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| Final Marketing Project |
| WestJet Company |
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| **7/29/2016** |

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E**xecutive Summary**

WestJet was founded in 1996 by Clive Beddoe In Calgary, Alberta with a team of like-minded partners, who believed that just because you pay less for your flight, doesn't mean you should get less. Armed with that philosophy, three aircraft, five destinations and 220 friendly WestJetters, they began the journey — a journey that would help them become a company of more than 9,700 passionate WestJetters flying one of the youngest fleets of Boeing 737 Next-Generation aircraft to more than 88 destinations across network.  WestJet began flying between Calgary, Edmonton, Kelowna, Abbotsford, and Winnipeg, and within two years, extended its network to Saskatoon, Regina, and Vancouver. By 1999, it was clear that the airline was here to stay and when it went public it instantly raised $25 million through its initial offering. The continued efforts toward responsible growth consider our impact to the environment, to the communities where we fly and to and the people we reach on a daily basis.

The entire corporate culture has been built around caring for their people, who in turn, take great care of guests. Their culture has made them earned numerous awards over our 20-year history. After claiming top spot in Waterstone's study of Canada's 10 Most Admired Corporate Cultures for four years in a row, WestJet was inducted into its Hall of Fame in 2010. In 2015, Waterstone again named them Canada's Most Admired Corporate Culture. From 2012 through 2015, WestJet was also named Canada's Most Attractive Employer by Randstad. In addition, Aon Hewitt named WestJet as one of the Best Employers in Canada in 2015. No matter how far the network reaches, their core is still driven by a key differentiator, their people, and the fact that they continue to provide a remarkable guest experience.

The current mission is to enrich the lives of everyone in WestJet's world by providing safe, friendly and affordable air travel. For 2025, WestJet will be one of the five most successful international airlines in the world, providing guests with a friendly and caring experience that will change air travel forever

# SWOT Analysis

*Strengths*

1. Low prices on their airfare for customers gives them competitive advantage over other airlines.

2. Strong brand image in Canada as offering a safe, customer focused and enjoyable air travel

4. After 19 years, they have manage to maintain a younger and fresher image of the company

5. The brand has a good reputation in the industry and a large presence in Canadian territory

6. Community investments programs where they support more than 10 different social and non-profit organizations.

7. Pet friendly.

*Weaknesses*

1. Although they have improved they still lack of many Trans-Continental flights.

2. Until now, they don’t provide first class seating which can be a factor for losing business class travelers and it’s not in their current plans. Currently the highest level they have is plus fare option.

3. Since 2014 they have been applying an extra $25.00 baggage fee, which is not well seen by customer as they could include it in the final price of each ticket.

*Opportunities*

1. Strategic alliances through code sharing and interline airline with American Airlines and Cathy Pacific will enable a strong network of operations and marketing

2. Teal-Silver-Gold plans for their customers to motivate them to enroll in their program and get more benefits

3. Since their partnership with RBC Bank, customers that enroll with the bank received up to $399 bonus to fly with them just by using the WestJet MasterCard by RBC.

4. Partnership with Qantas Australia for members of the airlines’ frequent flyer programs can earn their choice of WestJet dollars or Qantas points when travelling on flights of either airline.

5. Partnership with Bombardier will help them to expand their seat capacity.

*Threats*

1. Air Canada it’s the biggest competition for domestic’s flights
2. Jet lines airlines threat to take the name of  lowest airfare airline in Canada.
3. With increasing cost of fuel it will difficult to provide services at low fares and reduce the existing gap with Air Canada
4. Fluctuating economy reduces demand
5. As WestJet expands internationally, it has to face competition from experienced and well established airlines from all over the world.
6. Preserving the company culture over all the changes that they have been implementing for the growth of the company.

# Environmental Analysis

There are three factors for the external environment in WestJet Company

*The Canada GDP growth*: is an economic growth rate that measure economic growth from one period to another in percentage terms. This measure does not adjust for inflation; meaning it is expressed in nominal terms. GNP can also be used if a nation's economy is heavily dependent on foreign earnings. For 2016 Canadian economic growth is projected to accelerate from 1.3 per cent this year to 2.2 per cent in 2017 accordingly to Statistics Canada And Bank of Canada.

*Consumer confidence:* based on the Conference Board's survey of Canadian households measures consumers’ levels of optimism regarding current economic conditions. This is a crucial indicator of near-term sales for companies in the consumer products sector. By July 2016 The Conference Board of Canada’s Index of Consumer Confidence rose 4.9 points (2014 = 100). It was the fifth increase in six months.

*Stock market:*WestJet is publicly traded on the Toronto Stock Exchange (TSX) under the symbols WJA and WJA.A in 2016, shares have gained 1.46% and 12.82% year to date. It’s important to mention that WestJet stock has split three times. The first three-for-two split took place on May 10, 2000, on May 4, 2000. The second three-for-two split occurred on May 1, 2002, on April 25, 2002. The third three-for-two split occurred on May 5, 2004 as on April 28, 2004. All of them were approved by shareholders

Also, economic indicators like unemployment rate, real disposable income, consuming spending change, oil prices, competitive landscape and variation in the Canadian dollar are factors that can affect the environment and the stability of the company.

