

GROUP 15

SOUTHWEST AIRLINES

"Low Fares. Nothing to hide. That's TransFarency!"

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MARKETING - 7T'S



BRAND

Superior service & known for hospitality — "Love"

PRODUCT

Short-haul flights in the U.S. & Central America

PRICE

Low-cost U.S. airline with a competitive pricing strategy

SERVICE

Free checked baggage & no fees for flight changes

INCENTIVES

Rapid Rewards Program

DISTRBIUTION

83% of flight sales through Southwest's website & app

COMMUNICATION

TV advertising & billboards

OPERATIONS

SUPPLIERS

- *Fuel: Velocys & Neste*
- *Aircraft: Boeing 737*

CUSTOMERS

- *No Red-Tape*
- *Easy Check-In*

STRATEGIES

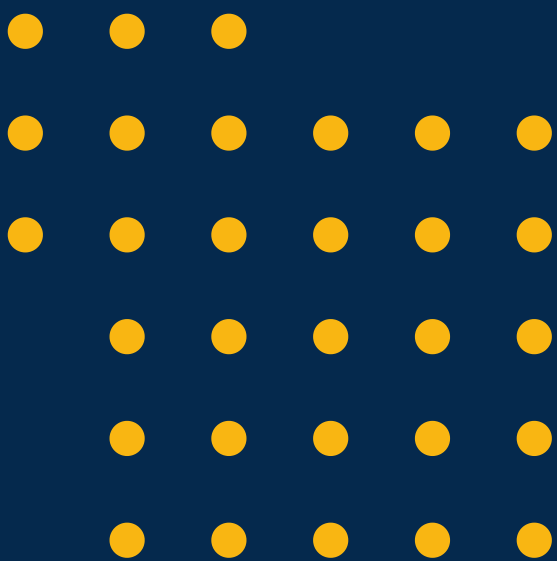
- *Point to Point*
- *"No Frills Policy"*



FINANCE

Current Ratio: 1.25

Debt to Equity Ratio: 0.84



Year	Revenue (\$B)	Operating Income (\$B)	Net Income (\$B)	P/E Ratio (TTM)
2019	22.42	2.95	2.30	12.4
2020	9.04	-3.16	-3.07	-8.43
2021	15.79	1.72	0.98	26.0
2022	23.81	1.01	0.54	22.7
<i>2023*</i> <i>(Six Months Ending June 30, 2023)</i>	<i>12.74</i>	<i>0.51</i>	<i>0.52</i>	<i>35.9</i>

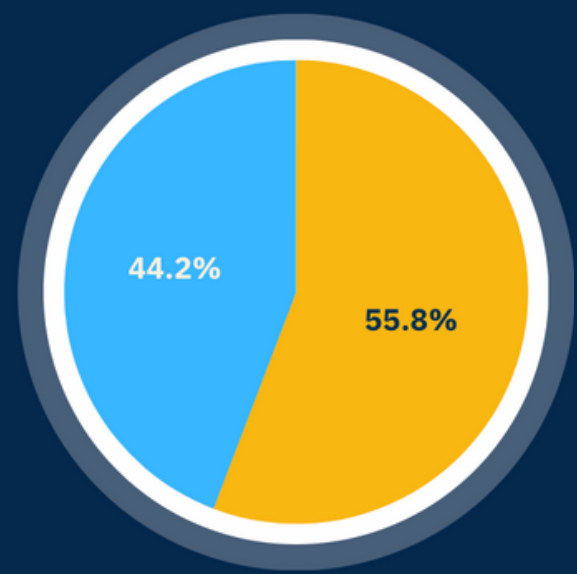
Metric	Southwest Airlines	American Airlines	Delta Airlines
Market Cap (\$B)	19.87	10.42	28.82
2022 Revenue (\$B)	23.81	48.97	50.58
2022 Net Profit Margin (%)	2.31	4.98	5.36
Current P/E Ratio	30.61	6.23	9.61

