

Customer Service at Singapore Airlines

"The airline industry is, by its very nature, a service industry. In a free market the success or failure of an airline is largely dictated by the quality of service it provides.

- Joseph Pillay, Chairman SIA, 1989

"SIA is an airline that sets standards, is profitable and well managed, and takes a personal interest in its passengers."

- Mike Simon, Head of Communication, Emirates Airline, 1997

"SIA is a world-class airline and we respect it greatly. It is still very competitive. Other carriers are always interested in what SIA is doing."

- Ian Gay, Regional General Manager of Qantas-BA Alliance, 1997

SERVICE EXCELLENCE

On October 31, 2000, a Singapore Airlines (SIA)'s SQ-006 Boeing 747 crashed in Taiwan. This was the first major accident in more than 28 years of the airline's operations. 81 passengers, of the 179 on board, were killed. The following day, SIA announced \$25,000 in compensation to the families of those who had died, to help them cover immediate expenses. When SIA's management discovered that it was pilot error that had caused the mishap, the airline offered an additional \$400,000 per family - a figure almost five times the amount the company was liable to pay. The Deputy Chairman and Chief Executive Officer, Cheong Choong Kong, said that the company took "full responsibility" for the accident. No airline had ever before accepted full responsibility or been so generous in compensation in the case of an accident.

Over the years, SIA has become a role model for "service" in the airline industry. From the very beginning, it had focused on customer satisfaction as its highest priority. It constantly brought about innovations in its service to retain its existing clients and to attract new customers. SIA tried not just to satisfy its customers, but to "delight" them.

SIA won many awards for its continuous efforts to maintain service standards, both in-flight and on the ground. It was awarded the "Airline of the Year" and "Best Trans-Pacific Airline" awards by OAG¹ (UK) in 2003 and the "World's Best Service Award" by Travel & Leisure magazine (US), in the same year. In the preceding years it won awards in several categories such as "Best Long-haul Airline," "Best First Class," "Best Economy Class," "Best Foreign Airline," and "Best Crisis Management".

SIA was the airline that initiated the focus on customer service in the airline industry. In 2000, in a study on airline reputation by the Reputational Institute (a private organization researching corporate reputations) and Harris Interactive (a global Internet research firm), SIA topped the list of international airlines in the categories of safety and trust, customer service and food. [REDACTED]

Analysts felt that SIA's superior customer service has been the primary reason for its profitability over the years [REDACTED]. SIA was profitable right from its inception. Though its fares were higher than that of its competitors, passengers did not mind paying a premium because of its exceptional customer service.

¹ OAG- A company which provides the flight schedules of many international airlines.

BACKGROUND NOTE

SIA started off as Malayan Airlines in 1947. The airline operated services in Singapore, Kuala Lumpur, Ipoh and Penang (on the western shore of the Malay Peninsula). After the Second World War, Malayan Airlines grew rapidly, and by 1955 it flew nearly 200,000 passengers a year.

When the Federation of Malaysia was created in 1963, the airline was renamed "Malaysian Airways" and in 1966, as "Malaysia-Singapore Airlines" (MAS) to reflect the carrier's joint shareholders, the governments of Malaysia and Singapore. However, in 1972, disputes between the two countries regarding the routes of the airline, resulted in the split of the airline into two new airlines- Malaysian Airlines and SIA. Malaysian Airlines took up all the domestic routes, whereas SIA took up all the international routes. The Singapore government was the majority shareholder in SIA.

In 1972, SIA had a fleet of 10 aircraft, a staff of 6,000 and a route network covering 22 cities in 18 countries. Initially it did not get traffic rights from major countries like the US, Germany, Italy and the UK; hence it expanded its network by adding many new cities from the Indian subcontinent and Asia.

In 1973, SIA set up the Singapore Airport Terminal Services Ltd (SATA) as a subsidiary to provide ground service. SATA operated many training centers for SIA employees. In 1977, SIA signed an agreement with the US, which gave it permission to fly to San Francisco via Hong-Kong. SIA also began cargo services to San Francisco in 1978. By 1979 it ranked ninth in the international airline industry, rising rapidly from the 55th position that it had held prior to separation from MAS.

In the 1980s, many cities in the United States, Canada and Europe were also included among SIA's routes. By 1981, it carried 4 million passengers a year, twice as many as it carried five years before. SIA's shares were listed on the Singapore stock exchange in 1985. In 1992, SIA created SilkAir as its subsidiary for passenger services in regional areas of Southeast Asia² (Refer Figure I for route map of SilkAir).

