**West Jet Airlines Case Study**

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During the period covered in this case, WestJet Airlines' general environment consisted of several economic, technological, sociocultural, and legal/political factors. In terms of economic factors, WestJet airlines operated on a simple flat-based environment that provided the bare minimum essentials to its customers in order to operate at a cost-effective rate. Flying only one type of aircraft, offering a single class service with no frequent flyer programs, and providing minimal in-flight services with no meals allowed WestJet to keep their ticket prices fifty percent below the industry average. Despite the fact that British Columbia had been in a recession and industry watchers warned that an economic downturn could affect WestJet's future, they kept on pressing and were able to keep the "fun" culture alive.

In terms of technological factors within the general environment, WestJet utilized the internet in order to sell tickets and essentially go 'paperless'. In addition, WestJet upgraded its fleet of planes in August of 2000, purchasing 36 next-generation Boeing 737-700 aircrafts with an option to pick up 58 more, bringing its total fleet to 94 planes.

The sociocultural aspect of the general environment dealt with WestJet's expansion throughout Canada. Clive Beddoe, President of WestJet airlines, was content with the slow but steady expansion of his airline throughout Western Canada in the cities of Vancouver, Calgary, Winnipeg, Kelowna, and Edmonton. However, competition from the merger of Air Canada and Canadian Airlines who were looking to enter the low-fare market forced Beddoe to change company plans and expand to Eastern Canada in the city of Hamilton, Ontario, and soon after Ottawa, Moncton, and Montreal.

The legal/political approach that WestJet airlines took was not having a union and forming the Pro-Active Communication Team (PACT) instead. PACT allowed management to keep in touch with employees and address problems before they became a bigger issue. The benefit of PACT was that employees would be able to receive the same type of services that they would get through a union, however there were no rules, hassles or other impeding factors.

2. Threats and opportunities were a major part of WestJet's specific environment. The threat of new entrants was a worry that was always in the back of WestJet's mind. Their success was so outstanding that companies soon tried to enter the low-fare market to garner some of WestJet's success. CanJet Airlines and Royal Airlines Inc. were two new entrants in the low-fare market that forced WestJet to focus on maintaining their low prices and to achieve their continued customer approval rating. In doing so, WestJet made it even harder for new entrants to enter the market because they were just not able to keep up with WestJet's low rates.

The bargaining power of suppliers was both a possible opportunity as well as a threat to WestJet because of their use of a single supplier. WestJet used only the Boeing 737 in their fleet, and did not go through any other manufacturers; therefore their bargaining power as a buyer was lower since they were only using one manufacturer. On the other hand, since WestJet uses one supplier in their fleet of planes, they may have a higher bargaining power with this one particular company because they are bringing them constant business. However, if Boeing has many customers and buyers, their bargaining power as a supplier is higher and WestJet's bargaining power as a buyer is lower which is a threat. If Boeing has only a few buyers, then their bargaining power as a supplier is lower and WestJet's bargaining power as a buyer is higher which is an opportunity. WestJet purchased 36 planes from Boeing in August of 2000, having the option of picking up 58 more, giving them a grand total of 94 Boeing planes.

Substitute products, or in this case other modes of transportation, are a threat to WestJet's success. Trains, buses, cars, boats, bicycles and any other forms of transportation can jeopardize the airlines success if they fail to give people a reason to travel with them. In addition, other airlines such as CanJet and Air Canada are substitutes that can be used by people looking to travel to other destinations that WestJet does not go to. The more substitutes there are in the airline industry, the less success WestJet will have; however, if WestJet does its best to keep substitutes from entering the market, then they are going to receive more business.

The rivalry amongst existing competitors is something that WestJet has been able to pride itself upon because of its success in defeating its opponents. Air Canada and other airlines tried their best to mimic and copy WestJet's strategies and business plans in order to compete in the low-fare market, however, they were unsuccessful against WestJet's strong business model. The fact that the company was able to cut prices so much that they could sell tickets at fifty percent below the industry average made it hard to compete against them. The foundation of the company and their strong business model was a major factor in the fight against threatening competition. Once the founders had a strong business model and knew that they needed to keep things simple in order to have low rates, they made it extremely hard for people to enter the market and to compete against them.

3. The core competencies of WestJet airlines involves an excellent foundation for customer and employee satisfaction. The employees of WestJet are extremely happy in their fun and friendly environment which leads to an enjoyable working atmosphere. Employees are always welcome to voice their opinions or suggestions and never have a problem stepping forward when help is needed. The company's customer service has a great reputation especially when it comes to entertaining passengers with activities such as singing contests, making jokes, and even bowling within the aisles. The CEO prides his company on teamwork and the fact that he even helps clean and service his own planes says a lot not only about himself, but about the goals and mission of the airline. An important statistic that WestJet can triumph over is the fact that they had 2 passenger complaints compared to Air Canada's 769 complaints since they began tracking them in 2000. This shows that WestJet is sticking to its original goals and has been able to maintain a great reputation within the airline industry.

The competitive advantage that WestJet has over other airlines is the fact that they are able to run a profitable business with such low airfares. Competing airlines have tried to setup the same low-rate fares that WestJet offers; however, they have failed because they do not have the proper foundation to back it up. Excellent customer service coupled with affordable and cheap rates allows WestJet to have a sustainable competitive advantage that they need to succeed.

4. WestJet's organizational culture formed from the four founders of the company, Clive Beddoe, Don Bell, Mark Hill, and Tim Morgan. The airline's organizational culture is based off of a set of beliefs, attitudes and values that all members of the organization must follow. In order for the company to succeed and maintain its high approval rating, all employees must be able to enjoy where they are working and have a positive attitude in order to allow the passengers to also relax and take pleasure in the flight. Beddoe, the president of WestJet, said that "the entire environment is conductive to bringing out the best in people." The main feature that sets WestJet apart from other airlines is the fact that employees jobs are not just limited to what they are assigned to. This allows for everyone to help each other and creates an even stronger team-building environment. WestJet's culture is customer-centered and based on trust which allows for a successful business model and a thriving company.