



WESTJET PRODUCT STRATEGY

TEAM B: BRAZEN BILLIONAIRES

ALEX GREENE
ANDREW BARR
BRIAN TANG
ELYSIA LAM
MALISHA VIRK
PAIGE APPENHIEMER

MKTG 1102 - SET 1F
ANNE MARIE WEBB-HUGHES
10/16/2014

Table of Contents

Introduction.....	1
Marketing Challenge	1
Key Findings	1
Current State.....	1
Sustainability (CSR).....	1
Market Trends.....	2
Shares/Stocks.....	2
Unique Selling Proposition	2
Awards	3
Assumptions	3
Target Market	3
Geographic.....	3
Demographics	3
Psychographics	4
Buyer Behaviors	4
SWOT Analysis	4
Competitive Analysis	4
Alternatives.....	5
Alternative One: Market Penetration.....	5
Alternative Two: Market Development	5
Alternative Three: Product Development	6
Solution	7
Implementation Plan.....	7
Marketing Mix	7
Schedule of Implementation	8
Evaluation.....	9
Course Concepts	9
References	10
Appendix A: Charts and Tables	13
Appendix B: Graphs.....	19
Appendix C: Course Concepts.....	20

Introduction

WestJet is a Canadian airline that was founded in 1996. The publicly traded company was founded by Clive Beddoe. WestJet currently has 9700 employees and travels to more than 88 destinations. By 2016, WestJet aims to be one of the five most successful international airlines in the world. WestJet traditionally flies 737 Next-Generation aircraft and has recently added Bombardier's Q400 to its fleet. WestJet's Mission is "To enrich the lives of everyone in WestJet's world by providing safe, friendly and affordable air travel"(WestJet, 2014).

Marketing Challenge

How can WestJet gain 5% of the domestic market share within the next 24 months?

Key Findings

Current State

WestJet currently flies to 88 Destinations in 19 Countries across North America, Central America, and the Caribbean. They have a top of the line fleet that includes 104 Boeing Next-Generation 737 aircrafts, 6 Bombardier Q400 Next-Generation turboprop aircrafts. They have flown 17,423,352 guests with over 11.1 million bags. WestJet has worked on their marketing initiatives like working with partners such as Disney and Toronto Blue Jays. They also gave away 1,000,000 WestJet dollars and given out 150 grand prizes of 100 percent off round trips between Toronto and LaGuardia (WestJet, 2012).

Sustainability (CSR)

Investments in technology and fleet have improved efficiency and allowing us to operate our business effectively. WestJet has improved fuel efficiency by 44.8% per RTK since 2000. WestJet has also 'installed fuel management and reporting software systems' to track fuel efficiency. They have done many things like cutting down on water usage, fuel consumption, and reducing weight. It is projected to reduce 17% of fuel consumption annually. WestJet has many waste management programs that are constantly developing. Refer to Appendix B Figure 1 for a detailed graph.

WestJet maintains a strong community investment with programs like "WestJet Cares for Kids," "Hope Air," and "WestJetters Caring for Our Community" (WestJet). Refer to Appendix A, Table 1.

Market Trends

The Boeing Next-Generation 737's will be going through major technological advances and will be equipped with Panasonic entertainment systems, Wi-Fi, USB ports, and 110-volt plug-ins. This will enable customers to be able to check emails, social media sites, and watch TV or movies. 75% of WestJetters come with their web-enabled devices so they can hook up to the Internet. For those 25% of guests who don't board the plane with these devices, there will be services available to rent tablets from the attendants (Wilmot, 2014).

WestJet has also followed the market trend to charge for baggage. However, it includes flying within Canada as well. Depending on which province you are flying from, the fee will range from \$25 to \$29.50. This new change will take effect as of Oct.29 2014. This fee will be paid online or upon check in 24 hours before travel. WestJet has added a loyalty program for those who frequently fly with them for discounted prices. With the new fee changes it is expected to increase revenue by \$11.9 million this year and \$87.5 million next year (Marowits, 2014). Refer to Appendix A, Figure 1 for detailed loyalty programs.

Shares/Stocks

In 2000, Air Canada was leading the domestic market with 77%, followed by WestJet with 7%. Due to Air Canada's attention shifting to routes to the US and overseas the competitive gap shrunk. By 2011, Air Canada's domestic market fell to 56% and WestJet gained 29% giving them a total of 36% shares of the market. Porter Airlines and other competing domestic airlines shared the remaining 8% of the market (Jang, 2012).

Unique Selling Proposition

WestJet does a lot of experiential marketing, which makes them different from any company. On Sept. 18 2014's flight from Calgary to Halifax, the airport lounge had special vending machines. This gave travelers an opportunity to customize their cans of cokes to share with whom they were meeting in Halifax. Some of the cans offered prizes such as, seat upgrades and free tickets. Each customer also received coke cans with their names on it when they arrived to their seats. The company chose this flight because the "Share A Coke" campaign hadn't reached Halifax and many consumers wanted it there (Martin, 2014).