For the internal environment in WestJet Company, the biggest factor is the costs, which since 2009 WestJet has been doing an intense control costs program that it is based on be engaged with the  workforce, reducing CASM (Cost per Available Seat Mile) , paying attention to volatility of fuel  prices and to the internal  financial control system. The most important cost remains to be the oil prices due to the volatility of the prices, accounts for about 1/3 of costs making it most variable factor. All other costs have being held relatively flat according to the yearly document of the company.

# Marketing Objectives

Marketing goals of WestJet company are mentioned below which contains the objectives of production department, price department, promotion department and distribution (place) department (4p’s). WestJetter continuing to drive our success for the next 20 year.

* Goal to launch service to Nashville, Tennessee beginning in the first half of 2016.
* Plans to elaborate the transatlantic service to London, Gatwick in the spring of 2016.
* Expected that 767 services will be immediately accretive to earnings.
* Enrichment in Plus product will support ancillary revenue growth on a go forward basis.
* To complete that installations of our WestJet Connect system will be completed on the majority of our Boeing 737 & 767 fleet by the last quarter of 2016;
* Possibility of new installations and innovations will bring value to guests and shareholders.
* Plan to invent including an expanded Plus section across our fleet to better penetrate the business and premium leisure segments, continuing to reconfigure our fleet with larger aircraft to drive.
* Enhancement in airline partnerships to expand the  network  connectivity, and further improving our WestJet/RBC MasterCard program to include new companion benefits to Southern and European destinations
* WestJet’s return on invested capital target of 13 to 16 per cent contains certain forward-looking statements in last year. In other words, forward-looking statements are subject to numerous risks and uncertainties, some of which are beyond WestJet’s control.
* These forward-looking statements are based on the existing strategies, long-term strategic plan, fleet plan and our current forecast, but may vary due to factors including, but not limited to changes in fuel prices, changes in guest
* Demand, general economic conditions, competitive environment, ability to effectively implement and maintain critical systems, ability to successfully negotiate and effectively implement new partnering relationships, regulatory approvals and requirements.
* It is expected that system-wide capacity will rise to 6.5 percent and domestic capacity will be between 10 and 10.5 percent year over year.

# Marketing Strategies

TARGET MARKET

WestJet’s strategic plan is based on four pillars for long-term success:

• *People and Culture* – Investing in and fostering the growth, development and commitment of our people.

**•** Guest Experience - Consistently and continuously providing an amazing guest experience.

• Revenue and Growth **–** Achieving an average annual compound growth rate in available seat miles of between four and seven per cent.

• Costs – Achieving a targeted, sustainable profit margin that will be number one among North American airlines

**MARKETING MIX**

PRODUCT

Product means what a company offers to its consumers and makes profit through it. WestJet offers flights, travel services, and as a service which company provides, it has four elements as also known as 4 I`S OF SERVICE intangibility, inconsistency, inseparability and inventory.

* Offers a low cost alternative to driving so that anybody can reach to their destination
* Offers many direct flights, which gives relief to the passengers or consumers to travel more conveniently.
* Moreover, they use fleets of same aircraft.
* Limited flight destinations
* WestJet product mix provides the services with the aggregate of 383 flights daily and 66 destinations in Canada, USA, Caribbean and Mexico.

PRICE

Price means what a company applies a cost in a competitive market. On the other hand, price strategy may not clearly defined without the use of pricing objectives, levels and and specific approaches in price determination practice.

* Suitable for our target segment.
* Not available seat classification.
* Extra fees may charge for seat selection.

PLACE

Place is defined as where and how a company offer services and facilities to consumers**.**

* Various marketing channels
* Offers online ticket bookings
* Various agents who offers services like ticket booking, and so on.

PROMOTION

Promotion means advertisement of products and services in a competitive market to promote the services.

* Sponsorship of local festivals to increase the profit.
* No global alliance.
* Offers flight discounts to promote their services.
* Weak loyalty program.

# Marketing Implementation of WestJet

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Bob Cummings is the Executive Vice President of WestJet Airlines. He plays a big role in the organization, he is responsible of the numerous tasks in the organization such as the commercial, sales, marketing, communications, network planning and scheduling, revenue management, corporate development, airline partnerships, distribution, digital and WestJet Vacations.

Bob Cummings is an Edmonton native. He achieved his undergraduate degree in 1989 from the University of Victoria, followed by MBA from Queen’s University in 1992. He worked for more than eight years in the wireless industry in Canada also a one-year experience in Romania launching country’s first mobile service.