HUMAN RESOURCES

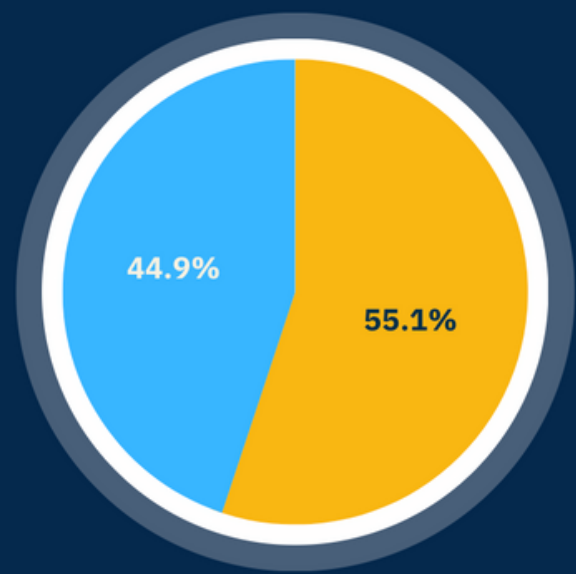


DIVERSITY, EQUITY, & INCLUSION (DEI)

Female to Male Ratio



People-of-Color to White Ratio



ORGANIZATIONAL CULTURE

86%

of employees are proud to work for Southwest

75%

of employees called Southwest a "calling"

86%

of employees are happy with their benefits

72%

of employees believe that the pay is fair

EMPLOYEE MOTIVATION

FLIGHT PACKAGES

SWAG POINTS

UNLIMITED TRAVEL

PAID LEAVES

HIRING PRACTICES

**WARRIOR SPIRIT
SERVANT'S HEART
FUN-LOVING ATTITUDE**

ENVIRONMENTAL, SOCIAL, & GOVERNANCE

32 & 334/390

E:

- Carbon neutrality by 2050
- Sustainable jet fuel

S:

- 82% in labor unions
- >400 charity partners
- Lacks diversity in management

G:

- Stock options & continued education
- Focus on risk management

LEADERSHIP

Robert E. Jordan

EMPOWER

HONESTY

PEOPLE-CENTRIC

INTEGRITY

DISCIPLINE

EFFICIENCY



"We are the airline with Heart, which represents the utmost love and care we have for our Customers and Employees"

PROBLEM

LAGGING TECHNOLOGY → FLIGHT CANCELLATIONS



60%

*of flights cancelled
December 2022*

2.4%

*cancellation rate, up
from 0.8% in 2013*

\$800M

lost in Q4 2022

0%

*of directors have a
background in technology*

OUR SOLUTION

Creating a Robust Technology Department

HIRING

*330 new employees
in the IT department*

RESTORING

*Southwest's image as a
punctual and reliable airline*

RESTRUCTURING

*the company's hierarchy so the
CTO reports directly to the CEO*

PROMOTING

*diversity, equity, and inclusion
in senior management*

CREATING

*an improved staff scheduling
management system*

COST/BENEFIT ANALYSIS



COST

Additional Expenses	Cost	Total Cost
300 Associate Software Engineers	\$95K	\$28.5M
30 Managers	\$150K	\$4.5M
Additional Department Funding	N/A	\$17M
Total Cost	N/A	\$50M

BENEFIT

Cancellation Rate	Flights Cancelled	Amount Saved (in comparison to a 2.4% cancellation rate)
2.4%	23,304	N/A
1.5%	14,565	\$128M
1.0%	9,710	\$199M



Thank You!