According to Christina Clifford, sponsorship and experiential coordinator, the "Buy Onboard" program was what initiated the partnership between the two companies. The airline "shares a Coke with 50,000 fliers a day," and as a part of the partnership, there was a faux in-flight safety video that showed how to properly drink a coke on a flight to the guests (Martin, 2014).

Another experiment that was conducted was the "Night Before Christmas" 250 guests were able to meet a virtual Santa that was set up in the airport lounge. They told Santa what they wanted for Christmas and 175 WestJet volunteers noted it down. When the 250 customers

were in flight, volunteers went out and bought each individual gift ranging from a 50" screen TV to socks and underwear. When customers waited for their baggage they were given the gifts they had asked for (Plata, 2013).

Through a partnership with Disney, WestJet has created the 'WestJet Magic Plane' that is designed with Walt Disney World paint theme and a Sorcerer Mickey Mouse on it. This plane travels to a number of WestJet destinations (Hounslow, 2014).

Awards

Refer to Appendix A, Table 2 to see a list of awards WestJet has received.

Assumptions

We assume that WestJet wants to continue positioning itself as a more for less service. As the airline increases its market share, we assume that their model will be able to scale without diluting the brand equity. In addition, we assume the goal of WestJet is to control the highest portion of the domestic market. For our recommendation, we presume that the economy in both the United States and Canada will not suffer any dire economic scenario.

Target Market

The consumer can be separated into segments to understand who they are, what they need, and why they make choices. The North American market has emerged from the recession; its consumers have regained their disposable income. This situation is highly favorable for growing companies. The condition of the market aligns strongly with WestJet's plans to grow the business. Below is the defined target market for WestJet and how the current North American market fits into it. We have titled this segment of the market "Frugal Flyers."

Geographic

WestJet's target market consists of mainly Canada and the United states; however, it is rapidly expanding as they push transatlantic flight routes. The highly populated areas of Canada and the United States are the main location for WestJet's services; the smaller markets surrounding these areas are WestJet's secondary market. The urban locations WestJet flies out of are where they find most of the consumer base. Major high population cities such as Vancouver, Toronto, and New York with a large number of consistent

Demographics

WestJet will focus its efforts towards families with on average more than one child. Middle income, price focused families trying to stretch their travel savings will be targeted. The

target age of the consumer rests between 40 and 50, we assume this is the average age of parents with children ages 8 and older. In addition the bracket of 18 to 28 year olds can be considered as a secondary target because of students and young travelers looking for low cost flight. Both male and female travelers are targeted; however, it is beneficial to target more females as women make the majority of travel and vacation preparations in a middle-income family (Armstrong, Kotler, Trifts, & Buchwitz, 2014)(page 127). The education level of our target consumer ranges between High school and lower collegiate levels. With a combined household income of under approximately \$110,000, the segment is value focused when making choices with the little disposable income they possess.

Psychographics

The psychographics of WestJet's target market are centered on its consumer's attitudes and lifestyle. The consumer's greatest interest is finding the best value they can on a flight. Success in achieving their goal inspires spirited reviews and strong positive word of mouth advertising. The financially responsible traveler desires value from their flight purchase. WestJet is able to better fulfill this desire than any competitor; moreover, WestJet's documented customer service awards provide a no worry way to travel for less to its target market.

Buyer Behaviors

Buying behavior in the target market is based off of our consumer's wants, needs and overall personality. The economy traveler searches out the greatest deals they can find; this is the key characteristic of their buying behavior. Decisions are centered on savings and value for the consumer. Their purchases can range from annually to quarterly. When the customer is happy with the value they benefited from, loyalty builds. Repeat customers have the highest level of brand loyalty to WestJet and can be anywhere from completely loyal to somewhat loyal. A quality product providing above satisfaction and value is what limits cognitive dissonance and further increases the customer's happiness with their decision.

SWOT Analysis

Refer to Appendix A, Table 3 to see a break down of the internal strengths and weaknesses of WestJet. Refer to Appendix A, Table 4 to see a break down of the external opportunities and threats of WestJet.

Competitive Analysis

WestJet has two main competitors in the Canadian airline market. The competitive airlines are Air Canada and Porter Airlines for detailed comparison refer Appendix A, Table 5. For

strengths and weaknesses of Air Canada refer to Appendix A, Table 6, and strengths and weaknesses of Porter Airlines refer to Appendix A, Table 7.

Alternatives

According to 2013 figures, WestJet currently retains 36% of the market share. Based on current market trends, the expected number of passengers for the Canadian airline industry will grow to 60.7 million in 2015 and 61.9 million in 2016. By increasing market share by 5% in the next 24 months, WestJet should aim for approximately 3,815,000 more customers by the end of 2016 (Marketline, 2014). Our alternatives discuss methods of market penetration, market development, and product development in order to increase their market share.

