

# Southwest swot analysis essay

[Business](#), [Industries](#)



Business SWOT Analysis Abstract As a mutual fund manager, I have decided to conduct some research on Southwest Airlines. I will provide an overview of the company's history, and an analysis of their strengths, weaknesses, opportunities, and threats (SWOT).

While there wasn't any rhyme or reasoning behind my selection, I do feel that Southwest Airlines is one of the leading airlines in the United States. Conducting a SWOT analysis will help me understand what the company's strengths and weaknesses, identify their opportunities and become aware of their threats. I will also determine the company's internal and external stakeholders, and their needs. From my research I will decide whether I should invest in this company. History of Southwest Airlines Southwest Airlines was established in 1967 as Air Southwest Company.

The founders were Rollin King and Herb Kelleher. Southwest started airline service with three Boeing 737 planes. Flights were to three cities in Houston, Dallas, and San Antonio, Texas; the service began in 1971. This was also the year the company changed their name to Southwest Airlines Company. In 1977 Southwest Airlines began traded on the New York Stock Exchange under the symbol " LUV". Southwest began offering a frequent flyer program in the 1980's.

This program allowed passengers to collect miles for flights taken and after accumulating so many, the passenger was allowed to redeem for credit on a free flight or a reduced flight. Southwest legal fight began in the 1980s when other airlines took legal action to keep Southwest on the ground. Shortly after, Southwest began offering senior citizens 65 years and older flights at

twenty-five dollars each way Monday thru Friday between 9: 00 a. . and 3: 00 p. m. As the years passed the company offered flights to more and more cities. Their top priority was getting customers to their destination timely and at the lowest fares.

By the early 1990s, Southwest Airlines had grown to be the nation's seventh-largest airline, with over 35 million customers a year, servicing forty-one cities in nineteen states. (Keli Flynn, 2012) Southwest Airlines acquires AirTran Holdings, Inc. the former parent company for AirTran Airways, Inc. in 2011. (AirTran n. d.

) Today, Southwest is the nation's largest carrier in terms of originating domestic passengers boarded serving 77 destinations in 39 states and the District of Columbia. " (Southwest n. d.

) Strengths of Southwest Airlines Strengths are beneficial factors of the organization, which allow a company to have an advantage over competitors. Gary Kelly, CEO Southwest Airlines has been quoted saying " Our people are our single greatest strength and most enduring longterm competitive advantage. " (About Southwest n. d.

) The key strengths that have resulted in success for Southwest are the company has the best low-fare carrier by standard of fleet. Southwest has flexible work hours even though employees belong to a union. Southwest is well known for their great staff relationships; they look after their staff. They are also dedicated to providing quality customer service.

Customers can use the internet for booking, and checking in for their flights. Southwest also sells frequent flyer points and/or credits and related services to business partners participating in the Rapid Rewards frequent flyer program, including car rental agencies, hotels, restaurants, and retail locations Fortune magazine list Southwest as the 10th out of 50 most admired companies. Money-CNN 2012) Weakness of Southwest Airlines Weaknesses are a lack of beneficial factors to achieving successful outcomes. Southwest does not offer frills such as airport lounges, videos on their planes, or telephone service. Southwest only offers one class of seating; they do not have business, first class, or seat assignments. Southwest does not offer flights to any international locations. Most employees belong to a union. Opportunities for Southwest Airlines Opportunities are factors in the surrounds that help an organization grow and be productive.

Some opportunities for Southwest Airlines are the possibility to expand to other cities. Also included in their opportunities are implementing international flights, spreading out to other cities. There's always an opportunity for continuous improvement to customer satisfaction. Southwest Airlines could also expand their services to include seating for business and first- class. The airline could also consider including larger planes to the fleet of air craft; this would increase seating and air travel to allow for longer designations.

Threats of Southwest Airlines Threats are harmful situations, events or conditions present in the environment of the organization. Some threats for Southwest would include if the economy was to go into a recession, air travel

would certainly decrease. Another threat could be increase in fuel price if there was a reduction in travel.

Competition is most certainly a threat. Southwest competes with other airlines on several things, to name a few I would say customer service, frequent flyer programs, and prices. There is also the threat of terrorist attacks. Southwest's Internal Stakeholders Stakeholders are mainly people that have an interest in the company. Stakeholders ensure that resources are available to contribute to a company's success. Internal stakeholders would be the CEO, upper management/team managers, and employees, and volunteers. The CEO expects its staff to be concern, respectful, have a caring attitude and extend the best customer service within the organization. Employees want stable ; amp; secure work environment with equal opportunity for personal growth, competitive salaries.

Southwest's External Stakeholders External stakeholders are people who are impacted by your work as airports, customers, competitors, community partners, families, shareholders, and airports. Airports want safe and secure transportation services. Customers want airline service they can trust, the want to know they are safe flying with Southwest. Customers also want the lowest fares available, improved baggage handling and automated services to make travelling less of a hassle. Competitors (other airlines such as JetBlue) want Southwest to raise their prices along with the other airlines to keep the competitive edge equal.

General public (communities) want continued financial support with community projects, they want the airline to stay in business to help support

city/state economically. Families want to know that family members are safe while on their aircraft. Shareholders want leaders to keep their promises and develop strategies that will increase their profit margins. Suppliers want stable contracts to provide goods at an agreed upon price. Suppliers want Southwest to stay profitable so that they can continue their business relationships. Meeting the needs of Stakeholders Southwest is meeting the needs of its employees by providing them with tremendous amounts of information that will enable them to better understand the company, its mission, its customers, and its competitors.

The needs of the families are met by ensuring that their love ones are kept safe while at work. Additionally their needs are met by keeping their family members employed. Southwest meets the needs of its customers by continuing to be the least expensive airline in its market. Customer's needs are also met by ensuring their safety while at work. Southwest meets the need of their suppliers by purchasing recycled toners and cartridges and returning back to the same supplier for further recycling, keeping their business relationship with the supplier. The needs of the community are met by Southwest Airlines in various ways such as pilots volunteering to speak at elementary schools or the company working with different organizations to provide donations for those affected by devastating circumstances such as natural disasters. Conclusion In conclusion, there are many benefits to doing business with Southwest, for example they respect their customers and urge their employees to treat them as they would want to be treated. The company also has some of the lowest air fares in the industry and are the only airline where “ bags fly free” on domestic flights.

Through the SWOT analysis I have determined that Southwest has strengths that they are able to capitalize upon. Their weaknesses are within reason to manage, and through their strengths, Southwest is able to invest in their opportunities. While a company's threats cannot be controlled, it is important to identify those threats. I think the SWOT analysis was clearly stated and can be used to generate ideas to meet the Southwest mission which is "dedication to the highest quality of Customer Service delivered with a sense of warmth, friendliness, individual pride and Company Spirit."

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