

Kimberly Vogel

MC 422

C. Byers

1/26/2011

Client Report

“Southwest will fly any plane, as long as it is a Boeing 737 (LexisNexis.com).” Southwest Airlines is a budget airline operating out of Dallas, Texas whose main objective is being an airline that lets their passengers be “free to move about the cabin,” in terms of seating, that is. It is an atypical airlines dedicated to giving the customer what they really want, low fees and friendly service. With innovative services that make Southwest stand out from the crowd, it’s no wonder why it has become one of the top airlines in the country. Throughout its history, the airline has endured ups and downs like every other airline, but they have come through with “flying” colors.

Past

Southwest Airlines was formed on March 15, 1967. It was incorporated by Rollin King and Herb Kelleher as a convenient way to travel across the state of Texas. The objective was to provide travel between Dallas, Houston, and San Antonio. In 1971, Southwest Airlines took its flight. In its early years, Southwest took the theme of “Love,” which was derived from its home base of Love Field in Dallas. They used this theme in their advertising campaigns and promotional work. In 1974, when most airlines moved to the newer Dallas/Fort Worth

International Airport, Southwest decided to keep its base at Love Field. Later, Southwest's executives made the decision to have flights out of Texas. Thinking of protecting Dallas/ Ft. Worth International Airport, Congress then passed the Wright Amendment in 1979, whose purpose was to limit the states that would fly directly to and from Love Field. These states were Arkansas, Louisiana, New Mexico, Oklahoma, and later, Alabama, Kansas, Mississippi, and Missouri. In 2000, these restrictions were lifted for planes with 56 or less seats (Records). In 2006, Congress took another look at this amendment. This amendment will cease in 2014. In 1986, the president of Southwest, Kelleher, implemented advance purchase "Fun Fares," and in 1987 a frequent flyer program with its foundation in number of flights rather than mileage. Through the '90s, Southwest added more and more cities to their flight list. In 2000, Southwest had its first accident when a plane ran off the end of the runway. That same year, the company ordered its biggest supply of planes from Boeing, ordering 94 737s to be used between 2002 and 2007.

Present

Southwest operates 547 Boeing 737 airplanes out of about 72 cities. Southwest is publicly traded company, and their ticker is LUV. It a Dallas, Texas based company. As of 2011, they have 34, 726 full time employees, with a one year employment growth of 2.2% (Records). The Chairman, President, and Chief Executive Officer is Gary Kelly, who began his positions in 2004. Jan Marshal is the Vice President of Technology and the Chief Information Officer. Mike Van de

Ven is the Executive Vice President and the Chief Operating Officer. Through some of the toughest years in airline history, including the September 11, 2001 attacks, Southwest has had 38 consecutive years of profit. In 2009, Southwest had 3,100 departures daily, which according to Southwest.com, makes it the largest U.S carrier for transporting domestic passengers (Southwest.com).

Traveling with Southwest is distinctly different than doing so with other airlines. Currently, Southwest's primary media campaign promotes the fact that with Southwest, "Bags Fly Free." While most airlines charge a fee for checked bags, Southwest allows two checked bags at no charge. In 2008, Forbes Magazine ranked Southwest the #1 most reliable airline for dependability.

Another key feature of Southwest Airlines is its seating style. While other airlines make set arrangements for seating, Southwest has a unique set up. When passengers check in online, usually 24 hours prior to their departure, they get a boarding pass. This boarding pass has a letter and number, such as A44. When a passenger gets to their gate, they line up according to their letter and number. Passengers with an "A" boarding pass are at the front, then "B," and so on. Once a passenger actually gets on the plane, they have the choice of where they want to sit. This process not only makes the customers happier, but it also helps with keeping to schedule and achieving quick turnarounds.

In a \$155 billion dollar airline market, Southwest has market share of 6.7%. According to Mergent Online, Southwest comes in fifth among U.S airlines, after Delta Air Lines Inc, AMR Corp (American Airlines parent company), United Continental Holdings Inc and US Airways Group Inc (MergentOnline.com).

Southwest Airlines has a reputation of being the friendliest, most reliable airline in the country. People have come to expect the service that Southwest delivers. Historically, Southwest promises that 80-83% of its flights will be on-time.

According to Southwest.com, "The mission of Southwest Airlines is dedication to the highest quality of Customer Service delivered with a sense of warmth, friendliness, individual pride, and Company Spirit" (Southwest.com). Southwest has a commitment to customers service, safety, environment and diversity. Potential flyers can reach Southwest Airlines by going to their website, Southwest.com, calling their 24/7 hotline-1-800-I-FLY-SWA, or writing them at Southwest Airlines P.O. Box 36647-1CR Dallas, Texas 75235 (Southwest.com).

Future

In August 2009 Southwest decided to take over Frontier Airlines, making a bid for \$170 million. The bid was rejected in favor of a bid from Republic Airways. Southwest's bid was rejected due to the terms of the deal that required the two pilot's unions to settle before the deal would be made.

In September 2010, Southwest announced plans to purchase AirTran Airways for \$1.4 billion. This move will take Southwest into airports such as Atlanta, Washington, and La Guardia. It would feature flights going to places that Southwest has not previously been before, such as the Caribbean and Mexico. Southwest has not had a major presence in the Northeast prior to the merger. The merger has been approved by both companies. They are waiting on government and shareholder approval. While no one knows exactly where the

airline industry is headed, Southwest is making more progress than some, specifically US Airways and American Airlines.

In 2011, Southwest will begin “code-sharing,” which is when one airline sells tickets on another airline’s flights. This helps their customer reach more destinations. Southwest will begin to work with Canadian airline WestJet and Mexican airline Volaris in 2011 (Records).

Through the years, Southwest has grown outside of its namesake, the southwest, and branched out to more and more airports every year. In 2010, they began service to Panama City, FL.

Works Cited

LexisNexis.com. 25 January 2011. 25 January 2011

<<http://www.lexisnexis.com/hottopics/lnacademic/?verb=sf&sfi=AC02NBCmpDosSrch>>.

MergentOnline.com. 25 January 2011

<<http://www.mergentonline.com/companydetail.php?compnumber=7750>>.

Records, Hoover's Company. "Southwest Airlines Co.." 2011.

Southwest.com. 7 November 2010. 25 January 2011 <<http://www.southwest.com>>.