Alternative One: Market Penetration- Enhancing Customer Experience Through Lego Plane

Objective

Following the success of the “Magic Plane”, we are creating a new partnership with Lego to implement the “Lego Plane”. This product line extension creates an opportunity to further market penetration. However, this alternative continues to offer the same flights on the same planes. By cobranding with Lego to create brand awareness, there is an opportunity to acquire larger portions of the target market, specifically kids and families.

Advantages	Disadvantages
Creates the vacation atmosphere on the plane (on board and on exterior)	Negative publicity regarding aggressive marketing to kids
Encourages guests (especially kids) to feel excited and remember their flight, vacation, and experience	Partnerships with other brands can blend and mix their respective brand identities; unable to distinguish between brands
Offers a unique cobranding opportunity that competitors cannot match	Costs of painting the plane as well as the expenses associated with giving Lego branded products

Alternative Two: Market Development - Merging/Acquiring Porter Airlines

Objective

A merger with Porter Airlines provides WestJet with important access to the east coast of Canada. WestJet would be given access to the Billy Bishop Toronto City Airport and the possibility of new routes in the region. This is an example of market development, whereby WestJet takes their existing products and services and attempts expansion into new markets. A merger allows WestJet to use Billy Bishop Airport to expand Encore flights in the greater Toronto region or, more importantly, into the east coast of Canada. More regional flights in this area increase competition with Air Canada, as well as bus and train companies. By expanding into new markets, market development allows for capturing

greater share of potential travellers. Those that did not travel because it was too hard or took too long are able to fly WestJet Encore. Since Porter recently partnered with JetBlue, there is potential to tap into more cross-border flights into the eastern United States.

Advantages	Disadvantages
WestJet is able to push eastward and expand across Eastern Canada and US	Cost of merger or acquisition may result in huge short term losses for WestJet
WestJet gains access to Billy Bishop Toronto City Airport and gains	Operations costs also increase dramatically (including salaries, fuel costs, hangar space, etc.)
Established Porter routes that are effectively in place already and do not require testing	Distinguishing the brands and values of two airlines and two cultures or amalgamating them into one
Merger of the smaller underdog brands in Canada as opposed to Air Canada	WestJet may be seen as an aggressor and its image as the Underdog is tarnished
Allows for slow and steady growth and expansion of the Encore brand	Without proper refocusing and specific goals, Encore brand may be pushed aside
WestJet can focus Encore on more regional Western routes as well as eye European expansion	Unpredictable; does not guarantee success
Access to American markets with Porter-JetBlue partnership	

Alternative Three: Product Development- Expand and Increase New Routes and Services

Objective

Increasing WestJet’s products/services is a product development strategy. This strategy relies on continuous growth of WestJet and its brand offerings. In order to be successful, increased routes and services to new areas should be introduced to areas of high demand and especially for those in our target market (see previous section). WestJet started this with the introduction of the Encore line in 2013. This plan allows for stable growth and development of successful, existing routes, but allows room for new regional flights in other cities or in areas with little competition with Air Canada.

This strategy also allows for the improvement of offerings, such as continuing to increase Wi-Fi capabilities for guests in-flight, as well as improving the WestJet mobile app for iPhones and Android.

Advantages	Disadvantages
WestJet is able to continue building services based on its strong brands	Difficulty retaining sustainable load factors on new flights and routes
Increase in routes and offerings forces competitors to reduce prices to compete with WestJet’s lower prices (and price match guarantee)	Costs associated with acquiring new aircraft or hiring staff, as well as to upgrade WestJet’s offerings (such as Wi-Fi or mobile app)
Start new routes with promotional pricing to entice travellers, then reduce over time; retention of customers who like WestJet’s USP, values, and culture	Creation of new routes and acquiring aircraft is a longer term solution
Improvements on the WestJet mobile app will make it easier to book, track, and change reservations	Aggressive expansion may reduce the brand’s image and value (brand exhaustion)
Create competition in markets that Air Canada and/or Porter have influence in	New routes increase fuel consumption and produce pollution

Solution

The solution we're choosing is our first alternative, which has the opportunity to acquire a larger percent of the target market by bringing new awareness to existing services by co branding with Lego. The reason we chose to cobrand with Lego is because Lego is not a direct competition with Disney who we are already co branding with. Legos brand is everlasting and spans over multiple generations.

Implementation Plan

The alternative we have selected is alternative one market penetration to increase WestJet's share of the market is to further penetrate their target market. By extending their brand recognition, WestJet can raise its share of the market from 36% to 41% in the next two years. Since WestJet is already known for its outstanding customer service, this will be the easiest way for it to increase its share of the market. The continuance of unique and distinctive advertising will allow WestJet to increase its market share with little risk. In addition to advertising, WestJet can partner with other established brands to diversify its unique selling point. This can be done by specializing the appearance of more flights to vacation destinations. Building on WestJet's successful "Magic Plane," a themed plane they developed in partnership with Disney, flights to vacation spots can be designed and customized to start your vacation from the moment you step on the plane.

