

# Southwest airpine analysis

Business, Management



Southwest Airline Analysis Industry Threats – Substitutes Since its inception, Southwest Airlines has distinguished itself as a unique industry player due to its low fare structure which has captivated many customers (Lauer, 2010).

However, the company has had to deal with high level competition from other players in the transport sector. The threat of substitutes has also been a major challenge for the company. Major bus, railway and sea network carriers are also enticing customers by offering high level services and therefore they can also be considered to be threats (Lauer, 2010). Trains and automobiles also offer short-haul and often affordable transportation services to Americans travelling from one place to another.

America's public transport is quite efficient and this poses a challenge to Southwest's operations. Bus companies are most notable for offering alternative short-distance travelling services to many Americans who prefer the road than the air. According to Gittel (2005), transportation factors such as scheduling, safety, facilities, security procedures are very important to travelers who might use these factors as criteria not to choose Southwest in favor of surface transportation. The existence of close to 1150 seaports in Texas makes it possible for Texas residents and visitors to travel conveniently and cheaply by sea. Furthermore, commuter rail services provided by organizations such as Capital MetroRail have greatly made surface travel as interesting and fast experience as travelling by air.

The road network in Texas is no doubt superb considering the several high standard highways that dot the state. Many potential air transport customers opt to travel by bus (such as Executive Coach Inc) or by private means considering the specific conveniences that come with road transport

including the option of making stopovers at interesting sites. The huge number of companies offering car hire services has made the surface travel experience great even to those who cannot afford town cars. Customers who may be dissatisfied by one or more aspects of Southwest's services may opt to use other means of transport which have better services.

### Company Strengths

One of the greatest strengths of Southwest Airlines is its product positioning. The company has developed an integrated marketing strategy that has helped position its product among its core target market (Lauer, 2010). Most air travelers in the US know that Southwest has the kind of products that they would choose. In its marketing communication, the company positions itself as a “ low-fare, short-haul, high frequency, point to point” airline that is also fun filled (Gittell, 2005). These are attributes which many of its customers enjoy and use as reasons for choosing the airline.

Another of its strengths is its pricing strategy (Lauer, 2010). This is bolstered by the company's clear identification of its target customers, which makes it easier for Southwest to charge the lowest possible air fares and still be able to make profits and compete with other major market players. The company has packaged its pricing in such a way that it can also compete with alternative forms of transport. This means that Southwest makes it cheaper to fly than to drive for people planning to travel from one city to another within the United States.

In the US Southwestern boasts one of the best customer service records (Gittell, 2005). This is quite important in the companies operations since it helps it develop and maintain good working relations with its customers. The

company cares for the needs of its customers and its customer care mechanism enables it to stay on top of the competition by ensuring that the needs and preferences of customers are met. This knowledge of customers' needs enables Southwest to refine its services continuously, thereby maintaining its customer and attracting even more.

#### References

- Gittell, J. H. (2005). *The Southwest Airlines Way: Using the Power of Relationships to Achieve High Performance*. New York, NY: McGraw-Hill.
- Lauer, C. (2010). *Southwest Airlines*. Santa Barbra, CA: Greenwood Publishing Press.