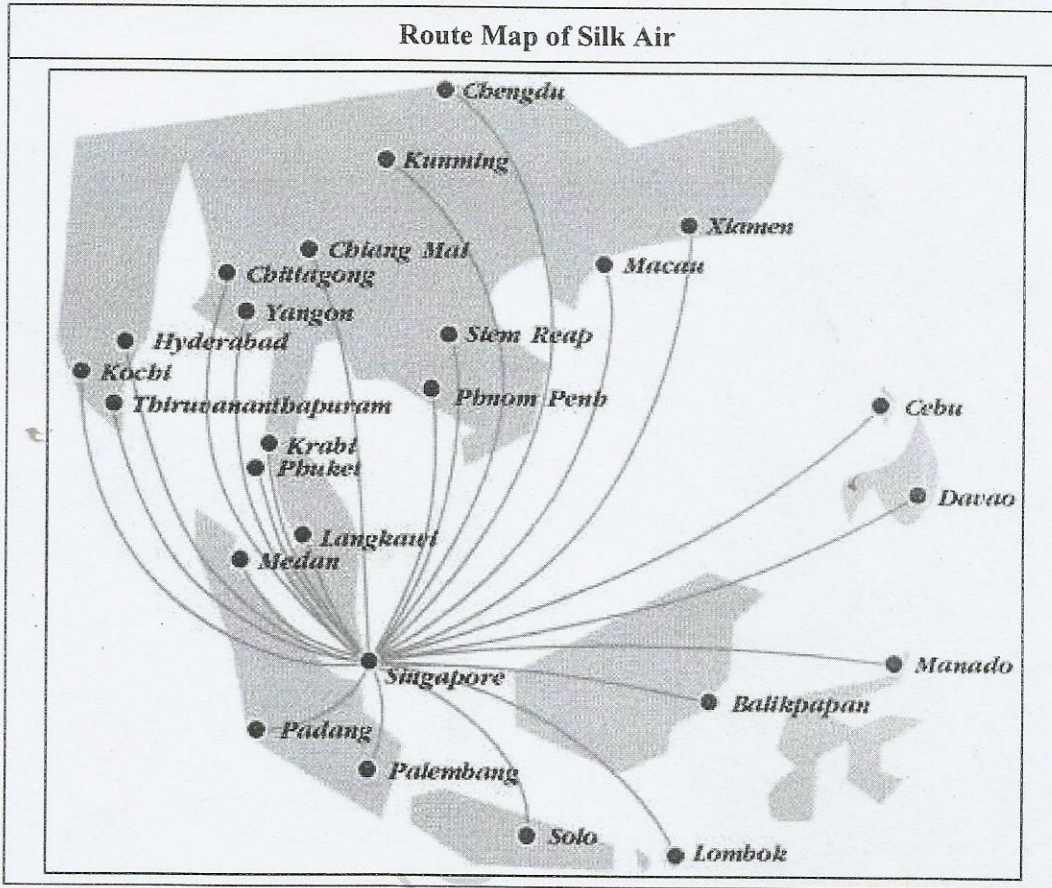
In 1999, SIA paid \$220 million for a 25% stake in Air New Zealand, and in 2000 it acquired a 49% stake, which cost it nearly \$1 billion, in Virgin Atlantic Airways. In 2000, SIA became a member of the worldwide Star Alliance³. Over the years the cargo service of SIA became an integral part of the airline, and in 2001 a separate subsidiary - SIA Cargo Pte Ltd - was created. In 2002, SIA covered more than 60 cities in 35 countries and employed nearly 15,000 people.

SIA was committed to operating young and modern aircraft. The average age of SIA planes was always below six years whereas other carriers flew planes almost double the age. SIA depreciated its aircraft in 10 years while most airlines did this over 15 to 20 years. It brought into service new planes with better looks and improved facilities. For example, it ordered the Airbus 340-300E, which was acknowledged to have the "quietest cabin in the sky", in 1996. One of SIA's top executives remarked, "We rate the aircraft highly in terms of economy, modernity and comfort... it is a star performer in all categories. Inspired by this, we have decided to name our A340-300E the 'Celester'. We believe this aircraft will truly be a 'star of the skies'." SIA's management said that passengers preferred new planes to older ones as they considered them safer. This strategy also helped the airline to reduce maintenance costs, as new planes were more-fuel efficient and less prone to breakdowns.

² Bangladesh, Cambodia, China, India, Indonesia, Malaysia, Myanmar, Philippines, Singapore, Thailand.

³ Alliance of world wide airlines such as United Airlines, Air Canada, Lufthansa, Austrian Airlines, Scandinavian Airlines, Varig Brazilian Airways, Thai Airways, , Mexicana, Air New Zealand, All Nippons Airways, Tyrolean Airways and British Midland.