Marketing Mix

Product

The product we are using to penetrate the market is a Lego-themed plane offering convenient, low-cost flights to domestic and regional destinations to enhance the value of customer experience. This product would add to WestJet's unique edge over other airlines. The themed plane would include Lego-themed cups and napkins as well as Lego-branded headrest covers. The outside of the aircraft would also be painted to fit the Lego theme. On board, passengers will receive a cookie in the shape of a Lego person as the snack. A keychain of a Lego person in WestJet uniform will be given to children under the age of 12. The destinations of the flight will include Orlando and Los Angeles, as well as other popular destinations follow in the success of WestJet's "Magic Plane".

Price

Pricing for seats on this plane will be consistent with regular pricing for WestJet flights. Cost for painting and production of Lego brand will be split 50-50.

Promotion

To promote this we will be using social media and online advertisements. We will have a countdown to the release date on the website as well as updates on features in the airplane

as they are being prepared. To further promote this themed airplane we will use three flights prior to the initial launch of the plane to record real customer reactions and comments, which will be compiled into an online promotional video. These three flights will go from Vancouver to Los Angeles, Los Angeles to Orlando, and Orlando to Toronto.

Place

We will be executing the Lego theme in the plane as well as on the exterior of the plane. The destinations this plane will travel to include: Los Angeles, Orlando, Las Vegas, New York, Honolulu, Los Cabos, and the Bahamas.

Schedule of Implementation

Partnership with Lego will cost WestJet \$1 million

- **November 2014** – Paint plane (one that will be brought into the fleet for 2015) and prepare all Lego branded products for plane. Cobranding for WestJet and Lego should be for the duration of the 24-month period. (Cost: \$250 000 to paint; \$250 000 for products)
- **December 2014** – Start promotion flights to create awareness to capitalize on high volume holiday season. (Operation Costs included in normal expenses for WestJet)
- **January 2015** – WestJet formally announces the airplane and flight; start ad campaign promoting, “Your vacation starts when you get on the plane, not when you get there.” Ads featuring Lego and WestJet start. (Cost of Ad Campaign: \$500 000)
- **February 2015** – Promoting the plane increases leading up to the first flight; WestJet releases video and counts down to first flight.
- **March 2015** – Conduct the first official flight. Coincides with first quarter 2015 release; assess the number of passengers for the first quarter to see if it grows in the second quarter.
- **September 2015** – Evaluate change in number of passengers after six months.
- **March 2016** – Evaluate change in number of passengers after 12 months. At this point, seriously consider the possibility of expanding new routes and services. While WestJet should be looking at ways to do this regardless, should this implementation plan fail to meet our goals, Alternative 3 will be implemented.
- **September 2016** – Evaluate change in number of passengers after 18 months. Contingency plan should be implemented at this stage if goals are not close to being met. At this point, we will explore the idea of partnering with other brands in other destinations. If this is a successful measure, start idea generation of another themed plane.
- **March 2017** – At the 24-month point, a full examination and analysis of the partnership with Lego will be conducted. This time period will coincide with the release of the first quarter report for 2017. If the cobranding project has been successful, consider resigning contracts and commitments with Lego to continue the partnership. If the project has failed to help reach our goals, implement alternative 3.

- (Revenue gained from this alternative should be kept separate when preparing quarterly and annual statements to measure how much should be split between WestJet and Lego.)

Evaluation

Our aim with this plan is to improve brand awareness as well as grow the total number of passengers. To measure the progress of this plan, we will evaluate throughout the entire process. We will also measure the percent change in passengers to measure how close the goal is to being reached. At the outset, we will promote the plane and create awareness of the cobranding through flights during the high volume holiday season. This creates word of mouth promotion from passengers during this time. We will measure the publicity that this plane receives and see how the public perceives the cobranding initiative with Lego.

Flights will start in March 2015 with evaluation periods every six months until the 24-month period. After the one-year point, we will assess if this plane has been successful in raising WestJet's profile and our passenger levels. Since the plane that will be used is a brand new one added to the WestJet fleet for 2015, depreciation will occur in the asset. However, maintenance and repair costs should be minimal. If our goals are not close to being met at this point, plans to start alternative 3 should be considered as a contingency plan.

Course Concepts

Refer to Appendix C for a detailed report of all course concepts.

