

MARKETING MANAGEMENT



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Short Description

MARKETING MANAGEMENT case study

Description

Case NO. 5

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MARKETING SPOTLIGHT- SOUTHWEST AIRLINES

Southwest Airlines entered the airline industry in 1971 with little money, but lots of personality. Marketing itself as the LUV airline, the company featured a bright red heart as its first logo. In the 1970s, flight attendants in red-orange hot pants served Love Bites (peanuts) and Love Potions (drinks). With little money for advertising in the early days, Southwest relied on its outrageous antics to generate word-of-mouth advertising.

Later ads showcased Southwest's low fares, frequent flights, on-time arrivals, and top safety record. Throughout all the advertising, the spirit of fun pervades. For example, one TV spot showed a small bag of peanuts with the words, "This is what our meals look like a Southwest Airlines.... It's also what our fares look like." Southwest used ads with humor to poke fun at itself and to convey its personality.

Southwest's fun spirit attracts customers and employees alike. Although Southwest doesn't take itself seriously, it does take its work seriously. Southwest's

strategy is to be the low-cost carrier. Indeed, the strategy takes on epic proportions. An internal slogan, "It's not just a job, it's a crusade," embodies the company mission to open up the skies, to give ordinary people a chance to fly by keeping costs so low that it competes with ground transportation like cars and buses. Employees see themselves as protecting "small businesses and senior citizens who count on us for low fares."

Southwest can offer low fares because it streamlines operations. For example, it only flies one type of aircraft, Boeing 737s, which have all been fitted with identical flight instruments. This saves time and money by simplifying training pilots, flight attendants, and mechanics only need to know procedures for a single model of Boeing 737. Management can substitute aircraft, reschedule flight crews, or transfer mechanics quickly. The tactic also saves money through lower spare-parts inventories and better deals when acquiring new planes. Southwest also bucks the traditional hub-and-spoke system and offers only point-to-point service; it chooses to fly to smaller airports that have lower gate fees and less congestion, which speeds aircraft turnaround. Southwest's 15- to 20- minute turnaround time (from flight landing to departure) is half the industry average, giving it better asset utilization (flying more flights and more passengers per plane per day.) The point is, if the plane and crew aren't in the air, they aren't making money.

Southwest grows by entering new markets that are overpriced and underserved by current airlines. The company believes it can bring fares down by one-third to one-half whenever it enters a new market, and it grows the market a every city it serves by making flying affordable to people who previously could not afford to fly.

Even though Southwest is a low-cost airline, it has pioneered many additional services and programs like same-day freight service, senior discounts, Fun Fares, and Fun Packs. Despite Southwest's reputation for low fares and no-frills service, the company wins the hearts of customers. It has been ranked number one in terms of customer service, per the Department of Transportation's rankings, for 12 years in a row, yet the average price of a flight is \$87. Southwest has been ranked by Fortune magazine as America's most admired airline since 1997, as America's third-most-admired corporation in 2004, and as one of the top five best places to work in America. Southwest's financial results also shine: The Company has been profitable for 31 straight years. Following 911, it has been the only airline to report profits every quarter, and one of the few airlines that has had no layoffs amid a travel slump created by slow economy and the threat of terrorism.

Although the hot pants are long gone, the LUVing spirit remains at the heart of Southwest. The company's stock symbol on the NYSE is LUV and red hearts can be found everywhere across the company. These symbols embody the Southwest

spirit of employees “caring about themselves, each other and Southwest’s customers”, states an employee booklet. “Our fares can be matched; our airplanes and routes can be copied. But we pride ourselves on our customer service,” said Sherry Phelps, director of corporate employment. That’s why Southwest looks for and hires people who generate enthusiasm. In fact, having a sense of humor is a selection criteria it uses for hiring. As one employee explained, “we can train you to do any job, but we can’t give you the right spirit.”

Southwest is so confident of its culture and its employees that in 2004 it allowed itself to be the subject of a reality TV show called Airline. It’s not worried about competitors copying the company. “What we do is very simply, but it’s not simplistic,” said president and COO Colleen Barrett. “We really do everything with passion.”

Discussion Questions

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- 1. What are the key success factors for Southwest Airlines?**

- 2. Where is Southwest Airlines vulnerable? What should it watch out for?**

- 3. What recommendations would you make to senior marketing executives moving forward? What should they be sure to do with its marketing?**

Details

- 1. Case study solved answers**

- 2. pdf/word**

- 3. Fully Solved with answers**

