

## WESTJET: A NEW SOCIAL MEDIA STRATEGY

*Faizal Jiwani, Sarah Hardy, and Peter Tong wrote this case under the supervision of Professor Derrick Neufeld solely to provide material for class discussion. The authors do not intend to illustrate either effective or ineffective handling of a managerial situation. The authors may have disguised certain names and other identifying information to protect confidentiality.*

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As the 2016 budget planning cycle for WestJet Airlines Ltd. (WestJet) was finishing up in October 2015, Richard Bartrem, vice-president of marketing and communications, met with Greg Hounslow, manager of social media, to discuss the growth and evolution of WestJet's social media presence. As Canada's second largest airline, WestJet had already achieved immense success with social media and had ambitions to expand its social media presence. However, it became clear through the budgeting cycle that the department's budget for 2016 was going to remain flat. This posed a challenge for Bartrem and Hounslow as they were in the process of evaluating the launch of two new social media platforms in 2016: Snapchat and Pinterest. However, without the increased budget needed to support the platforms, they needed to make a decision. Which platform, if any, should they focus on in 2016?

### CANADIAN AIRLINE INDUSTRY

Historically, success in the Canadian airline industry had been difficult to achieve given the capital, infrastructure, and labour required to start, grow, and sustain the business. Further, with revenue generation being highly sensitive to the economic and competitive environment, the likelihood of profitability and success was low. This was evident in the long list of airlines that had ceased operations over the years, including Jetsgo, Zoom, Harmony, and Canada 3000. In the midst of these failures, two Canadian national airlines remained operationally successful: Air Canada and WestJet. While Air Canada had experienced its share of challenges over the years, including bankruptcy protection in 2003, it had overcome these obstacles and continued to operate. The two airlines, Air Canada and WestJet, accounted for over 90 per cent of the domestic scheduled capacity (see Exhibit 1). The remainder was made up of smaller, predominantly regional carriers such as Porter Airlines.

Despite historic challenges, air travel, a global industry that was critical in connecting people for both leisure and business purposes, supported economic growth in domestic and global economies. According to a report by the Conference Board of Canada and SNC Lavalin's Airports and Aviation Group, "Canada's air transport sector has an economic footprint of nearly CA\$35 billion<sup>1</sup> and supports some 140,000 direct jobs."<sup>2</sup>

<sup>1</sup> All currency amounts are in Canadian dollars unless otherwise specified. US\$1 = CA\$1.40 as of January 4, 2016.

<sup>2</sup> Daniel-Robert Gooch, "Trade Tracks Air Travel," *Financial Post*, April 16, 2014, accessed January 27, 2016, <http://business.financialpost.com/fp-comment/trade-tracks-air-travel>.

In 2014, Air Canada and WestJet carried more than 58 million passengers and generated a combined revenue of \$17.2 billion. This represented a year-over-year increase of 7.2 per cent and 7.5 per cent, respectively. Most importantly, both airlines generated record earnings in 2014 (see Exhibit 2). These results for Canada's two largest airlines were great news for others in the industry, including airports and aircraft manufacturers. For example, Toronto's Lester B. Pearson International Airport saw year-over-year passenger volume increase by 6.8 per cent in 2014 to over 38.5 million passengers.<sup>3</sup> Similarly, Vancouver International Airport and Calgary International Airport saw passenger volume increases of 7.7 per cent (to 19.4 million)<sup>4</sup> and 6.6 per cent (to 15.3 million).<sup>5</sup> Aircraft manufacturers also benefitted given increasing aircraft order commitments by both Air Canada and WestJet, based on the success and opportunity the airlines were enjoying (see Exhibit 3).

With the industry's success, the possibilities of new competitive entrants looking to start-up in the Canadian market had intensified. Airlines such as Canada Jetlines, Jet Naked, and New Leaf Airlines began to seek funding to start operations and compete against the two established carriers. Funding would go to aircraft acquisition and staffing, as well as the underlying infrastructure and information technology (IT) systems investments (e.g., to support complex, essential processes such as selling seats to the public, managing reservations information and data, scheduling staff, dispatching and planning flight operations, and many other operational facets).