References

Air Canada. (2014). Air Canada. Retrieved October 9, 2014, from Air Canada: <http://www.aircanada.com/en/travelinfo/onboard/cabincomfort.html>

Air Canada. (n.d.). Our Fleet. Retrieved 10 12, 2014, from Air Canada: <http://www.aircanada.com/en/about/fleet/>

Armstrong, G., Buchwitz, L. A., Kotler, P., & Trifts, V. (2013). *Marketing: An Introduction* (5th Edition ed.). (C. O' Donnell, Ed.) Toronto, Ontario, Canada: Pearson.

Barrera, M. d. (2014, July 29). *Bombardier*. Retrieved October 9, 2014, from Bombardier: <http://www.bombardier.com/en/media-centre/newsList/details.bombardier-aerospace20140729westjetcoreordersfivenewbombardier.bombardiercom.html>

Bennett, M. J. (2014, 10 01). New WestJet and Air Canada fees come with too much baggage. Retrieved 10 12, 2014, from Financial Post: <http://business.financialpost.com/2014/10/01/baggage-fees-westjet-air-canada/>

Capa. (2014, July 17). *Capa*. Retrieved October 9, 2014, from Center of Aviation: <http://centreforaviation.com/analysis/ontario-fuel-tax-can-seriously-damage-canadian-airlines-long-haul-competitiveness-177996>

Elliot, T., Ramsay, M., & Tighe, T. (2014, 09 15). WestJet to charge \$25 fee for economy checked baggage in Canada and U.S. Retrieved 10 10, 2014, from Global News: <http://globalnews.ca/news/1563401/westjet-announces-fee-for-first-checked-bag/>

Ingram, D. (2013). The Advantages of Flat Organizational Structure. Retrieved October 10, 2014, from Chron.com: <http://smallbusiness.chron.com/advantages-flat-organizational-structure-3797.html>

Jang, B. (2012, September 6). WestJet sets sights on Air Canada's title . Retrieved October 10, 2014, from The Globe and Mail: <http://www.theglobeandmail.com/report-on-business/westjet-sets-sights-on-air-canadas-title/article1358801/>

Kirby, J. (2014, March 26). Westjet's Plan to Crush Air Canada. Retrieved October 10, 2014, from Mclean's: <http://www.thecanadianencyclopedia.ca/en/article/westjets-plan-to-crush-air-canada/>

MacLennan, A. (2014, 10 05). Will This Popular Airport Soon Be up for Sale? Retrieved 10 10, 2014, from The Motley Fool: <http://www.fool.com/investing/general/2014/10/05/will-this-popular-airport-soon-be-up-for-sale.aspx>

Marowits, R. (2014, September 15). Cost of checking baggage: WestJet to introduce \$25 fee for some customers. Retrieved October 10, 2014, from CTV News: <http://kitchener.ctvnews.ca/cost-of-checking-baggage-westjet-to-introduce-25-fee-for-some-customers-1.2007540#ixzz3GBTep2RQ>

Martin, R. (2014, October 7). WestJet and Coke get personal with travelers. Retrieved October 9, 2014, from Marketing Magazine: <http://www.marketingmag.ca/brands/westjet-and-coke-get-personal-with-travelers-126695>

Marowits, R. (2014, 10 05). WestJet Encore prepping for U.S., East Coast expansion Read more: <http://www.ctvnews.ca/business/westjet-encore-prepping-for-u-s-east-coast-expansion-1.2040078#ixzz3Fy6El766>. Retrieved 10 10, 2014, from CTV News: <http://www.ctvnews.ca/business/westjet-encore-prepping-for-u-s-east-coast-expansion-1.2040078>

Plata, G. (2013, December 9). WestJet Christmas miracle: real-time giving. Retrieved October 10, 2014, from WestJet: <http://blog.westjet.com/westjet-christmas-miracle-video-real-time-giving/>

Porter Airlines. (2014). Porter. Retrieved October 9, 2014, from Porter: <https://www.flyporter.com/About/Our-Fleet?culture=en-CA>

Skytrax. (n.d.). WestJet Customer Reviews. Retrieved 10 12, 2014, from Airline Quality: <http://www.airlinequality.com/Forum/westjet.htm>

The Wall Street Journal. (2014, February 10). WestJet Airlines Ltd. Retrieved October 10, 2014, from The Wall Street Journal: <http://quotes.wsj.com/CA/XTSE/WJA/research-ratings>

WestJet. (2012). 2012 Corporate social responsibility report . Retrieved 2014, from WestJet: <https://www.westjet.com/pdf/responsible-growth-en.pdf>

Wilmot, M. (2014, February 14). New inflight entertainment system and WiFi on WestJet. Retrieved October 10, 2014, from WestJet: <http://blog.westjet.com/new-inflight-entertainment-wifi-on-westjet/>

WestJet. (n.d.). WestJet Airlines Code-share and Interline Partners. Retrieved 10 04, 2014, from WestJet Web site: <http://www.westjet.com/guest/en/about/airline-partners/index.shtml?null>