Job Hiring Campaign

APPENDIX

MARKETING

FINANCE

ORGANIZATION

HR

ESG

COST/BENEFIT

SOLUTIONS

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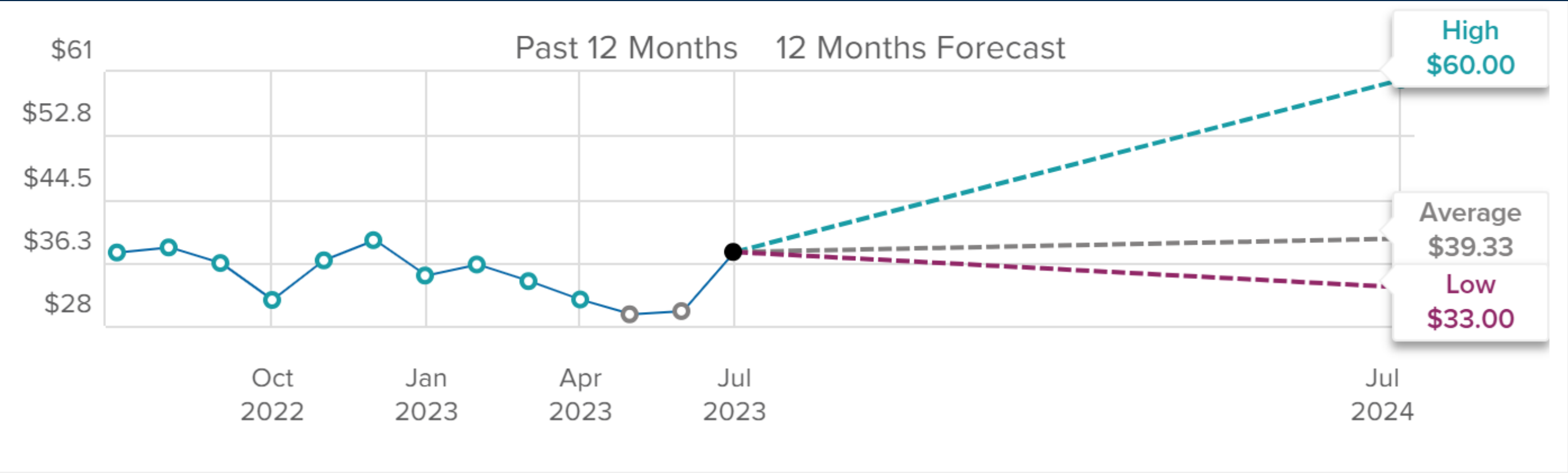
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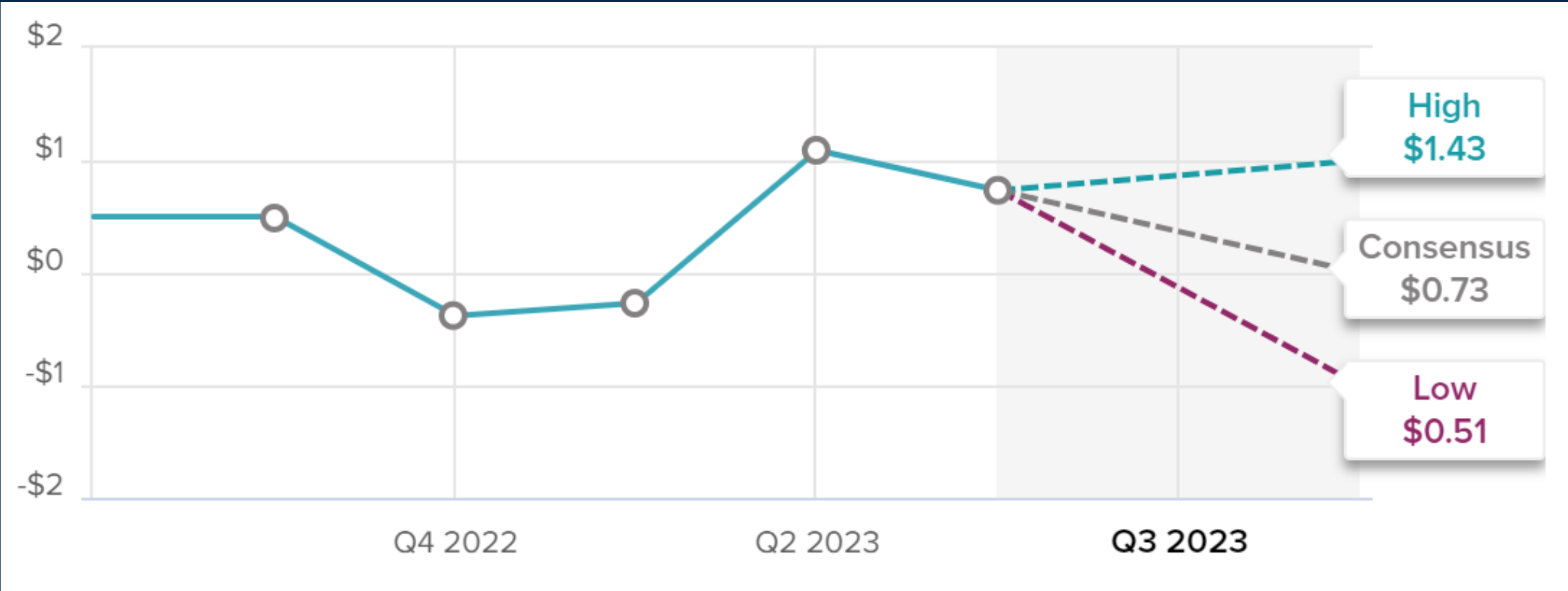
REVENUE PER FLIGHT CALCULATION

