Southwest Airlines Low-Cost Strategy of the United States and the Enlightenment to China

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Abstract. To analyze the strategic of the US-based Southwest Airlines low-cost short-haul routes to application in China. Southwest Airlines strategies include: increasing scale; to extend the aircraft's flight time to short-haul routes based; second-tier major airport operators and reducing staff time off; only the type of aircraft using the unique and only providing basic services; to adhere to the centralized procurement and cost control of the aircraft in terms of transition; simplify processes and low fares. Low-cost airlines of Chinese face some difficulties, for example, the macro-economic environment for the development environment; in the economic environment in the aviation industry challenger - high-speed rail outstanding performance and pilot training; the industry itself features, and so on. In specific applications, the need for a specific treatment is based on low-cost airline in the external environment.

Introduction

Southwest Airlines was founded in 1967 and headquartered in Dallas, Texas, which is a low-cost strategy as a way of survival and development of the airline. In the long history of world aviation career, there have been many prestigious airlines, such as, Delta Air Lines of United States and Northwest Airlines, British Airways, Air France, Lufthansa, although with different development model but they are earning a lot of profit by lucrative long-distance transport. Moreover, it is known that long-distance air transport ticket is expensive. Southwest Airlines was founded in the early stages, since the long-haul, high-profit airlines have been occupied by major, so new entrants is not easy to get involved. People rarely do high cost and low profits short-haul. But since the emergence of Southwest Airlines, everything changed. Southwest Airlines leaders found that it is also profitable in short-haul flights, if the lower operating costs. So the Southwest with innovative low-cost strategy to cut aviation market, which has become the aviation industry a puddle of stagnant water spoiler. The company has developed a new low-cost airline model.

Southwest Airlines Low-Cost Strategy

Increasing Scale, to Extend the Aircraft's Flight Time and Short-Haul Routes

For airlines, the scale is to buy more aircraft, increase route, increase passenger traffic. Only scale can produce economies of scale. Many traditional industries, only have a certain scale advantages, companies can increase sales, improve profits, in order to improve economic efficiency. For an enterprise, only the improvement of economic efficiency, operating conditions can be improved, to provide consumers with better products and services to attract more consumers to become the company's loyal customers, thus forming a virtuous circle. Many companies just on this point came a cropper. The dilemma they facing is “reducing sales—profits decline—lower development costs - Sales decrease—profits down” situation. To determine in the outstanding performance of on the market, the company should have the advantages of scale, bigger and stronger. First of all relies on
extensive business strategy and products and have a certain scale. Whether it is for a business, or for a country, it has been true.

Southwest Airlines low-fare carriers, dispatched more often, which makes passenger to get on an hourly Southwest Airlines aircraft. In the process to expand the business site, principle is abided by Southwest: short routes, low prices. It is because of flight movements more often, the selected air routes more passengers, so the Southwest Airlines ticket prices and operating is at least throughout the United States. Once every discount flight operations can be as low as $ 58, such a low price to seize the traveler's heart.

The Only Type of Aircraft Using the Unique and Only Essential Services

Many airlines do not control the aircraft purchase, did not expect the use of a variety of types of aircraft will increase the company's operating costs. Southwest Airlines now has 400 planes and aircraft types without exception are 737. The benefits of the adoption of a single model are obvious. For example, they can reduce training costs for pilots and aircraft maintenance personnel, improve the quality of pilots and maintenance personnel, reduce supply cost components of the aircraft, reduce the company's management and operating costs, improve the management and quality of service of company, shape the public image and improve the company's brand recognition and so on.

Many traditional airlines think they provide that the aristocracy can afford the services. In the face of such passengers they can not be very simple. Many airlines is luxurious rampant, not only in the interior of the aircraft, but also in the details of the services provided by the airlines. Many airlines provide passengers with meals and aviation magazine do a lot of work in the luxury service, and as a selling point. Southwest Airlines simplifies services, but also reforms the passenger seat by boarding the selected number of practices, in turn distributes to each passenger boarding passes, according to the airport manoeuvring seat selection sequence. This approach simplifies the boarding process and saves the time the aircraft at the airport, reduces the funds paid to the airport, saves costs. In order to reduce operating costs Company provide only drinks and food for each customer, rather than the other airline meals.