WestJet. (n.d.). WestJet is Proud of Social Investments We Make in Communities We Serve. Retrieved 10 10, 2014, from WestJet Web site: <https://www.westjet.com/guest/en/about/community-investment/index.shtml>

WestJet. (n.d.). WestJet Rewards is Introducing New Tiers This Fall. Retrieved 10 08, 2014, from WestJet: <http://www.westjet.com/guest/en/rewards/tiers.shtml>

WestJet. (n.d.). WestJet's Environmental Commitment is Making Our Planet a Better Place. Retrieved 10 12, 2014, from WestJet: <https://www.westjet.com/guest/en/about/environment/>

Appendix A: Charts and Tables

Table 1 – Community Involvement

COMMUNITY INVOLVEMENT
<p>‘Six National Charitable WestJet Cares for Kids partners’ are:</p> <p>Big Brothers Big Sisters of Canada (bbbsc.ca) Boys and Girls Clubs of Canada (bgccan.com) Hope Air (hopeair.org) Missing Children Society of Canada (mcsc.ca) Ronald McDonald House Charities of Canada (rmhc.ca) Make-A-Wish Foundation of Canada (makeawish.ca)</p> <p>In 2012, WestJet organized 3 initiatives highlights our partners:</p> <p>“In June we took 40 Bigs and Littles from Big Brothers Big Sisters on our inaugural flight from Toronto to LaGuardia for an action-packed day of sightseeing in the Big Apple.</p> <p>In September WestJetters participated in the Home for Dinner program by hosting a backyard barbecue at 14 Ronald McDonald Houses across Canada.</p> <p>In December WestJetters from 27 airport bases across Canada spread a little holiday joy by organizing and hosting special parties for kids at their local Boys and Girls Clubs.”</p>

(WestJet, 2012)

Table 2- Awards

AWARDS
<ul style="list-style-type: none"> ○ 2012 Most Attractive Employer (Randstad) ○ 2012 Alberta Business Person of the Year: Gregg Saretsky (Alberta Venture) ○ 2012 Canadian Business Hall of Fame Inductee: Clive Beddoe ○ 2012 Baxter Travel Media Agents Choice Award: WestJet Vacations (Baxter) ○ 2012 Canada’s Top 100 Employers (MediaCorp) ○ 2012 Canadian Red Cross National Partners in Humanity Award ○ 2013 Gold Stevie Award Best Transportation Company (American Business Awards) ○ 2013 Chairman's Circle Award: WestJet Vacations (CPSC) ○ 2013 Canada's Most Preferred Airline (Leger Marketing) ○ 2013 Canada's Most Attractive Employer (Randstad) ○ 2013 WestJet RBC MasterCard ranked #1 in Canada (Money Sense magazine) ○ 2014 Value Airline of the Year (Air Transport World magazine)

(WestJet) (Newswire, 2013)

Figure 1- Baggage Loyalty Program

	Teal		Silver	Gold
12-month qualifying flight spend**				
	Up to \$1,499	\$1,500 - \$3,999	\$4,000 - \$ 5,999	\$6,000 and beyond
WestJet dollar earn rates				
WestJet flights [^]	1%	3%	5%	5%
WestJet Vacations packages	0.5%	1%	1%	1%
WestJet RBC [®] MasterCard [‡]	Up to 1.5% on everyday purchases and up to 2% on WestJet flights and vacation purchases-		Up to 1.5% on everyday purchases and up to 2% on WestJet flights and vacation purchases-	Up to 1.5% on everyday purchases and up to 2% on WestJet flights and vacation purchases-
Cars and hotels booked at westjet.com	1%		1%	1%
Partner-marketed flights [†]	✓	✓	✓	✓
Milestone awards				
	Bonus \$35 WestJet dollars		1 companion flight anywhere we fly in Canada	1 companion flight anywhere we fly Additional companion flight anywhere we fly at \$10,000 and each \$5,000 in flight spend beyond
Flight benefits				
			4 airport lounge vouchers	10 airport lounge vouchers
			4 advance seat selection vouchers	4 advance seat selection vouchers
			Free first checked bag	Free first and second checked bags
				No fee to change to an earlier/later flight on same day of travel
				Priority security screening (at select airports)
				Advance boarding

(WestJet, 2014)

