Case study jetblue delighting customers through happy jetting essay sample

Transportation, Airlines

Introduction to JetBlue Airways

JetBlue Airways Corporation (NASDAQ: JBLU), often recognized as " jetBlue", is an American low-cost airline. The company is headquartered in the Long Island City neighborhood of the New York City borough of Queens. JetBlue maintains a corporate office in Cottonwood Heights, Utah. JetBlue is a non-union airline. Its main base is John F. Kennedy International Airport, also in Queens. As of December 7, 2011 JetBlue serves 71 destinations in 21 states, and twelve countries in the Caribbean, South America and Latin America. The airline mainly serves destinations in the United States, along with flights to the:

- Caribbean
- The Bahamas
- Bermuda
- Barbados
- Colombia
- Costa Rica
- Dominican Republic
- Jamaica, Mexico
- Puerto Rico

Founding of JetBlue Airways

A JetBlue Airbus A320, " Whole Lotta Blue" (N594JB) at Salt Lake City International Airport. JetBlue was incorporated in Delaware in August 1998. David Neeleman founded the company in February 1999, under the name "

NewAir.” Several of JetBlue’s executives, including Neeleman, are former Southwest Airlines employees. JetBlue started by following Southwest’s approach of offering low-cost travel, but sought to distinguish itself by its amenities, such as in-flight entertainment, TV on every seat and Satellite radio. In Neeleman’s words, JetBlue looks “ to bring humanity back to air travel.”

In September 1999, the airline was awarded 75 initial take off/landing slots at John F. Kennedy International Airport, and received formal U. S. authorization in February 2000. It started operations on February 11, 2000, with service to Buffalo and Ft. Lauderdale. JetBlue’s founders had set out to call the airline “ Taxi” and therefore have a yellow livery to associate the airline with New York. The idea was dropped, however, for several reasons: the negative connotation behind New York City taxis; the ambiguity of the word taxi with regard to air traffic control; and threats from investor JP Morgan to pull its share ($20 million of the total $128 million) of the airline’s initial funding unless the name was changed. 2000s

JetBlue was one of only a few U. S. airlines that made a profit during the sharp downturn in airline travel following the September 11, 2001 attacks. The airline sector responded to JetBlue’s market presence by starting mini-rival carriers: Delta Air Lines started Song, and United Airlines launched another rival called Ted. Song has since been disbanded and was reabsorbed by Delta Air Lines, and United has discontinued Ted as a separate brand. JetBlue Founder David Neeleman in 2006

In October 2005, JetBlue announced that its quarterly profit had plunged from US$8. 1 million to $2. 7 million largely due to rising fuel costs. Operational issues, fuel prices, and low fares, JetBlue’s hallmark, were bringing its financial performance down. In addition, with higher costs related to the airline’s numerous amenities, JetBlue was becoming less competitive. Regardless, the airline continued to plan for growth. It was announced that 36 new aircraft were scheduled for delivery in the year 2006. For many years, analysts had predicted that JetBlue’s growth rate would become unsustainable. Despite this, the airline continued to add planes and routes to the fleet at a brisk pace. In addition in 2006, the IAM (International Association of Machinists) attempted to unionize JetBlue’s “ ramp service workers,” in a move that was described by JetBlue’s COO Dave Barger as “ pretty hypocritical,” as the IAM opposed JetBlue’s creation when it was founded as New Air in 1998. The union organizing petition was dismissed by the National Mediation Board because fewer than 35 percent of eligible employees supported an election. In February 2006, JetBlue announced its first ever quarterly loss.

For 4th quarter 2005, the airline lost $42. 4 million, enough to make them unprofitable for the entire year of 2005. The loss was the airline’s first since going public in 2002. JetBlue also reported a loss in the 1st quarter 2006. In addition to that, JetBlue forecast a loss for 2006, citing high fuel prices, operating inefficiency, and fleet costs. During the first quarter report, CEO David Neeleman, President Dave Barger, and then-CFO John Owen released JetBlue’s “ Return to Profitability” (“ RTP”) plan, stating in detail how they would curtail costs and improve revenue to regain profitability. The plan called for $50 million in annual cost cuts and a push to boost revenue by $30 million. JetBlue Airways moved out of the dark during the second quarter of 2006, beating Wall Street expectations by announcing a net profit of $14 million.

That result was flat when compared to JetBlue's results from the same quarter a year ago ($13 million), but it was double Wall Street forecasts of a $7 million profit, Reuters reports. The carrier said cost-cutting and stronger revenue helped it offset higher jet fuel costs. In October 2006, JetBlue announced a net loss of $500, 000 for Quarter 3, and a plan to regain that loss by deferring some of their E190 deliveries, and by selling 5 of their A320s. In December 2006, JetBlue announced another component of the RTP, when they explained the reasoning behind their decision to remove a row of seats off their A320s.