The Major Second-tier Airport Operators and Reduce Staff Time off

The main operating secondary airports have obvious benefits, which are reflected in the characteristic point route of secondary airports. Many airline routes are trunk routes. For example, from New York to San Francisco route, so long-distance routes even low-cost rail transport cost is staggering, not to mention air transport.

Aviation is expensive than rail transport. First, the fuel consumption per kilometer is large. Railway electric locomotive transport consumes electricity ion, with respect to aviation kerosene, it is low cost. Second, it is less single passenger. As we all know, with respect to rail transport, single passenger capacity of the aircraft are rare, even large aircraft, its single transit passenger is hundreds of people. Facing with this situation, as the pioneers who came up with one airline operating a trunk line airport feasibility strategy, that is to change the point of a single long-haul routes as a broken line, that is, in two cities of as a starting points and end points, increasing the city between a city, such as between New York and San Francisco increasing western Las Vegas as a stopping point. This approach has obvious advantages. First, to improve the aircraft's attendance, the second is to reduce one-way cost of the aircraft's flight, but this increases the cost. By contrast, Southwest's approach has targeted reducing costs.

American unions are strong. Role of trade unions in struggle with the company is to maximize the maintenance of employee benefits. But the ILO is a strong social in the United States whose harm is obvious. Excessive employee benefits increase inertia and improve the US economy costs which reduces the competitiveness of US industry. Facing with this problem, Southwest Airlines has adopted a labor mechanism which has the characteristics of the company. Those consultations with the trade unions, company controls labor costs in the context of a range, in the same time as much as possible to improve the welfare of employees, increase staff time to rest.
Adhere to the Centralized Procurement and Cost Control of the Aircraft in Terms of Transition

As many airlines are under a passenger purchasing realities, sporadic purchases, whose procurement will greatly weaken the competitive advantages airlines. This decentralized purchasing behavior can not gain the ability to concentrate as same as the late-Southwest bargain purchase that is not readily available, "discount" of aircraft. On the other hand, traditional airlines are not conducive to supervise the management of decentralized procurement purchasing behavior because this random purchase improves the degree of freedom of the company's management, susceptible to corruption, improves the company's operating costs that is procurement costs.

To Simplify Processes and the Use of Low Fares

For Southwest Airlines aircraft, an airplane can start flying just nine employees. Southwest Airlines also introduced flexible working, so that each employee can do their work and be responsible for their own work, but also help each other where possible premise.

Southwest Airlines reduces fares. It is worth noting that Southwest did not take dumping and other unfair competition methods to gain market share, but takes low fares, cuts costs, and works hard, "Strength" series of ways to expand market share, so it wins the favour of consumers.

China's Low-Cost Airline Analysis in the External Environment

Economic Development Environment

By 2014 China's per capita GDP reached $ 6,995, which is been dramatically increased compared to earlier, reaching two-thirds of the world average, but the level is still low[1]; moreover level of economic development is uneven. China's aviation industry is limited which has been relatively backward economic development.

Air Traffic Control of the Government and Aviation Fuel only Control

Government have adopted strict attitude to opening up new routes, offering air Cargo Company or innovation of new air services, and many other related aviation affairs, but also in determining the airline's ticket prices and subsidies, for safety oversight management and strict control of other aspects[2]. In addition, since the implementation of military airspace for air traffic control, resulting in the number of flights can not achieve optimal route, flight waste form. China's aviation enterprises have higher oil prices [3].

The Industry Itself Features, Combined with the Industry More Competitive

The high cost of aviation industry, the rapid rise of private airlines, foreign low-cost airlines will become a spoiler of Chinese aviation industry.

The Aviation Challenger - outstanding Performance of High-speed Rail and Train Pilots

High-speed railway lower prices, while it has characteristics that make high-speed rail travel in the passenger out of the choice of selecting a high feasibility; these factors have caused the low-cost short-range flights with great loss.

For recruiting pilots, our standards of practice are more severe, moreover, the high cost of training a pilot. But also for the private airline has a negative factor that is not easy to get the pilot. In order to get the flight crew, these companies need to spend a higher price to the introduction and employment of other airlines flying personnel.