Table 3 – Strength and Weaknesses

Strengths	Weaknesses
<ul style="list-style-type: none"> ▪ Network: WestJet serves 88 destinations and has combined code-sharing and interline agreements with over 30 international airlines (WestJet). The success of WestJet Encore has sparked further expansion plans into Eastern Canada as well as the US (Marowits, 2014). ▪ Corporate Social Responsibility: WestJet maintains a strong community investment with programs like “WestJet Cares for Kids,” and “WestJetters Caring for Our Community” (WestJet). They demonstrate investment in environmental sustainability by having a young, fuel-efficient fleet and building their head office according to LEED gold standards in 2011 (WestJet). ▪ Culture of Care: WestJetters number 9000 and counting (Armstrong, Buchwitz, Kotler, & Trifts, 2013, p. 79). The motto “Owners Care,” is enduring and is critically linked to WestJet’s value proposition. WestJetters remain invested in the success of the company because executives include them in the decision-making process before implementing big changes (Armstrong, Buchwitz, Kotler, & Trifts, 2013, p. 308). ▪ Brand: WestJet’s culture of care is embedded within their brand identity. Brand awareness is cultivated through partnerships with MasterCard and RBC to implement a frequent travelers’ reward system and inspire brand loyalty (WestJet). 	<ul style="list-style-type: none"> ▪ Unmet Customer Expectations: WestJet introduced a \$25 fee for the first checked bag in economy class effective September 15, 2014, to which guests have responded with negative resistance and dissatisfaction (Elliot, Ramsay, & Tighe, 2014). Additionally, the lack of in-flight entertainment and the cost of on-board meals spark numerous negative reviews (Skytrax). ▪ Network Limitations: Despite its partnerships, WestJet’s flight network is still comparatively limited to Air Canada’s. Access to Billy Bishop airport on Toronto Island has yet to be acquired, limiting Encore’s potential expansion to eastern Canada (MacLennan, Will This Popular Airport Soon Be up for Sale?, 2014). ▪ Limited Fleet: Even with the recent addition of Bombardier’s Q400 NextGen turboprops, WestJet’s fleet lacks the variety and versatility of its main competitor. Air Canada boasts a fleet that includes Boeing, Airbus, Embraer, and Beechcraft (Air Canada). ▪ Brand Preservation: As the fleet and route expansion grows, WestJet’s “underdog” status will be compromised (Bennett, 2014). The culture of care will become more difficult to maintain as WestJetter numbers increase and it begins to penetrate new markets.

Table 4- Opportunities and Threats

Opportunities	Threats
<ul style="list-style-type: none"> <li data-bbox="191 296 776 884">▪ Competitive: Air Canada and WestJet has reduced flight attendants, which has cut costs. This not only brings quality to WestJet but also Air Canada. In doing this quality equalized among both companies. WestJet has an advantage on strategic market development because; Porter is limited by its own capital barriers as well as lack of brand awareness. Competition may be decreasing for WestJet as Porter is looking to sell their terminal at the “Billy Bishop” airport in Toronto. (Armstrong, Buchwitz, Kotler, & Trifts, Marketing: An Introduction, 2013, p. 559) <li data-bbox="191 926 776 1444">▪ Technology: There is constant advancement in the market as a whole. (Armstrong, Buchwitz, Kotler, & Trifts, Marketing: An Introduction, 2013, p. 560) WestJet and Panasonic have recently sparked a partnership in order to bring a new and improved way of watching TV and surfing the net, in the air! (Wilmot, 2014) Bombardier is innovative and advanced, helping WestJet become more advanced. WestJet recently purchased Five new Bombardier Q400 NexGen aircraft. (Barrera, 2014) <li data-bbox="191 1486 776 1894">▪ Social: Small communities have recently begun marketing themselves in order to have Encore create more routes. These small cities include Nanaimo, Fort St. John and Brandon. There is a demand for regional flights as 32 cities sent representatives to Calgary in an effort to convince WestJet to include their community. (Armstrong, Buchwitz, Kotler, & Trifts, 2013, p. 560) 	<ul style="list-style-type: none"> <li data-bbox="808 296 1442 772">▪ Competitive: Ipsos Reid Business Canadian Traveller survey announced that Air Canada is the preferred airline by a growing margin. (Pierzchala, 2013) Air Canada has added more flights to popular destinations such as, New York, Toronto. (Tomesco, 2012) Billy Bishop airport is an important airport to have a terminal at; WestJet does not have a terminal there. Air Canada and Porter both have access, and will work at keeping WestJet out as much as possible. (Armstrong, Buchwitz, Kotler, & Trifts, 2013, p. 560) <li data-bbox="808 814 1442 1066">▪ Technology: Given how fast technology advances it is a huge threat to WestJet whereas the competitors Air Canada and Porter are slightly more advanced. Mobile apps are imperative at this point in society. (Armstrong, Buchwitz, Kotler, & Trifts, 2013, p. 561) <li data-bbox="808 1108 1442 1612">▪ Social: In 2013 WestJet decreased its load capacity but this will take time to know for sure if they should keep the Q400’s at a lesser capacity. Reputations were damaged in recent years due to some airlines having poor service, comfort and reliability which made the airline industry suffer as a whole. WestJet has only chosen three destinations out of the 32 that were campaigning to have Encore begin flying to and from more routes. In turn, this could damage the company’s reputation. (Armstrong, Buchwitz, Kotler, & Trifts, 2013, p. 561) <li data-bbox="808 1654 1442 1873">▪ Economic: If workers were laid off due to less work in Fort St. John this would affect the WestJet quite heavily as it could potentially be losing money by traveling to such remote destinations. (Armstrong, Buchwitz, Kotler, & Trifts, 2013, p. 561)