He joined WestJet back in March 2005 as the Vice President of the Marketing team. His team created the most successful brand communications platform in WestJet history called “Owners Advertising Campaign”. Just like that, he became an Executive Vice President back in August 2006.

In 2008, Bob Cummings was named Canada’s top marketing executive by the Canadian Business magazine. According to the former CEO of WestJet, Sean Durfy “Bob is my pride and joy; he truly is the brains behind the marketing of this company,”. Cummings was the driving force behind the hugely successful Owners campaign (“Why do WestJett care so much? Because we’re also WestJet owners.”). Just five years after, Bob was named as one of the top six marketing executives in the airline industry by the Blue Sky organization.

## Implementation Timetable

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| **Q1 (2015)** | * Complete plane renovations * Assemble trained staff |
| **Q2** | * Introduce bundling of services for 1st class passengers (Flex) * Introduce unbundling of services for lower class passengers (Econ) * Directly market the products to its segmented target |
| **Q3** | * Predicted entry of competitors, Jet Naked, Jetlines into the market * Monitor progress * Make small adjustments if needed * If initial success is less than favorable, implement Contingency Plan |
| **Q4** | * Initiate incentive-based, online research surveys, and analyze results * Report initial findings and prepare proper strategy for needed alterations based on results of survey * Maintain aircraft and staff capacity |
| **Q1 (2016)** | * Implement improved alterations * Market improved products to respective target markets |
| **Q2** | * Continue to monitor progress * Add additional unbundled services if needed * Deepen product offering options |
| **Q3** | * Continue to monitor progress * Gather product effectiveness input from staff and employees * Re-evaluate product offering: Does it live up to the WestJet brand promise? |
| **Q4** | * Complete final progress report on effectiveness of new pricing structure * Tally its impact on the company’s overall revenue, profits, and brand * Determine the following year’s advance for the product |

## Marketing Activities and Responsibilities

The marketing department of WestJet is responsible for

* *The strategy* – The senior member of the marketing department takes responsibility for setting marketing strategy in line with overall company strategy and objectives
* *The Market research* – Research helps WestJet to identify market opportunities in order for them to gain a better understanding of customer needs. It also helps them to understand competitor’s (other airline companies) strengths and weaknesses so they can take action to protect business with existing customers or win business from weaker competitors.
* *The Product development* – The marketing department works with Internal or external product development teams to develop new products or improve existing ones. The department analyzes sales of existing products and identifies gaps in the product range where there may be opportunities for the company. Marketing employees provide development teams with information on customer needs and preferences to help them identify the features or improvements to incorporate in new products
* *The Communications* – Marketing departments plan campaigns and develop communications material to promote products and services to customers and prospects.
* *The Sales support*– Cooperation between the sales and marketing departments can improve sales performance and speed up business growth.
* *The Events*– They plan the logistics of the event, booking exhibition booths or meeting facilities, for example, and provide event material, such as displays, presentations or handouts. They also promote external events to customers and prospects to ensure successful attendance.

**MARKETING ACTIVITIES**

One of their most successful activities happens every year, their Christmas Miracle where they gave away 12,000 mini- miracle to people during the Christmas season.

# EVALUATION AND CONTROLS

Our Company produced strong financial results with net earnings of $148.7 million and diluted earnings per share of $1.06 in 2015. This situation marked our seventh consecutive year of reported profitability and the 15th time we have reported an annual profit in our 16-year history. During 2015, we broke the $3 billion revenue mark for the first time, ending the year with $3,071.5 million, a 17.8 per cent increase over 2015. In 2015, we returned approximately $110 million to our shareholders through our dividend and share buy-back programs Presented in thousands of Canadian dollars, except per share amounts The recent economic downturn has served to demonstrate the vulnerability of our global economy and in particular, the tenuous financial thread by which a considerable number of airlines around the world operate. In Canada, there continues to be an uneven playing field that serves to give Canadian operators a disadvantage. This has resulted in a considerable incline in the number of Canadian passengers who cross the Canada/U.S. border to travel from the U.S. to their destination. This will continue to have a detrimental impact not only on Canadian airlines, but on the economy as a whole through the loss of jobs as passengers take their business out of the country. Our company continue to call on and work with the federal government to remove these impediments to competition so that Canadians have a competitive choice and Canadian airlines can continue to thrive.

The company accepted statistic for on-time arrival of flights is called A15, measured as the percentage of flights that arrived within 15 minutes of their scheduled arrival time. While Canadian carriers are not required to report on-time performance measures, WestJet believes it is important to show our guests how we're doing in our business and the efforts we putting in our business to satisfy the customers. The duration or time of a flight is measured from the moment the parking brake is disengaged at the departure gate to the moment it is engaged at the destination gate.

WestJet reports both scheduled and system A15 results. The scheduled metric is based on our standard range of flight numbers flown in the period and is generally used for industry comparison. The control system makes up all flights flown in the period including scheduled and unscheduled flights (rescue flights, charters, etc.).

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