaka from four weekly flights currently to one every day from November 2013.



Mr Azran: 'With the convenience of our Fly-Thru flights, guests from our long-haul network and that of the AirAsia Group may connect seamlessly to over 85 destinations across the group's network.'

PHOTOS: BLOOMBERG

The increased flights also help improve connectivity, another boon for passengers.

"With the convenience of our Fly-Thru flights, guests from our long-haul network and that of the AirAsia Group may connect seamlessly to over 85 destinations across the group's network," said Azran Osman-Rani, CEO of AirAsia X.

Fly-Thru flights allow passengers to transfer from one flight to another without the hassle of going through

immigration processing or having to collect their baggage until they have reached their final destination.

A major draw is the a la carte style of service provided by LCCs, which allows passengers to choose only the products they need. Depending on their budgets, customers can choose anything from a bare-bones option to value-added options such as pre-booked meals or more legroom.

These no-frills players have also been innovating. Tiger Airways recently launched an app to help its cus-

tomers book flights. The app has just hit a million downloads across iPhone, Android, iPad and Mobile Web applications.

The carrier also recently implemented "combo-flights" that allow for the simultaneous reservation of two separate, connecting flights.

"While the backend process of getting this done is complex, we were able to ensure that the service makes for a seamless experience for our customers and offer a wider choice of destinations," said Mr Chin.