- **Economic:** They have added a new destination for Encore to fly to Fort. St. John because there is a high demand for flights as it is B.C's energy "boom". Canada currently has a stable economy. Business flights as well as vacations are still in demand. Forbes has titled WestJet a "favourable Relative Strength Index". Forbes has suggested that this would increase share value as well as impending buy mode.
- **Regulations:** Without risking customer service WestJet is working at cutting operational costs. By asking for an exemption from the Transport Canada airline regulations they do not have to follow a specific attendant/passenger ratio. An Air Operator certificate has been granted to Encore by Transport Canada. This is a big factor in profit gaining. (Armstrong, Buchwitz, Kotler, & Trifts, 2013, p. 560)
- **Regulation:** Expansions with Encore come with approvals from Transport Canada. With new terminal openings there are things that need approval from the government. (Armstrong, Buchwitz, Kotler, & Trifts, 2013, p. 561)

Table 5 –Competitive Analysis

Factors	WestJet	Air Canada	Porter
Price Range	\$140-\$800	\$140-\$15600	\$240-\$750
Revenue	\$3,662,197,000 (2013)	\$12,382,000,000 (2013)	\$160,360,000 (2010)
Destinations	Canada, U.S.A., Mexico, Caribbean, and Europe	Canada, U.S.A., Mexico, Caribbean, Europe, Asia, Africa, and South Pacific	Canada, U.S.A.
Air Craft Fleet	104 Boeing 727NextGen, 6 Bombardier Q400 NextGen	17 Boeing 777-300ER, 6 Boeing 777-200LR, 8 Airbus A330-300, 15 Boeing 787-8, 21 Boeing 767-300ER, 10 Airbus A321-200, 41 Airbus A320-200, 19 Airbus A319-100, 45 Embraer 190	Bombardier Q400
Passenger Rankings	Economy, Plus	Economy, International Economy, Premium Economy, Business Class, International Business	Economy

(Air Canada) (Porter Airlines, 2014)

Table 6 – Air Canada

Strengths	Weaknesses
<ul style="list-style-type: none"> • Large diversity in planes and destinations provides opportunity for larger market • Well known and recognized brand • Caters to different types of travellers by offering different flight classes such as economy and business • Has many years of experience in the market 	<ul style="list-style-type: none"> • Dependent on supplier to be fully functional • Reputation for being more expensive and high class • Brand dilution due to vast amount of product and service offerings

Table 7 – Porter

Strengths	Weaknesses
<ul style="list-style-type: none"> • Small airline allows airline to provide personal service to all customers • Partnership with larger airlines allows for larger target marking looking to travel father distances 	<ul style="list-style-type: none"> • Less destinations which results less customers and smaller target market • Smaller sized aircrafts means less people can fly with the airline • Not as popular destinations means less flights due to less interest in travel to small regions

Appendix B: Graphs

Figure 1 – Sustainability



(WestJet, 2012)

Appendix C: Course Concepts

Chapter 2

Target Market & Market Segmentation – pg.4

- This was used to determine our ideal market segment for WestJet, which helped us shape our key marketing challenge as well as our products and services strategy.

SWOT Analysis – Appendix A

- Used to determine the internal strengths and weaknesses of WestJet, as well as the external opportunities and threats it faces. This helped us to determine our optimal solution.

Setting Strategic Directions – Appendix A

- Competitive Analysis
 - We correlated this with our SWOT to thoroughly analyze WestJet's main competitors in order to determine our competitive advantage.

Marketing Mix –pg. 7

- The 4 P's were used to give our implementation plan direction and to focus our marketing strategy.

The Product/Market Expansion Grid – pg. 7

- This is a critical tool for seeking out company growth opportunities through market penetration, market development, product development, or diversification. We used everything save for diversification in our alternative strategies.

Chapter 8

Product Quality –pg. 3

- Product quality is a critical positioning tool and is linked to customer value and satisfaction.

Services Marketing

- Service Intangibility
 - This is a concept that illustrates the nature of a service versus a tangible good. Airlines primarily offer services that cannot be experienced by the five senses before they are bought.

Service-Profit Chain –pg. 6

- This is a concept that outlines the connection between service firm profits and customer satisfaction.

Chapter 9

Brand Equity – pg. 7

- This is the dollar amount attributed to the value of the brand, based on all the intangible qualities that create that value. We used this in the implementation plan.

Co-branding – pg. 7

- This is the practice of joining two established brands of two companies on the same product. We used this in our alternatives

Line Extensions – pg. 8

- This is the process of extending an existing brand name to new forms, colors, sizes, ingredients, or flavors of an existing product category. We used this in our alternatives.