Figure I



Source: www.singaporeair.com

SIA successfully generated a culture of quality service in the organization. This involved developing a shared vision of excellent service among all employees. This vision induced pride, passion and motivation in the employees resulting in exceptional performance. Rather than customers, it was the employees themselves who pointed out and set right delays in service by any personnel of the airline. There were regular meetings to ensure a continuous flow of information through the organization. A "Staff Ideas in Action" program implemented new suggestions and ideas from employees. During economic slowdowns, the employees took paycuts but the amount spent on customer service was never reduced.

"SINGAPORE GIRL"- AN ICON OF CUSTOMER SERVICE

When SIA took to the skies, it looked for a differentiation strategy. It created a marketing icon – the Singapore Girl. (Refer Figure II) in 1973. The image of the female flight stewardess was used to differentiate its services based on in-flight services and ground services. The USP of SIA was the "Singapore Girl." Dressed in the traditional batik "sarong kebaya"⁴ of a special design by Pierre Balmain, a famous Parisian fashion designer, the "Singapore Girl" became synonymous with SIA over the years, and personified quality service.

⁴ A traditional two-piece Malaysian batik garment.

Figure II



Source: www.singaporeair.com

The Singapore Girl became the central idea of the airline's marketing strategies. Her photographs along with slogans such as "*A standard of service that even other airlines talk about*" and "*SIA: you are a great way to fly*" were used effectively to market the airline. According to the director of market research, SIA, "Around the world the Singapore Girl remains a very positive marketing icon. She evokes the very best in Asian charm and hospitality."⁵ A survey conducted in the Asia/Pacific region in 1979, showed that the consumer recall of the Singapore Girl advertisement was 50%, whereas that of 40 other airlines ads was just 9.6%.

In-Flight Service

SIA's differentiation strategy was based on in-flight service. On board the airline provided some of the best food, and most importantly, served it with warm smiles. SIA had an International Culinary Panel of chefs, who designed special, attractive dishes. SIA had international wine-tasters to advise them on an array of French, American and Australian wines to offer their customers in each class. Apart from the good food, SIA passengers were also treated with personal attention. Commented an SIA passenger in her review of customer service at SIA, "When my husband, who has given up on pork, did not finish a meal encompassing some pork mixture, the stewardess was so sincerely upset, she kept running back to us bringing cookies (Pepperidge Farm) and crackers."⁶

SIA also gave its First class and Raffle (business) class passengers an opportunity to have their preferred dishes on the journey, on prior notice to the airline. Though its competitors came up with similar facilities of in-flight food, the service minded attitude with which SIA served the passengers made it difficult for the competitors to compete with it. SIA crew always had a "ready to do" attitude and they went out of their way to satisfy passengers. In 1996, when a Chinese couple was traveling with their children in the first class of SIA, they refused to have the food served saying "we are not used to these and would prefer a bowl of instant noodles."⁷ From then on, every SIA flight carried a supply of instant noodles for passengers whose choice did not match the food served in the flight. Another example of customer service at SIA was the small water bottles offered to customers. Since water glasses tend to fall when passengers are asleep, SIA offered small Evian bottles which could be kept safely by the side of the passengers even when they were asleep.

⁵ The story of Singapore Airlines and the Singapore Girl, *Journal of Management Development*, 2000.

⁶ On cloud 9-Literally! www.epinions.com

⁷ The story of Singapore Airlines and the Singapore Girl, *Journal of Management Development*, 2000.

SIA always looked after the comfort of its customers. The seats were designed to be comfortable and restful. Whenever a passenger (in a business class) wanted to rest, his/her privacy partitioned seat could be converted into a complete bed along with a mattress, duvet and a pillow. The airline also provided sleeper suits and toiletry kits for a comfortable journey. Writing facilities were also provided, with a pen, a writing pad, envelopes and postcards for writing and postage and handling if required. Passengers could also read news and other interesting topics from a varied selection of magazines and newspapers.

The airline also introduced an entertainment system called Krisworld. There were individual video screens for each passenger of each class and programs included 22 video channels along with 12 audio channels, 10 games and real-time text-news that were updated every hour. On September 15, 1997, SIA launched a new entertainment system - WISEMEN - which offered the passengers a choice from 15 movies, 20 short features and about 50 CD's, apart from the Krisworld program, on its Singapore-Tokyo flight.

Passengers were also provided in-seat telephones which could be used to make calls anywhere in the world. Free of charge seat-to-seat calls could also be made. Fax facilities were also available to facilitate business transactions, while in flight. In 2001, email and web services were also included in the in-flight facilities.