Southwest Operating Revenues per Available Seat Mile	13.77 cents
Full Capacity of Boeing 737s	175 Seats
Load Factor	83.4%
Average Flight Distance	728 Miles
Estimated Operating Revenue per Flight	\$14,630

Southwest Stock Price Forecast

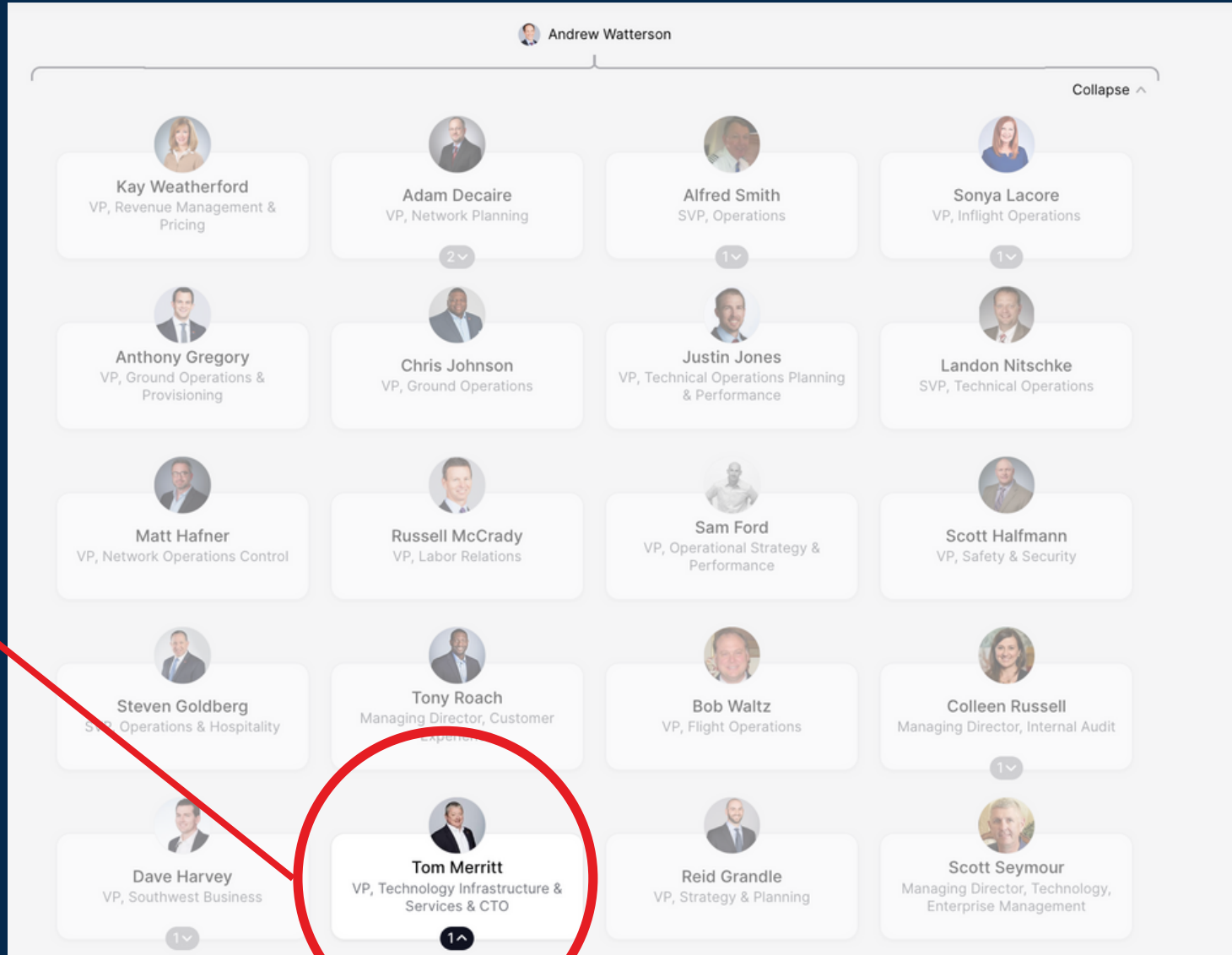
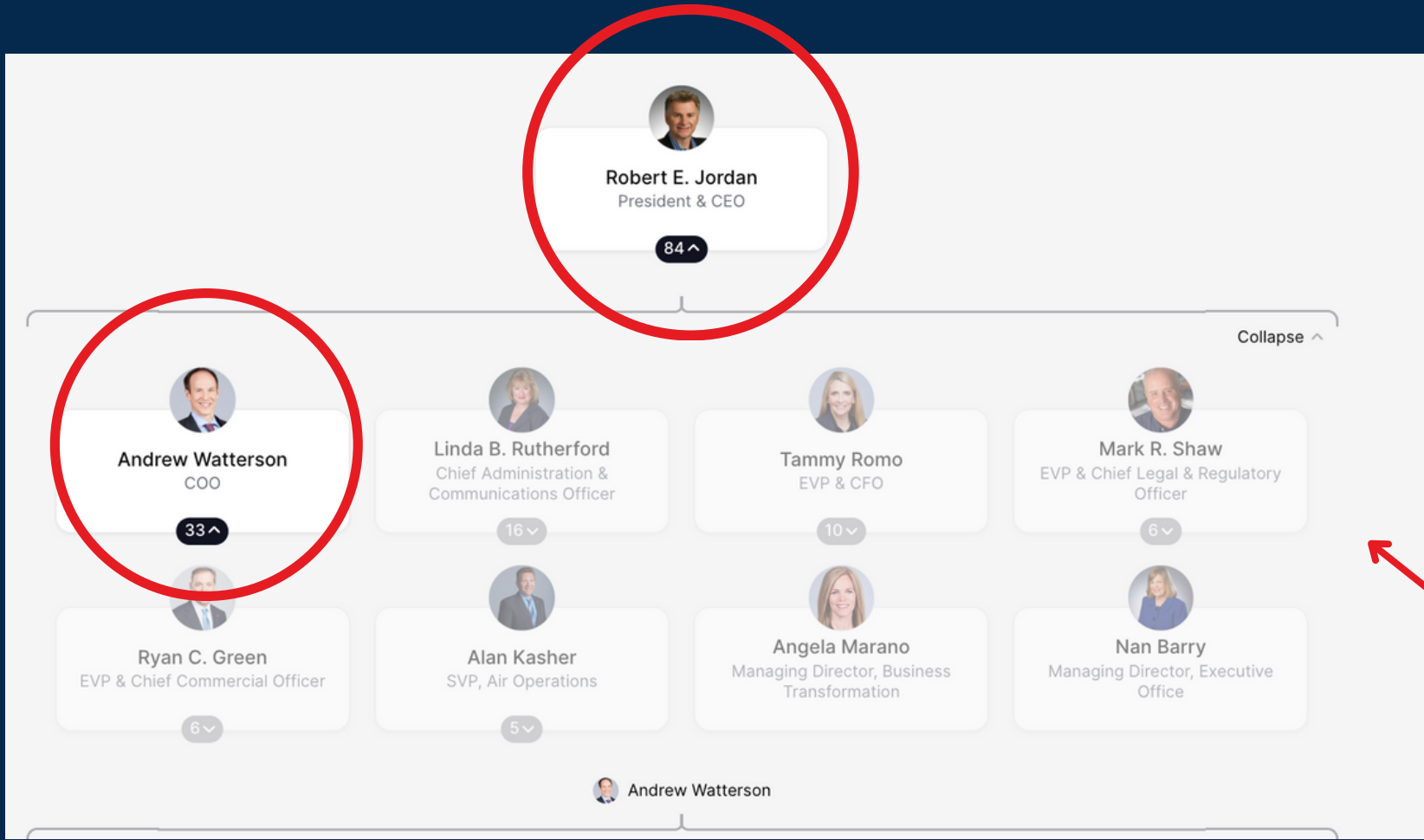