However, all of the success in 2014 and the start-up potential for new airlines may have been short-lived as the Canadian economy started to show signs of weakness in the first half of 2015. Low crude oil prices and a weakened Canadian dollar were starting to impact the overall economy, particular in Alberta where WestJet was based. While lower jet fuel price helped both airlines, the overall reduction in travel due to the economy started to impact the profitability for both Air Canada and WestJet. Pricing and unit revenue performance for both were deteriorating (see Exhibit 4) and both were facing some strong headwinds. The result was a renewed focus on lowering the cost structure and gaining efficiencies; otherwise, the two airlines risked joining the list of failed airlines.

## WESTJET BACKGROUND

In 1996, Clive Beddoe and three other partners founded WestJet after Beddoe became frustrated at the exorbitant cost and poor level of service he received when he travelled between Calgary and Vancouver for business. The founders decided to model WestJet after a well-known, highly successful low-cost airline in the United States, Southwest Airlines. In addition to creating a low-cost structure like Southwest, a foundational element of WestJet's business model, and perhaps its biggest competitive differentiator, was its focus on a unique culture of care. The company referred to its passengers as "Guests" and to fellow employees as "WestJetters." WestJet's compensation philosophy and specifically its employee share purchase program (ESPP) enabled WestJetters to contribute up to 20 per cent of their salary to buy WestJet shares, with the company matching contributions at 100 per cent. Further, WestJet established a profit sharing program whereby, twice a year, a percentage of profits was shared by all WestJetters. These programs fuelled the culture of care and fostered a sense of pride and ownership as all WestJetters developed a vested interest in the success and profitability of the company.

<sup>3</sup> Toronto Pearson, "Toronto Pearson (Enplaned + Deplaned) Passenger," Passenger Traffic, December 7, 2015, accessed January 27, 2016, [www.torontopearson.com/uploadedFiles/GTAA/Content/About\\_GTAA/Statistics/PassengerTraffic\\_102015.pdf](http://www.torontopearson.com/uploadedFiles/GTAA/Content/About_GTAA/Statistics/PassengerTraffic_102015.pdf).

<sup>4</sup> YVR, "YVR Passengers (Enplaned + Deplaned) 1992-Present," accessed January 27, 2016, [www.yvr.ca/Libraries/Aviation\\_Marketing/1992-present\\_YVR\\_Enplaned\\_Deplaned\\_Passengers\\_November\\_2015.sflb.ashx](http://www.yvr.ca/Libraries/Aviation_Marketing/1992-present_YVR_Enplaned_Deplaned_Passengers_November_2015.sflb.ashx).

<sup>5</sup> YYC Calgary Airport Authority, "Calgary International Airport Local E&D Passenger Statistics," Passenger Statistics, accessed January 27, 2016, [www.yyc.com/en-us/media/factsfigures/passengerstatistics.aspx](http://www.yyc.com/en-us/media/factsfigures/passengerstatistics.aspx).

WestJet's low-cost structure enabled the airline to offer lower fares relative to its competitors. It was estimated that WestJet's cost advantage was at least 30 per cent better than Air Canada and Canadian Airlines.<sup>6</sup> WestJet was able to achieve its cost advantage by operating only a single fleet type, which allowed for efficiencies in training, maintenance, parts, and tooling. The airline also prided itself on having quick aircraft turns, which increased its aircraft utilization. WestJet offered only one class of service (economy), and a paperless ticketing system. Unlike most existing carriers, the company also allowed one-way fares without ticket restrictions, such as Saturday night layovers, providing consumers with greater flexibility. The result was lower fares and higher profitability.

From 1996 to 2016, WestJet had grown from operating three aircraft across five Canadian cities with 220 employees, to operating 139 aircraft across 100 destinations (in North America, Central America, the Caribbean, and Europe) with more than 10,000 employees. Since inception, WestJet had generated a profit in every year of operations with the exception of 2004 (see Exhibit 5). Annual revenue in recent years was approximately \$4 billion, thanks in part to initiatives such as the introduction of subsidiaries (vacations, regional travel), global partnerships, a rewards program, charging baggage fees for checked baggage, and the introduction of Plus seating to attract more business guests. WestJet also acquired four Boeing 767-300ER wide-body aircraft in order to open up overseas expansion opportunities.