SIA was not appreciated only for its excellent in-flight services, but also its ground services. It introduced novel ideas to make ground service more efficient and useful to its customers.

Ground Service

SIA systematically developed quality standards to improve its ground service. Every aspect of ground service such as: how many times the reservation phone rang before being answered or how long customers had to wait to check in, was monitored carefully. SIA used every opportunity to improve its customer service on ground, by using improved technology. The airline computerized its reservations way back in 1973, just a few months after the airline was formed. Later reservations could be done over the phone, directly or through agents. Once the reservation was done, reconfirmation was not required. The passengers could directly check in on the day of journey.

Check-in services were also very flexible as passengers could check in two hours before the departure time of the flight. Passengers could also check in through fax and telephone, 48 hours before the flight's schedule. Internet check-in was introduced in November 1996 to make the check-in process even more convenient. Online services provided passengers with information on flight status and schedules. These services also helped in tracing lost baggage.

The airline introduced the electronic ticketing in October 1997. Credit card holders could purchase electronic tickets, thus eliminating the danger of losing or misplacing their tickets. Their credit card numbers were stored in a system and a receipt with the bill and other traveling details were sent to them through fax or e-mail. The boarding pass was issued on presenting the credit card and the passport at the check-in counter.

Commenting on customer service at SIA, a passenger said, "On an international trip where we had a layover in Singapore, rather than making us get and recheck our luggage through customs (which is normal for a certain length of layover), they checked our luggage all the way to our final destination."⁸ Also, SIA flights took off and landed on schedule on a regular basis.

SIA also had a frequent flyer program – Krisflyer. A member of this program earned a specific number of miles every time he/she traveled by SIA. These miles could be converted into free flights to any destination, (based on the number of miles earned). The Krisflyer program had other advantages such as excess baggage allowance, guaranteed reservations, check-in at specially designated counters, etc.

⁸ On cloud 9-Literally! www.epinions.com

SIA's management believed that excellent customer service could come only through customer-focused employees. Hence it laid great emphasis on recruiting the right people and training them properly in the different departments of customer service.

Recruitment and Training

Singapore Airline had one flight attendant for every 22 seats, higher than in any other airline. The cabin crew had to be less than 26 years of age and the selection and recruitment of the crew was done through a very selective three-stage interview process including a social function to test the social behavior of the applicants.

SIA regarded training and continuous learning as essentials for providing quality service. The selected batch under went a four-month rigorous training course - the longest and most extensive for any airline. The training was aimed at providing gracious service which reflected warmth and friendliness. The stewardesses were trained in safety measures and were given beauty tips as well. The training sessions included lessons on the art of conversation and also imparted knowledge of good food and fine wine.

SIA had four training centres: Cabin Crew, Flight Operations, Commercial Development and Management Development. Along with classroom lessons and on-the-job training, simulations were also used to train employees. The airline stressed continuous training for its staff to motivate them and improve performance. An excellent job by any staff member was rewarded with increased pay and any act of exceptional customer service in unique situations was awarded "The Deputy Chairman's Award."

The airline viewed investment in training as very essential. Each year it spent over \$100 million on training its employees. Training was not only given in good economic times, but also when the economy was in a downturn. Such continuous training helped SIA to always be ahead in providing quality service.

CUSTOMER SERVICE REMAINS THE FOCUS

In the late 1990s, the then SIA chairman, S. Dhanbal said about SIA's future plans, "Basically it has to be service and better service. Others have learned that what differentiates one airline from another is service. They have wised up to it and have also started improving their service. The challenge is therefore to keep ahead of the pack."⁹ Though its competitors came up with various innovative services for passengers, SIA always made sure that better service was available to its passengers. Ron Kaufman, one of the leading analysts of customer service in Asia, said about SIA, "Once a strong service reputation is established, and if it is continually supported with great recruitment, orientation, training, standards, culture, then it can be extremely difficult for someone else to catch up."¹⁰

SIA wants to continue to offer excellent customer service to its passengers in the future too. It will be the first airline to put the advanced Airbus A380s into service in 2006. Despite its high standards in customer service, its management felt that the airline is still scope for improvement. The airline keeps looking for ways to improve its services and innovate in line with changes in consumer demand. Analysts feel that with such a penchant for customer service, SIA will surely remain the benchmark for customer service in the years to come.

⁹ The story of Singapore Airlines and the Singapore Girl, *Journal of Management Development*, 2000.

¹⁰ Asia customer service champions have the edge, www.ronkaufman.com