Southwest Diluted Earnings Per Share Forecast



Diluted EPS:
a measurement of a
company's earnings
per share if all
convertible securities
were converted.*

ORGANIZATIONAL FLOWCHART



DELTA TECH HUB

Delta Airlines has global technology centers where the airline develops and tests the hardware and software that enables its operations.

- Minneapolis Tech Hub ~ 600 employees
- Bangalore Tech Hub ~ 300 employees

SOUTHWEST ESG BREAKDOWN

Takeaways for Southwest:

Society Score: +3.54

Knowledge: -1.01

Health: +0.31

Environment: -7.11

PROS: Southwest Airlines seems to create the most significant positive value in the categories of **Taxes, Jobs, and Societal Infrastructure**. The positive contribution in the Societal Infrastructure impact category is mostly driven by low-cost air travel on domestic and international flights.

CONS: Southwest Airlines uses resources and causes negative impacts mostly in categories of **Greenhouse Gases (GHG), Emissions, Non-GHG Emissions, and Scarce Human Capital**. The largest negative impact of Southwest Airlines is in the category of GHG Emissions, driven mostly by its emissions on flights.

HUMAN RESOURCES

Southwest Goals Pledged

Doubling the percentage of racial diversity and increasing gender diversity in Senior Management Committee by 2025

Measuring progress in increasing diversity in Senior Leadership

Engaging a breadth of community partners to leverage relationships in sourcing diverse talent

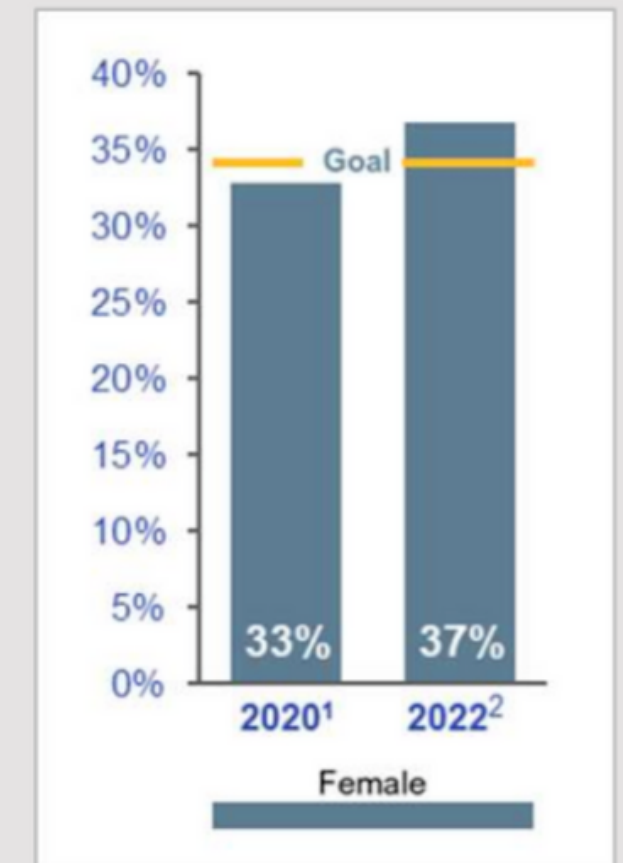
Evolving hiring and development practices to support diversity goals, including making all leadership positions available for all eligible employees to apply

(removing all predetermined limitations to job qualification)

Progress Toward Goals

Senior Leadership Diversity

Goal: Increasing diversity in Senior Leadership³ as compared to 2020.



MARKETING

Airline Industry NPS Average: 28

Southwest Airlines NPS: 71

Competitor	NPS
American Airlines	3
Delta Airlines	41
United Airlines	50
Jet Blue Airlines	67