## LOOKING AHEAD

Despite all the initiatives implemented over the years to grow revenue, as the economic reality of weakening demand started to set in for 2015, WestJet faced some serious revenue challenges. One of WestJet's advantages, its low cost structure versus its key competitor Air Canada, had been deteriorating over time. Gregg Saretsky, WestJet's president and chief executive officer, estimated in late 2012 that this cost advantage had shrunk from over 30 per cent, to only 10–15 per cent.<sup>7</sup> WestJet's controllable unit cost structure, as measured by cost per available seat mile (CASM), excluding fuel and profit share, had been trending upwards (see Exhibit 6). As a result, there was a renewed focus on cutting costs and becoming more efficient in the face of revenue uncertainty.

WestJet's ability to leverage IT would be a critical factor in gaining efficiencies in the airline operations supporting the company's renewed focus on low cost. The airline had successfully adapted technology by allowing its guests to perform more functions on their own (i.e., self-serve) versus contacting a WestJetter, and by sending automated notifications to guests about their upcoming flight. WestJet had also expanded its telecommunications platform to allow contact centre agents to work from home, thus allowing personnel to avoid bad weather, reduce absenteeism, and adopt more desirable work schedules, while enabling the company to free office space for future growth and to access an expanded language labour pool.<sup>8</sup> A third area in which WestJet had been able to leverage technology was in improving the guest experience through social media platforms.

## SUCCESS OF SOCIAL MEDIA AT WESTJET

In 2008, given the ownership culture at WestJet, one WestJetter decided to create a WestJet Twitter account on personal time to communicate seat sales to followers (see Exhibit 7). In the fall of 2009,

<sup>6</sup> Scott Deveau, "WestJet Looking to Cut Costs as 'Cushion' over Air Canada Shrinks," *Financial Post*, December 6, 2012, accessed January 27, 2016, <http://business.financialpost.com/news/transportation/westjet-looking-to-cut-costs-as-cushion-over-air-canada-shrinks>.

<sup>7</sup> Ibid.

<sup>8</sup> WestJet, "2014 Annual Information Form March 18, 2015," 15, November 5, 2013, accessed January 27, 2016, [www.westjet.com/pdf/investorMedia/financialReports/WestJet2014AIF.pdf](http://www.westjet.com/pdf/investorMedia/financialReports/WestJet2014AIF.pdf).

WestJet officially took over the Twitter account and hired its first full time WestJetter dedicated to social media, Hounslow, to manage both Twitter and Facebook. The timing was fortuitous; in November 2009, WestJet's planned cutover to a new core IT reservation system, called Sabre, did not go as planned and created significant customer relations issues (e.g., guests were forced to wait on hold for hours to speak with a WestJetter). Social media provided a channel for guests to reach WestJet in real-time to have critical issues resolved. This social media presence also conveyed a sense that WestJet was doing everything it could to take care of its guests. Since then the company fully embraced social media as a means to connect, communicate, and maximize reach. WestJet continued to grow its social media presence and by 2015 participated in seven social media platforms: Twitter, Facebook, YouTube, Instagram, WestJet Blog, LinkedIn, and Periscope (see Exhibit 8).

As social media evolved and grew, WestJet developed and formalized its social media strategy around three pillars: customer service, revenue support, and brand engagement.

**Customer service** focused around addressing guest questions, comments, and issues, and on minimizing average response time to inbound messages. WestJet was committed to demonstrating to guests the company's caring culture and to interacting with guests in whatever manner they were most comfortable.

**Revenue support** leveraged social media as a channel to sell seats. WestJet had significant success in this area. One example of this was WestJet's Kargo Kids April Fool's video from 2012, which was promoted through multiple social platforms. Not only did the video generate over 1.2 million views, but through links and promotion code tracking, WestJet directly attributed over \$1 million in sales to watchers.

**Brand engagement** referred to building and extending awareness of WestJet and its brand of a caring and fun culture. A great example of how WestJet created engagement was through its 2013 Christmas Miracle video, which by 2015 had been viewed over 44 million times across 234 countries and made more than one billion Twitter impressions (see Exhibit 9).

By engaging with social media platforms since 2008, WestJet created a significant number of "followers," "likes," and "subscribers" reaching different demographics of guests (see Exhibit 10), and was among the top airlines globally for social media reach. The scale of WestJet's social media could be leveraged to compete more effectively against both existing airlines and new entrants. Further, at a time when revenue and the demand environment were weakening, having these platforms to communicate to guests not only supported short-term results but potentially built long-term loyalty to WestJet.

