# Free research paper on disadvantages of southwest airlines

Business, Company

Over the last ten years, the financial performance of Southwest Airlines has been greatly impressive. The real GDP and the operating revenue of the company have been well above its competitors. This can be attributed to several factors which give the company the competitive advantage. Highlighted herein are the advantages and the disadvantages of the company.

The company has experienced rapid growth since 1971 and offers excellent services to its customers. Its popularity is driven from the low cost approach it takes in its services to the customers. The company continues to apply new technology in its service delivery. The credit it offers is based on the trips and not the miles covered, thus, attractive to more customers. The company also reduces costs through the purchase of only one type of plane, Boeing airplanes. This reduces the repair costs and ensures that the company gets bulk discounts during purchase. The company relates excellently with the employees thus team work is encouraged, employee productivity improved, and ticket sale maximized hence higher revenues. The customer base of the company is wide necessitating more aircrafts and more flights. The company has over 550 aircrafts, each operating an average of six flights daily, totaling to well over 3, 300 flights per day. Through opening up of its operations in other states, the company helps decrease the unemployment rates in these states.

The use of interest rate hedge has reduced the instability of net income through better matching of the assets and liabilities. The effect of fuel prices is not felt by the company and its fuel expenses are low. The company maintains the hedging on both the oil and gas pricing which in turn maintains the cost of increases due to uncertainties.

The company doesn’t offer international flights. It’s localized within USA and only operates in 37 states with 72 destinations. There is also lack of segmented sitting options. Besides, its cargo and freight services are limited. The company’s dependant on only one producer bars it from enjoying the services of other producers.

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