


Competing with automobiles	Bags fly free Fun-LUVing Customer service	Less congested airports	Hire right talent
Price sensitive	Short haul flights	Reduced turnaround time	Flexible work roles
Time oriented	No food	Boeing 737s	Brand personality
Texas & nearby states	No frills	No first class	Employee ownership
	P2P services	No assigned seats	Corporate culture
	On time arrival	No food	Great leadership
		Fuel Hedging	Community service
			Lower attrition rates

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Questions

Slide by Prof. Pierrie Dussage, HEC Paris

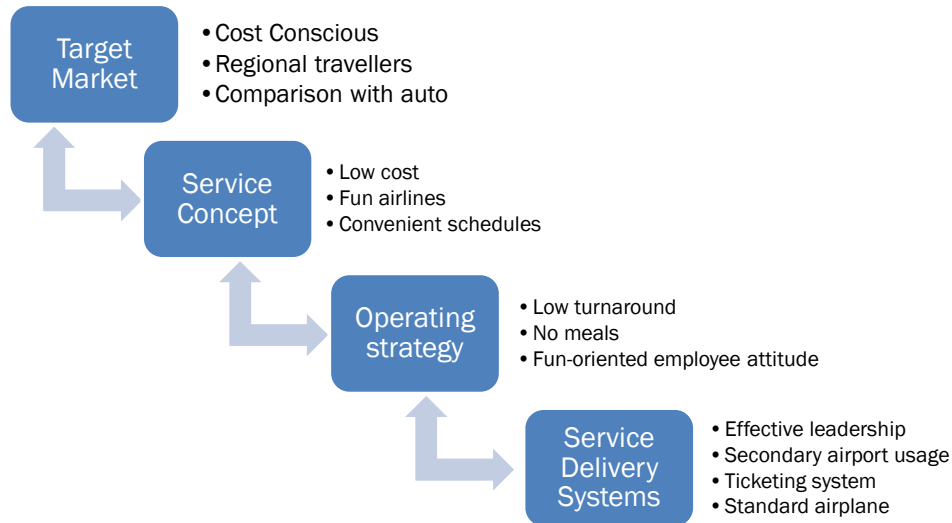
1. Why has SWA been so successful for so long?
2. Why has no other competitor successfully imitated their strategy?
3. How do you think they should continue growing in the future?

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Strategic service vision



Vinay Kalakbandi

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Service Strategic Vision

- Target market segments
 - What are common characteristics of important market segments?
 - What dimensions can be used to segment the market, demographic, psychographic?
 - What needs does each have?
- Service concept
 - What are important elements of the service to be provided, stated in terms of results produced for customers?
 - How are these elements supposed to be perceived by the target market segment, by the market in general, by employees, by others?
 - How do customers perceive the service concept?

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Service Strategic Vision

- Operating strategy
 - How the company should be structured in order to meet the service concept?
 - Where would be the most investment of money and effort?
 - How will quality and cost be controlled? Measures? Rewards? Incentives?
- Service Delivery system
 - Dealing with People
 - Choice of technology, equipment, layout, procedures
 - Capacity planning

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SSV for SWA

Target Market	Service Concept	Operations Strategy	Service Delivery System
People using other transport Short haul passengers Loyalty with brand Price sensitive customers Business people with urgent need Fun loving and non-grumpy	Short haul flights Single class Low prices On time performance High customer satisfaction More frequent flights No meals	No codesharing High fleet utilization Low cost Low turnaround time Low landing fees Low in-air wait time	Employee bonding Boeing 737 only Secondary airport No Sabre/Apollo Peanuts only Own ticketing system Reusable boarding passes High staff retention

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Today's discussion points

- How has Southwest's original strategy been altered in recent years? How have these changes affected Southwest's key success factors?
- *Quantitatively, estimate the importance of fast turnaround of aircraft to Southwest Airlines?*
- Would you recommend that Southwest Airlines acquire the gates and slots available at LaGuardia Airport? Why?

09/11/2014

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Scalability and E-Commerce

Dimensions	High	← Scalability →		Low
E-commerce continuum	Selling Information (e-service)	Selling value-added service	Selling services with goods	Selling goods (e-commerce)
Information vs. goods content	Information dominates	Information with some service	Goods with support services	Goods dominate
Degree of customer content	Self-service	Call center backup	Online ordering	Call center order processing
Standardization vs. customization	Mass distribution	Some personalization	Limited customization	Fill individual orders
Shipping and handling costs	Digital asset	Mailing	Shipping	Shipping, order fulfillment, and warehousing
After-sales service	None	Answer questions	Meal credit	Returns possible
Example service	Used car prices	Online leisure travel agent	Meal ingredients and recipe	Online retailer
Example firm	Kbb.com	InfoHub.com	BlueApron.com	Amazon.com

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Stages in Service Firm Competitiveness – Part 1

	1. Available for Service	2. Journeyman	3. Distinctive Competence Achieved	4. World-Class Service Delivery
Reputation	Customers patronize service firms for reasons other than performance.	Customers neither seek out nor avoid the firm.	Customers seek out the firm on the basis of its sustained reputation for meeting customer expectations.	The company's name is synonymous with service excellence. Its service doesn't just <i>delights</i> them and thereby expands customer expectations to levels its competitors are unable to fulfill.
Operations	Operations is reactive, at best.	Operations functions in a mediocre, uninspired fashion.	Operations continually excels, reinforced by personnel management and systems that support an intense customer focus.	Operations is a quick learner and fast innovator; it masters every step of the service delivery process and provides capabilities that are superior to competitors.
Service quality	Is subsidiary to cost, highly variable.	Meets some customer expectations; consistent on one or two key dimensions.	Exceeds customer expectations; consistent on multiple dimensions.	Raises customer expectations and seeks challenges; improves continuously.

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Stages in Service Firm Competitiveness – Part 2

	1. Available for Service	2. Journeyman	3. Distinctive Competence Achieved	4. World-Class Service Delivery
Back office	Counting room.	Contributes to service, plays an important role in the total service, but still is a separate role.	Is equally valued with front office; plays integral role.	Is proactive, develops its own capabilities, and generates opportunities.
Customer	Unspecified, to be satisfied at minimum cost.	A market segment whose basic needs are understood.	A collection of individuals whose variation in needs is understood.	A source of stimulation, ideas, and opportunities.
Introduction of new technology	When necessary for survival under duress.	When justified by cost savings.	When promises to enhance service.	Source of first-mover advantages, creating ability to do things your competitors can't do.
Workforce	Negative constraint.	Efficient resource; disciplined; follows procedures.	Permitted to select among alternative procedures.	Innovative; creates procedures.
First-line management	Controls workers.	Controls the process.	Listens to customers; coaches and facilitates workers.	Is listened to by top management as a source of new ideas. Mentors workers to enhance their career growth.

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