

Southwest's Product Positioning Strategy

Southwest's product positioning is unique in the industry. It sees its competition not just other airlines but any mode of transportation. It typically costs 7.5 cents a mile to fly a passenger on Southwest Airlines (Torbenson and Marta, 2003). For a traveler in Southern California going to Las Vegas, the decision is whether it is cheaper to drive, ride a Greyhound bus or fly SWA. Southwest focuses on travel service in markets with frequent, conveniently timed flights and low fares. Southwest's point-to-point route system, as compared to hub-and-spoke, provides for more direct nonstop routings for customers and therefore, minimizes connections, delays, and total trip time. Southwest offers nonstop, not connecting, traffic (Mauborgne, 1999). As a result, approximately 77 % of the Company's customers fly nonstop. Southwest's average aircraft trip length in 2002 was 548 miles with an average duration of approximately 1.5 hours. At yearend, Southwest served 338 nonstop city pairs (Southwest Airlines Annual Report, 2002).

Companies can learn from this example, to refine their marketing / product positioning strategies to reduce their operational expenses and grow even when the competitive landscape poses as a threat.

CITE THIS AS:

YouSigma. (2008). "Southwest's Product Positioning Strategy." From <http://www.yousigma.com>.