

Southwest Airlines Business Model

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**Summary**

Southwest Airlines is a large competitor in the aircraft industry. This business model will include qualities that Southwest Airlines currently has while adding new elements. This includes adding additional planes, specifically a variety of models, to ensure that Southwest Airlines keeps up with the competition while being a safety leader. Also, this model will include additional training and more options for training throughout the company. With recent news, adding planes and training more frequently will only better prepare Southwest's employees for situations in the air as well as on the ground. While safety is the #1 priority, this will also help Southwest with public relations after the recent incidences with the 737Max.

**Key Partners**

Aircraft manufacturers are key partners that have made Southwest Airlines as successful as they are today. Without these partners, the company could simply not function. Without investors, funds would be very limited. Good investors give the company the opportunity to invest in their customers as well as continue to give back to the communities it serves and be innovative. Without goods suppliers, customers would have no "extras." This refers to any edible good that Southwest Airlines supplies. While this is considered an "extra," this keeps Southwest's customers happy. Partners and suppliers are critical to any successful business.

**Key Activities**

Southwest Airlines focus is on flying. The company does this by having gates domestic and international. There are over 100 gates to choose from in many different airports. This gives Southwest Airlines a competitive advantage ("TSA Precheck & Airport Information: Southwest Airlines"). With these many options to choose from, customers have the opportunity to travel where they want, when they want. While Southwest has options to book hotels, cars and

vacations, they all focus around travel. When companies engage in several different industries versus what their core competencies are, the business' start to decline. This is not the case with Southwest Airlines due to all being in the travel and transportation industry.

### **Key Resources**

A variety of aircraft fleet ensures that Southwest Airlines gives customers options and that Southwest can function when aircraft go down for routine maintenance. A variety of fleet also helps in situations like Southwest recently had with the 737Max being grounded. Experienced knowledge on flying aircraft will ensure a safe flight for customers. It will also give an opportunity to mentor younger pilots and share experiences during training to help others. Having good relationships with suppliers in any industry is very important. Customer service is very important as well. While flying can bring uneasiness and anxiety to some, it is very important to be supportive to ensure that customers have everything they need to have a positive experience. Data analysis will give Southwest the opportunity to see what can be improved upon and what is being done well. It also gives Southwest the opportunity to add services where needed and discontinue services if it is not being utilized.

### **Value Proposition**

Southwest Airlines takes pride in having cost effective and safe flights. With an increase in variety of fleet and more scheduled training, Southwest Airlines can ensure safe flights to customers with many options available to fit their needs. When discussing fees with customers, this proposition should be referred to. These elements only enhance the current business structure.

**Customer Relationships**

Customer relationships are very important to Southwest Airlines. Southwest has customer service representatives to assist customers as needed. Southwest Airlines also encourages engagement with customers. This is done through emails and social sites. Customers are the reason that Southwest Airlines exist, so by listening to what they want will only help Southwest deliver.

**Channels**

Southwest Airlines will use a direct sale method. Buying tickets straight from Southwest Airlines will decrease any possible confusion from the middleman. Another benefit is that all the information they need to know about services can be found on that website. Also, the company has control over how the product is delivered. For example, the customer service you would receive after the service or product is bought, or how the packaging looks and is handled for all merchandise and tickets. If direct sales are ever a choice, it is always the best option.

**Customer Segments**

There are three segments looked at in this business model, customers traveling for business in rural communities, metro areas and international business. Customers traveling for business in rural communities are looking for more direct flights and faster transportation. Customers traveling for business in metro areas are looking for more convenient way of transportation as well as a more reliable form of transportation. Customers traveling for international business are looking for reliable sources of transportation and options in location. While there are possibly more specific customer groups traveling through Southwest, these are the one focused on in this model. These three were chosen due to a wide range group of people.

**Cost Structure**

Ongoing maintenance will ensure that Southwest Airlines has safe aircraft. Doing routine checks will help with everything from potential system failure to replacing items timely from normal wear and tear. While this process will take a while, all planes will be rotated through the process. This is a wide range of things and it will only ensure the best for Southwest customers. Ongoing new buys will ensure that customers have new options for flights as well as options when planes are grounded for maintenance.

**Revenue Streams**

Revenue from baggage fees, food sales, credit card sales and gift shop merchandise gives Southwest Airlines the opportunity to continue to update aircraft, add new aircraft and ensure that all service personnel have the proper training to guarantee customers a safe and positive experience. While some see baggage fees as negative, if approached correctly, it could be very positive. Food sales will be a small part of the overall revenue stream. Gift shop merchandise is something new that would be added to the business. It would have a very small footprint inside the airport. It would offer promotional items, things you might have forgotten at home and small souvenirs. While this revenue stream would fall in the middle, it would also help Southwest Airlines brand be seen. Credit card sales would be a steady stream of income. This is a great way of serving the customer and the customer serving you. When using the credit card, the user gets certain rewards, and Southwest will get annual fees.

**Conclusion**

This business model with additional logistics has the potential to be successful. There is always room for improvement in fundamentals and safety. While these elements will not

completely change a company, it gives the company the possibilities to push forward towards innovation and positive growth.

### **References**

TSA Precheck & Airport Information: Southwest Airlines. (n.d.). Retrieved March 1, 2020, from <https://www.southwest.com/html/air/airport-information.html>