The removal of the seats will lighten the aircraft by 904 lb (410 kg), and will reduce the inflight crew size from four to three (per FAA regulation requiring one flight attendant per 50 seats), thus offsetting the lost revenue from the removal of seats, and further lightening the aircraft, resulting in less fuel burned In January 2007, JetBlue announced it had returned to profitability with a fourth quarter profit for 2006, reversing a quarterly loss in the year-earlier period. As part of the RTP plan, 2006's full year loss was $1 million compared to 2005's full year loss of $20 million. JetBlue was one of the few major airlines to post a profit in the quarter.

While its financial performance started showing signs of improvement, in February 2007, JetBlue faced a crisis, when a snowstorm hit the Northeast and Midwest, throwing the airline's operations into chaos. Because JetBlue followed the practice of never canceling flights, it desisted from calling flights off, even when the ice storm hit and the airline was forced to keep several planes on the ground. Because of this, passengers were kept waiting at the airports for their flights to take off. In some cases, passengers who had already boarded their planes were kept waiting on the tarmac for several hours and were not allowed to disembark. However, after all this, the airline was eventually forced to cancel most of its flights because of prevailing weather conditions. The fiasco reportedly cost JetBlue $30 million. David Barger after a presentation in October 2010

On May 10, 2007, JetBlue announced Barger's appointment as CEO, who also retains the position of President. Neeleman, who was named non-executive Chairman of the Board, said " This is a natural evolution of our leadership structure as JetBlue continues to grow. As Chairman of the Board of Directors, I will focus on developing JetBlue's long-term vision and strategy, and how we can continue to be a preferred product in a commodity business." On July 24, 2007, JetBlue reported that its second-quarter revenue increased to $730 million, compared to $612 in 2006. Second quarter net income grew to $21 million for the quarter, from $14 million the previous year. CEO David Barger said the airline will take delivery of three fewer planes this year and will sell three planes from their current fleet, " slowing capacity growth…to strengthen our balance sheet and facilitate earnings growth”, but will continue to add two to four new destinations each year.

In July 2007, the airline partnered with 20th Century Fox’s film The Simpsons Movie to become the “ Official Airline of Springfield.” In addition a contest was held in which the grand prize would be a trip on JetBlue to Los Angeles to attend the premiere of the film. The airline’s website was also redecorated with characters and their favorite JetBlue destinations and the company was taken over by the show/film’s businessman villain Montgomery Burns. In August 2007, the airline announced the addition of exclusive content from The New York Times in the form of an in-flight video magazine, conducted by Times’ journalists and content from NYTimes. com. On October 11, 2007, JetBlue announced expanded service to the Caribbean with service to St. Maarten and Puerto Plata commencing January 10, 2008. With these additional destinations, JetBlue’s service expanded to a total of twelve Caribbean/Atlantic destinations including Aruba; Barbados; Bermuda; Cancún; Nassau; Aguadilla, Ponce and San Juan, Puerto Rico; and Santiago and Santo Domingo, Dominican Republic. On November 8, 2007, JetBlue announced the appointment of Ed Barnes as interim CFO, following the resignation of former CFO John Harvey.

On December 13, 2007, JetBlue and German-based Lufthansa announced their intent to sell 19% of JetBlue to Lufthansa, pending approval from US regulators. Following the acquisition, Lufthansa stated they plan to seek operational cooperation with JetBlue. Lufthansa plans to offer connections to JetBlue flights in Boston, New York (JFK), and Orlando International Airport. In the March edition of Airways Magazine, it was announced that JetBlue partnered with Yahoo! and BlackBerry producer, Research in Motion, that the airline would offer free, limited Wi-Fi capabilities on N651JB, an Airbus A320-200 dubbed “ BetaBlue.” People can access e-mail with a Wi-Fi capable Blackberry, or use Yahoo!’s e-mail and instant messaging with a Wi-Fi capable laptop. On March 19, 2008, JetBlue announced the addition of Orlando, Florida as a gateway focus city to international destinations in the Caribbean, Mexico, and South America. New international routes from Orlando International Airport include Cancún, Mexico, Bridgetown, Barbados, Bogotá, Colombia, Nassau, Bahamas, San José, Costa Rica and Santo Domingo, Dominican Republic.

