Environmental Analyst

**Technological trends**

Southwest was the first national carrier to sell seats from an Internet site and the first airline companies to create a home page on the internet. By 2012, 81 percent of passenger revenues were booked using Southwest’ website. Southwest was also one of the first airlines to offer ticketless travel. They were the only airline who created a frequent flyer program based on dollars spent per passenger as opposed to miles flown. The use of advanced aircraft technology results in lower fuel consumption. Southwest has achieved its strong record by challenging accepted norms and setting the competitive bar high for other airlines. They have succeeded in establishing new industry standards.

**Demographic trends**

Operating as a low-cost carrier means that Southwest is seeking to serve cost and value-conscious consumers, business executives, and customers who travel short distances and seek low-cost fare. Their brand, which boasts no-frills, attracts young adults, middle-class families, small business owners, and leisure travelers. Southwest is more flexible than its competitors to assist families that may need more accommodation. Examples of this include their friendly service and no assigned seating.

**Economic trends**

Although Southwest has become one of the largest airlines in the United States, they stayed true to their initial goal, which was to focus primarily on short flights of less than 500 miles, high-frequency flights, no international flights, and low fares. Unlike other major airlines, they chose initially to forgo the major city hubs. Some economic factors that Southwest has had to overcome include aircraft safety maintenance, stricter government regulations for older planes, debt servicing, air-traffic delays, environmental regulation, and the open skies agreement. Southwest was able to handle the devasting sting to the airline industry of the September 11 attacks due in part to their leadership philosophy of managing in good times so that the company and its people can be job secure and prosper through the bad times. Economic downturns have reduced demand for air travel in the past. Consumer demand for low-fare flights has, however, remained undeterred.

**Political trends**

Southwest’ domestic operations are significantly impacted by the FAA. The airline industry is widely regulated in relation to international trade, tax, and competition. The airline industry is also impacted by issues such as terrorism, war, and the outbreak of diseases. Strategically, Southwest is an innovator in the planning and prevention of the fallouts associated with economic downturns and political disruptions.

**Social Cultural trends**

It is crucial for Southwest to understand their customer base and their culture. Southwest is known for their exemplary customer service. Interestingly, though, the foundation of South-west’s corporate message is not that customers are number one; rather, employees always come first with the company, with customers a respected second. (Miles & Mangold 2005) Company communication and camaraderie are highly valued at Southwest. They place a heavy emphasis on enthusiasm and extroverted personalities. Historically, Southwest has a very low rate of turnover among employees. The lowest rate in the industry. They seek to share and instill their unique culture among all employees. Southwest invests in advanced employee training to, among other things, promote respect for fellow workers while increasing company awareness. They continue to competitively advertise their superior service and perks.

**Global trends**

Although Southwest has grown steadily over the years, their growth has remained highly controlled. Southwest carefully studies new airports and cities before adding them to their network. They do not believe bigger is always better and do not want to grow beyond their means and lose their ability to serve their customers with the best customer service in the industry. In October of 1996, Southwest began tapping into the northeast market. It is more densely populated and offered great opportunities for growth. Their 2010 acquisition of AirTran Airways has created some challenges for Southwest, as they navigate the transition while maintaining their culture. 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, 2019) Southwest faces future challenges of stiff competition and rising operating costs.

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