



# **SOUTHWEST<sup>SM</sup> AIRLINES**

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# SUMMARY

Formed in 1966, Southwest Airlines was one of the most successful companies in the United States. It has had a long story, which included changes in its CEO management, pricing policies it implemented, actions it took against its competitors and so on. This airway organization is known to be a low-cost carrier that connects various destinations both inside and outside Texas. However, nowadays it is experiencing certain problems in different fields: growing competition at the low-cost airlines market, increased costs on fuel and labor, problems in relations with employees and customers.



# PROBLEM STATEMENT

Southwest Airlines should work out a new strategy that would allow the company solve current issues and achieve long-term goals.



# ISSUES

- Economic slump
- Raising fuel prices
- Growing competition
- Competitors offer more frills than Southwest
- Increasing labour costs
- Loss of loyal customers



# OPTIONS

## 1. Implementing a new strategy

### *Advantages*

- it will bring profit
- long term industry growth
- it will eliminate competitors
- attract new customers and investors
- keep loyal customers

### *Disadvantages*

- strategy may fail
- it will take time & money
- unfavorable economic conditions



## 2. To reposition the company as a middle -cost airline

### *Advantages*

- more profit per 1 ticket sold
- An escape from the current competitors
- Some of the existing loyal customers will remain

### *Disadvantages*

- New competitors who may turn out to be much harder to fight with
- There will be less profit earned per 1 flight as in the very beginning as it will take time to build a new customer base
- Perhaps it is not worth taking risk and loosing what the company already has now



# Recommendation

## Option 1. Implementing a new strategy

- Creation of promotional campaign
- Introduction of continuous learning programs for employees
- Providing sales of flights
- New planes with better technologies
- Protection of terrorism
- Number of seats



# Plan of actions

- Gather a meeting
- Inform employees about our plans
- Explain workers why did we choose these strategy



Thank You for your  
attention!