In conjunction with the addition of new routes the airline will continue significant expansion of operations at Orlando International Airport including a planned 292-room lodge that will house trainees attending the existing “ JetBlue University” training facility. On April 8, 2008, JetBlue introduced a new “ Happy Jetting” brand campaign. The marketing campaign, developed in partnership with JWT New York, emphasizes competitive fares, service and complimentary onboard amenities such as free satellite television and radio, snacks and leather seats. On May 21, 2008, JetBlue named Joel Peterson chairman and Frank Sica vice chairman of its board of directors, replacing David Neeleman, who stepped down as CEO in 2007. On August 4, 2008, the Associated Press reported that JetBlue would replace their recycled pillows and blankets with an “ ecofriendly” pillow and blanket package that passengers would have to purchase for use.

Each package will cost $7, and will include a $5 coupon from retailer Bed, Bath and Beyond. This decision is the latest in a series of moves designed to increase revenue. JetBlue told the Associated Press that it expects to collect $40 million from passengers selecting seats with extra legroom and $20 million from passengers paying $15 to check a second bag. As of September 8, 2008 JetBlue charges passengers $10–$30 for an extended-leg-room seat depending on the length of the flight. In September 2008 JetBlue began operating Republican Vice-Presidential candidate Sarah Palin’s campaign aircraft, an E190. On October 13, 2009, the airline unveiled a modification to its livery in commemoration of the upcoming 10th anniversary of the airline in February 2010. Besides a new tail design, the revised livery includes larger “ billboard” titles extending down over the passenger windows at the front of the aircraft.

The logo word ‘ jetBlue’ will no longer be silver and blue but now a dark, navy blue. On October 22, 2008 JetBlue opened its new primary hub at John F. Kennedy International Airport (JFK), Terminal 5, or simply T5. The mostly new terminal, costing approximately $800 million, partially encircles the historic TWA Flight Center, the former Trans World Airlines terminal designed by Eero Saarinen, which remains closed. According to the plan, passengers will eventually be able to check in for flights in the landmark building, then transfer to the new structure via the original passenger departing-arrival tubes from Saarinen’s original terminal and its 1969 addition by Roche-Dinkeloo. The first flight arrived from Bob Hope Airport (B6 #358) at 5: 06 am followed by arrivals from Oakland International Airport and Long Beach

Airport, respectively. The last flight to operate out of T6 was a departure to Rafael Hernández Airport in Aguadilla, Puerto Rico, departing at 11: 59 pm.

2010s

On June 16, 2010, JetBlue began selling snack boxes on Airbus A320 flights over 3 hours, 45 minutes. There are 5 options for $6 each. In March 22, 2010, JetBlue turned down incentives from the City of Orlando and announced its headquarters would keep its Forest Hills office, start leasing and using a new office in the Brewster Building in Long Island City, New York. in Queens Plaza in Long Island City, move its headquarters there in mid-2012, and start a joint branding deal with New York State using the iconic I Love NY logo.

On October 14, 2010, the California Council of the Blind and three individuals with visual impairments have filed a lawsuit against JetBlue Airways in Federal Court on allegations that JetBlue’s website and airport kiosks are not accessible. On October 18, 2011, JetBlue announced that Chief Financial Officer Ed Barnes had resigned effective immediately. The company’s treasurer, Mark Powers, was appointed interim CFO until a replacement for Barnes could be found. On June 13, 2012, JetBlue ranked ‘ Highest in Customer Satisfaction Among Low Cost Carriers in North America’ by J. D. Power and Associates, a customer satisfaction recognition received for the eighth year in a row.

Over View of History of JetBlue Airways

* JetBlue was founded in 1999 as “ NewAir” by David Neeleman, formerly employee of Southwest Airlines. * First Airbus A320 aircraft arrived in early December, 1999 * NewAir started commercial operations in mid-February, 2000, with its inaugural flight between JFK and Fort Lauderdale, FL. * During 2000, new aircraft joined the fleet, and a lot of destinations were added to the network, and by the end of the year, JetBlue flies its one millionth customer, reporting $100 million in flown revenue. * During the downturn in airline travel that followed the September 11, 2001 attacks, JetBlue was one of only a few U. S. airlines that made a profit, with strong financial results throughout the 2002–2004 years. * In March, 2002, JetBlue flies its five millionth customer. * On the 31st of January, 2003, JetBlue reports $54. 9 million net income for 2002, and by the end of the year, new aircraft join the fleet, and new destinations are being added.

* In early January, 2004, JetBlue announces new in-flight entertainment options to be added: 100 channels of XM Satellite Radio and movie channels featuring 20th Century Fox movies and TV programming. * On the 13th of July, 2004, JetBlue flies its 25 millionth customer. * During 2005, new routes are being added to the network, new planes continue to be delivered, and at the end of the year, online check in, with online baggage check in is being added to the website.