Market Orientation and Market Participants Access to Higher Threshold

Low-cost airlines develop their own strategies in time to different from other airlines. Specifically, it should be conducting market segment, customer choice, the choice of market position, particularly in the face of selectively passenger special passenger groups and the difference between groups.
Under the monopoly of the business environment, the company who has a monopoly position in some cases will use to obstruct entry method that is a method to reduce service costs and lower capacity, resulting in newly established enterprises no way to get proper income.

**The Scale of Business and Investment Capital and Daily Usage is High Confusion**

China's low-cost airline industry was established late, weak economic foundation. Analyzed by current operating level, they are not yet large-scale operation, aircraft and other purchase price quite a long time to return the money.

If you want to improve aircraft utilization rate only two ways, one is to expand to fly at night, increase flight time as possible, and second, shorten flight time of transition. If you want to increase the current airline aircraft utilization, had cut short flight time of transition. First, to accelerate the rate of aircraft transitions, allowing the airport to take off in a shorter period of time within landing expand the number of takeoff and landing aircraft, and increase profits. Secondly, airlines can use fewer meals, no shipping method, but had to rely on a number of relevant agencies close match. For the airport, the airport serves passengers to give clear instructions and quick and easy way faster rate of parcel sorting and installed; aviation management agencies will have to arrange takeoff and landing to prevent unnecessary time-consuming flight [4].

**Recommendations of the Development of Low-Cost Airline**

**National Regulatory Liberalization on the Aviation Industry and the Correct Position in the Market to Low-Cost Airlines**

Country should make more complete and effective laws to improve aviation market, such as compiling operating conditions, safety supervision and management, to protect the rights of passengers to break the monopoly of all, increasing the level of competition [5]. Low-cost airline companies need to rely on its low-cost advantage of favourable conditions for operation, compared with other major aviation companies, and then they need to provide an equal level or similar level of air transport products and services at lower fares conditions. They need to promote corporate revenues and profits with respect to the higher average level of the aviation industry. Low-cost airline companies obtain lower fares by market share evade and mainstream aviation enterprises and high-speed rail competition for tourists, depending on differences in market segmentation and offering products to achieve cost advantages, and promoting the most profitable optimization[6].

**The Optimization of Aviation Enterprise Itself Management and Strive to Improve the Quality of Service Low-Cost Airline Companies**

Chinese saying goes: a man does not stand without credit. For a company those only consumers assert themselves, to be able to survive in the fierce market competition and long run. Companies should focus on building a good corporate image. For a main business of air transport enterprises, in particular can do the following: First, arrangement in place for the time and flight arrangements to airlines operating routes in order to ensure that the flight was landing at a reasonable time. Second, the flights were delayed or canceled and passengers and parcels lost or destroyed and other unforeseen circumstances suddenly appeared, Crew communication with customers must dedicate to a better attitude and service, timely comprehensive deal with, due to the reduction and abatement passenger airlines emergency disposal rate of complaints caused by the irrational. To maintain the company's public image they should be with better service. They should not because of companies engaging in the low-cost aviation business, reduce service levels. For travelers, lower fares and high quality service are what they choose low-cost aviation requirements.
To Try to Lower Operating Costs and Develop Low-Cost Corporate Culture and Organizational Culture

Cost of airlines are: procurement and testing of aircraft maintenance, aviation fuel, aircraft taking off and landing at the airport fees, cost of sales, staff training and salaries.

Corporate culture is important. Employees for enterprises operating objectives can be received and approved, whether absolute dedication to the realization of business goals and many other human related issues, which will be significantly related to the company's operating level.

Summary

Southwest Airlines has been able to occupy a place in the US aviation market. Its success has three: cautious market environment analysis aviation; precise target market selection and positioning; unique, low-cost service marketing strategy.

Low-cost model development of airline companies will be bound by the socio-political-economic characteristics and government regulations system on the air transport industry in China. It will be constrained by private aviation companies own models and methods of operation and other internal economic conditions. All of these gave the country's low-cost airline many obstacles. With China's integration into the globalization process accelerating, foreign airlines gradually enter the Chinese aviation market. China's high-speed railway construction is also in full swing forward. China's aviation companies reducing operating costs will be inevitable in the development of these enterprises.

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