



NETWORK STRATEGY

SINGAPORE AIRLINES

Scoot/Airbus

Singapore Airlines



Lee: looking for opportunities

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LEE WEN FEN

Senior vice-president of corporate planning, Singapore Airlines Group

The strength of the Singapore Airlines group network is in its portfolio strategy.

While it started out traditionally enough with SIA's mainline business – and later the regional feeder arm SilkAir – what sets it apart is its plunge into the low-cost market when competitors took a wait-and-see attitude.

As a judge says: “They started this, really before anybody else. Now they have developed a terrific hub [and] they're doing it with different carriers, with different versions – long-haul low-cost, short-haul low-cost – and it has really stabilised their operations.”

Its first low-cost venture was a 49% investment in Tiger Airways, which became fully owned by SIA after a series of ups and downs. A bolder step was when it stepped up its low-cost game and set up wholly owned Scoot to fly longer routes at low cost. Today the two units are one, while SilkAir is in the process of a merger with SIA.

Senior vice-president of corporate planning Lee Wen Fen, whose

team takes care of the SIA Group network, says the key is to “deploy the right vehicle or vehicles to the right market, at the right time”.

An example of the power of its portfolio strategy is how the group stands as one of the top foreign players in China. If left to full-service units SIA and SilkAir, it would reach 11 points in China. Together with Scoot, however, the group serves a combined 29 Chinese destinations.

Having more than one airline to manage also means route overlaps. SIA and SilkAir, for example, have 10 routes that overlap, while the two full-service units and Scoot have about 30 overlapping destinations. Where there are duplicates, the group believes there is room to target different travel segments.

A key challenge in managing a portfolio strategy is to get everyone to “think group”, says Lee. “Once you're airline centric you think ‘I want to fly whatever routes because it serves me best’... the question is what is best for the group in total and that includes managing things like a

small amount of cannibalisation and overlaps.”

SIA also understands the need to look beyond the Singapore market, and has set up joint ventures in India and Thailand – Vistara and NokScoot respectively.

“The portfolio shows we play in both low-cost and full-service markets, but we are still confined in the Singapore market. So how do we participate in growth in some of these markets? That's our multi-hub strategy and we actively look for opportunities,” says Lee.

The next big thing for SIA is a return to the ultra-long-haul market with the upcoming delivery of its Airbus A350ULR. The aircraft will debut on a near-19 hour nonstop Singapore-Newark service on 11 October, and will later be deployed to Los Angeles.

“We have successfully built up the portfolio, which will underlie our network strategy, and gives us the right vehicles and cost base to fly to the right markets,” notes Lee. “Alongside that, the SIA brand, heritage and service is what helps us *vis-a-vis* our competitors.”

Mavis Toh

PAST WINNERS*

2017 EasyJet | 2016 Emirates Airline | 2015 Gol | 2014 Alaska Airlines | 2013 Lufthansa (KLM) | 2012 Cathay Pacific (Lufthansa) | 2011 Qantas (British Airways) | 2010 Emirates (Qatar Airways) | 2009 Air New Zealand (Air France-KLM) | 2008 Scandinavian Airlines | 2007 Royal Jordanian | 2006 All Nippon Airways | 2005 IATA | 2004 British Airways | 2003 Alaska Airlines | 2002 Finnair

*Before 2016, this was the Technology, Environment and Operations category. During 2009-13, the Environment category was separate and winners are shown in brackets.