* In February, 2006, JetBlue announced its first quarterly loss ever, but returned to profitability by January, 2007. * In October, 2007, JetBlue was named Best U. S. airline by Condé Nast Traveler readers for the 6th year running. * New destinations continue to be added, and refundable fares are

introduced in late January, 2008. * Bogotá, Colombia becomes JetBlue’s first South American destination in late January, 2009, and on the 26th of March, 2009, San José, Costa Rica becomes JetBlue’s first destination in Central America. * In 2010, JetBlue Airways signs interline agreements with EL AL Israel Airlines and South African Airways.

* In March 2011, JetBlue Airways begins interline service with a transatlantic leader, Virgin Atlantic. * In June 2011, JetBlue Airways introduced 2 new products and services: Even More Space, replacing Even More Legroom and offering extra legroom and early boarding, and Even More Speed, giving access to expedited airport security. * In November 2012, TrueBlue Mosaic Elite Program, an enhancement to the existing loyalty program, is launched. * In 2012, JetBlue Airways signed interline and codeshare agreements with new or existing partners: Emirates, Hawaiian Airlines, Japan Airlines, Korean Air, and Turkish Airlines. * In February 2013, JetBlue Airways introduced Mobile Boarding Passes along with new iPhone app. * In March 2013, JetBlue Airways announced its 80th BlueCity – Worcester, Massachusetts. * No deadly incidents involving JetBlue aircraft have been recorded so far.

Partnerships

JetBlue Embraer 190 (N198JB) and Airbus A320 (N528JB)

* On February 6, 2007, USA Today reported that JetBlue plans to enter into an alliance with Irish flagship carrier Aer Lingus. The alliance will facilitate easy transfers to both airlines’ customers, but will not allow either airline to sell seats on the other airline, unlike traditional codeshare alliances, meaning

customers must make individual reservations with both carriers, the newspaper said. On February 1, 2008, JetBlue announced the details of this alliance. Passengers will be able to connect between Aer Lingus and JetBlue in New York/JFK or Boston Logan on a single ticket, which can be booked through both airlines' websites. The booking will be started with one airline, and then transferred to the other airline's website to complete the booking. CEO David Barger was quoted as saying if this alliance is successful, JetBlue may be interested in partnering with other international carriers.

* On March 12, 2008, Financial Times reported Lufthansa revealing its plans made with JetBlue. Lufthansa and JetBlue are reported to be investigating linking reservation systems and frequent flyer programs. By making use of JetBlue's North America routes as a feeder network, Lufthansa would be in a position to operate a quasi-hub at New York-JFK and Boston Logan International Airport. * As of February 2010, JetBlue transitioned reservation systems from OpenSkies to Sabre per agreement with European partner Lufthansa. The new system allows JetBlue to codeshare and transfer bags and passengers better between the two carriers.

* According to Dave Barger, CEO of JetBlue Airways, the airline is currently considering becoming a member of a global airline alliance. Since Lufthansa owns a 19% stake in JetBlue, Star Allianceseems to be the most likely choice. JetBlue already partners with Lufthansa, as well as Aer Lingus, which currently is not part of an alliance. * On March 31, an official announcement was made by the airlines. The agreement includes the interlining of routes between the airlines. Eighteen of JetBlue's destinations that are not served

by American and twelve of American’s international destinations from John F. Kennedy International Airport and Boston Logan International Airport are included in the agreement. The deal began in July 2010. Also, American is giving JetBlue 16 slots at Ronald Reagan Washington National Airport for 8 round trips and 2 at Westchester County Airport. In return, JetBlue is giving American 12 slots or 6 round trips at JFK Airport.

* On Friday May 7, 2010, JetBlue announced an interline agreement with South African Airways to take effect on May 12, 2010. The agreement enables passengers to travel on a single electronic ticket with both carriers, and permits the through-checking of baggage in both directions. * On March 22, 2011, JetBlue announced an interline agreement with Virgin Atlantic Airways on transatlantic travel. * On November 2, 2011, JetBlue announced an interline agreement with Jet Airways to connect customers traveling from JetBlue cities from the US to Brussels, Belgium and beyond India. * On June 12, 2012, JetBlue announced an interline agreement with Air China to connect passengers between both carrier’s networks at New York-JFK as well as Los Angeles. Both carriers also plan to enter a codeshare agreement by Fall 2012 subject to government approval. Incident and Accidents

JetBlue has had several incidents involving its aircraft, although none have resulted in any hull losses or casualties.

