

Southwest flew only boeing 737 jets

[Business](#)



First was the discontinuation of service for the Oakland-Ontario, California market.

Second, the one-way walk-up first class and coach fares had been increased by \$10.00. The focus of that Tuesday meeting was set aside and the attention focused on what to make of the developments and how Southwest Airlines might respond to the changes. Airline Industry Backgrounders airline industry, prior to 1978 was regulated through the Civil Aeronautics Board (CAB). The CAB regulated airline fares, routes, and company mergers. CAB approval was required before any changes in rates or route systems could be made. Then in 1978, the Deregulation Act was passed and allowed airlines to set their own fares and enter or exit routes.

The CAB was dissolved in 1985. The deregulation did not take the turn that was expected which resulted in long-term effects on the industry. Two changes were significant. First, instead of serving short-haul routes, the airlines turned to long-haul routes. This led to regional carriers or new airlines filling in for the short-haul routes. Second, major carriers abandoned point-to-point systems and took up the hub-and-spoke system.

The point-to-point system meant non-stop flights between city-pairs and also "shuttle flights" back and forth.

The hub-and-spoke system meant that flights would be directed to a central hub city and passengers would either continue their trip on the same plane or transfer to another plane and continue their trip. Major carriers found themselves in a price-cost predicament within five years of the deregulation.

The airlines had to decide whether to not match fair and lose customers or match fairs and lose money. This continued through the sass.

Then in the sass carrier bankruptcy and collapse was due to a recession, doubling in fuel prices and excess capacity in the industry.

New airlines were formed due to these situations. These airlines focused on low fairs and low frills. These carriers had combined revenues of \$1. 4 billion in 1994 compared to \$450 million in 1992.

Southwest Alertness operated mainly short-haul, point-to-point routes with minimal enamellers and are able to make a fast turnaround of Its aircraft between flights. The airline had much lower operating costs which resulted in low fares for the customers. Within-an-airline” concept. It involved operating a point-to-point, low-fare, short-haul, system alongside a major carrier’s hub-and-spoke system.

Continental was the first airline to use the concept followed by United.

Southwest Relinquishment’s not only focused on the short-haul, point-to-point, low fare system, it also focused on customer service. The airline is not Just concerned about the financial aspect, it is also concerned about making the customers happy and in order to make the customers happy, the employees must be happy. Customer service was a very important aspect of Southwest’s business model which is a great advantage to the airline.

Southwest Airlines focused on local, not through or connecting traffic.

As a result, 80 percent of its passengers flew nonstop. There are a few ways Southwest differed from other major carriers.

<https://assignbuster.com/southwest-flew-only-boeing-737-jets/>

First, they served airports in smaller, less congested cities in order to avoid hubs in large cities. Also, in order to make reservations, customers had to call Southwest instead of calling travel agents. Southwest saved \$30 million a year on travel agent commissions. Also, Southwest did not offer seat assignments. It was on a first-come, first-serve basis.

Only beverages and snacks were served on the flights. Finally, Southwest flew only Boeing 737 Jets in coach.

Due to all of these combined operations, Southwest's cost per seat was the lowest among major U. S.

Carriers. Southwest focused on creative marketing techniques to differentiate itself from other carriers. Service, convenience and price were represented in the marketing effort. Southwest was also focused on its people. The relationships with the employees were very important to Southwest and that is why it was listed as one of the top ten companies to work for.

Southwest achieved record revenue and income levels in 1994 but their net income fell 47 percent.

These results were due to a few factors such as an acquisition, competitors' use of fare sales and the airline-within-an-airline initiatives launched by Continental and United. Reconsideration's all of these facts about Southwest Airlines and the airline industry in general I came to an answer about how Southwest should respond to the changes of United Airlines. I believe

Southwest should continue with its present price and service strategy. I do not believe any changes should be made.

Southwest will continue to achieve revenue due to its low prices and its excellent customer service.

Southwest Airlines should continue to service its local customers on non-stop flights. When I fly short distances there are three main things that I look for in a flight: cheap, non-stop and friendly employees. Southwest Airline has all of these qualities. If Southwest continues to serve its customers, it will continue to excel in the airline. As shown on Exhibit 6, Southwest ranked number 1 in on-time performance, baggage handling and customer satisfaction out of 10 airline carriers in 1994. This achievement shows how dedicated Southwest is to serving its customers.

By being a smaller regional airline Southwest can be more focused on customer service. I am fairly familiar with the customer service industry. I work for a cell phone carrier that is a smaller regional carrier who is very focused on customer service. The reason customers switch to our company is because of the experience they receive when they walk into one of our stores. Since we are a smaller regional carrier we can focus on the customers.

One main reason I hear for customers switching to us is a poor customer experience with their previous carrier.

I believe that when United raises the price of its flights, it will lose customers because they can get the same flight with Southwest Airlines as long as

Southwest serves that area. Because of Southwest's lower prices and excellent customer service, it is more likely to gain customers do to the fare increase of United. Since United withdrew from the Oakland-Ontario market it had to raise its prices to offset the loss of territory. I believe this will be a disadvantage to United and an advantage to Southwest airlines.

Southwest will benefit from United loss.