JetBlue Flight 292, an Airbus A320(N536JB), makes an emergency landing atLos Angeles International Airport •September 21, 2005 Flight 292 en route from Burbank, California, to New York City performed an emergency landing at Los Angeles International Airport (pictured on the right) following a failure of the front landing gear during retraction when it turned 90 degrees

. The plane landed after holding for about three hours to burn fuel and lighten the aircraft. The aircraft came to a stop without incident on runway 25L, the third-longest runway at LAX. The only apparent damage to the plane upon landing was the destruction of the front wheels, which were ground down to almost semicircles, and the tires; the front landing strut held. The passengers were unable to see themselves landing despite the DirecTV service in each seat, as it was turned off well before landing. •March 27, 2012 an incident on Flight 191 involved the captain being locked out of the cockpit and being subdued by passengers following a panic attack. Marketing strategy

JetBlue's first major advertising campaign incorporated phrases like " Unbelievable" and " We like you, too". Full-page newspaper advertisements boasted low-fares, new aircraft, leather seats, spacious legroom, and a customer-service oriented staff committed to " bringing humanity back to air travel." With a goal of raising the bar for in-flight experience, JetBlue became the first airline to offer all passengers personalized in-flight entertainment. Flat-screen monitors installed in every seatback allow customers live access to over 20 DIRECTV channels at no additional cost. As JetBlue gained market share, they found a unique positioning where they competed with other low-cost carriers (i. e. Southwest, AirTran) as well as major carriers (i. e. Delta, United, Continental).

Amenities such as their live in-flight television, free and unlimited snack offerings, comfortable legroom, and unique promotions fostered an image of impeccable customer service that rivaled the major airlines while competitive low fares made them a threat to low-cost no-frills carriers as well. During the company’s growth stage, advertising messages moved from customer oriented and engaging to less personal slogans and campaigns. Frequent changes in value statement resulted in mixed and frequently wasted marketing dollars spent. Slogans varied from “ More” to “ Happy Jetting” and many other failed attempts.

A new marketing strategy has been partnerships with professional sports teams and venues. As the official airline of the New York Jets, JetBlue has specially painted the exterior of one of their Airbus A320s (N746JB) in the team’s colors. Aircraft N605JB is based on the design of the Boston Red Sox road uniform and sports a grey fuselage with navy lettering. This aircraft was unveiled in February 2012, just in time for the opening of the Red Sox new spring training facility in Fort Myers, FL named JetBlue Park at Fenway South. Additionally, JetBlue and MasterCard have pledged to refund select flight purchases made online at JetBlue. com using a MasterCard. JetBlue has also partnered with various other sports teams and sporting venues in cities they serve. JetBlue also utilizes various forms of advertising media.

They use print, online, and television ads as well as advertisements on popular social media sites including Hulu. com and YouTube. com. JetBlue emphasizes a secondary slogan “ If you wouldn’t take it on the ground, don’t take it in the air” poking fun at competitors with hidden fees, little or no amenities, and what JetBlue considers an unacceptable level of customer service. According to Martin St. George, senior vice president of marketing and commercial strategy at JetBlue, the new “ You Above All” campaign was created to get JetBlue back to their “ DNA” and speak to the “ core of who we are as a brand.” This motto is meant to support their efforts to always put the customer first and “ bring humanity back to air travel”.

* Customer Bill of Rights * In February 2007, a Valentine’s Day storm triggered an “ organizational meltdown” leading to an extremely high level of cancelations and controversies. For example, some passengers were held on board their plane awaiting clearance for take off for nearly 11 hours before they returned to their gate and the flight was canceled. * Various consumer rights organizations and activists called for the creation of a government mandated “ Bill of Rights” to protect air travelers from future experiences similar to the one previously described. On February 20, 2007, JetBlue released an apologetic response to the events that had taken place less than a week before with the creation of their Customer Bill of Rights, which offers financial reciprocation if a customer’s flight is delayed or canceled.

* TrueBlue

* JetBlue’s frequent-flyer program is called TrueBlue. Under the original TrueBlue program, flights were worth two, four or six points based on distance of the flights, and double points were awarded for flights booked online. * In September 2009, JetBlue announced changes to its TrueBlue

program. Flying with JetBlue at least once a year will prevent point expiration. In the new program, members receive three points for every dollar spent toward a flight, excluding taxes and fees; members earn an additional three points for every dollar spent on a flight if they book online. The price of flights in points depend on the fare of the flight in U. S. dollars. The new program launched on November 9, 2009.

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