As such, it seemed important that WestJet stay active with its existing social platforms while continuing to evaluate and adopt new platforms. Further, understanding how these platforms potentially allowed WestJet to reach new guests, or extend its reach into existing guest demographics, seemed relevant to the company's short-term revenue needs as well as its long-term growth ambitions. Two newer and increasingly popular social media under consideration were Snapchat and Pinterest.

## SNAPCHAT

Snapchat had quickly risen to be a significant platform in social media since its original release in 2011, so much so that Facebook made an acquisition offer of \$3 billion (cash) in November 2013.<sup>9</sup> In November 2015, Snapchat confirmed that "users of the ephemeral messaging app were now watching six billion

<sup>9</sup> Vijay Pandurangan, "The Key to Snapchat's Profitability: It's Dirt Cheap to Run," *Wired*, January 29, 2014, accessed January 27, 2016, [www.wired.com/2014/01/secret-snapchats-monetization-success-will-surprise/](http://www.wired.com/2014/01/secret-snapchats-monetization-success-will-surprise/).

videos every day.”<sup>10</sup> This was up from the September 2015 report of four billion views, which was up from the May 2015 report of two billion views. Snapchat was reported to have 100 million daily active users<sup>11</sup> involving 18 per cent of all social media users in the United States.<sup>12</sup> Snapchat was rated the third most popular social app among the 18 to 34-year-old demographic, following Facebook and Instagram, but ahead of Twitter.<sup>13</sup> A further review of Snapchat demographics revealed the heaviest users were millennials, with those in the 18–24-year-old demographic accounting for 45 per cent of views, followed by those in the 25–34-year-old group responsible for 26 per cent of views (see Exhibit 11). The gender breakdown of Snapchat users was 70 percent female and 30 percent male.<sup>14</sup>

Only a few companies (e.g., McDonalds, Starbucks, Audi, Heineken, General Electric, and CNN) had expanded their social media strategies to encompass Snapchat despite its massive popularity. Therefore, commercial adoption was still relatively low. As of November 2015, only four airlines had pursued Snapchat—Aer Lingus in 2014, Air New Zealand, Wow Air, and Virgin America in October 2015.<sup>15</sup> Companies were using the short video formats or “Snapchat Stories” primarily to share exclusive or behind the scenes content. For example, Wow Air used Snapchat almost daily to provide customers with unique behind the scenes views through the eyes of flight attendants, ground crew, or travellers. Other companies like Cover Girl used the platform to direct Snap chatters towards the content they had built on their website.<sup>16</sup>

## PINTEREST

Evan Sharp, co-founder of Pinterest, defined the social media network as “a place where people can go to get ideas for any project or interest in their life. And as you encounter great ideas and discover new things that you didn’t even know were out there, you can pin them and make them part of your life through our system of boards . . . Pinterest is about connecting you with people who manifest one thing you want your life to be like.”<sup>17</sup>

Launched in 2010, Pinterest had acquired more than 30 percent of U.S. social media users by 2015;<sup>18</sup> 17 per cent of users visited the website daily, for an average time spent on the website of 14.2 minutes per visit.<sup>19</sup> By June 2015, active Pinterest users surpassed 100 million,<sup>20</sup> and the company was valued at \$11

<sup>10</sup> Lucas Matney, “Snapchat Reaches 6 Billion Daily Videos Views, Tripling from 2 Billion in May,” TechCrunch, November 9, 2015, accessed January 27, 2016, <http://techcrunch.com/2015/11/09/snapchat-reaches-6-billion-daily-videos-views-tripling-from-2-billion-in-may/>.

<sup>11</sup> Kate Talbot, “5 Ways to Use Snapchat for Business,” *Social Media Examiner*, July 28, 2015, accessed January 27, 2016, [www.socialmediaexaminer.com/5-ways-to-use-snapchat-for-business/](http://www.socialmediaexaminer.com/5-ways-to-use-snapchat-for-business/).

<sup>12</sup> Craig Smith, “By the Numbers: 70 Amazing Snapchat Statistics,” DMR Digital Stats/Gadgets, March 3, 2016, accessed January 27, 2016, <http://expandedramblings.com/index.php/snapchat-statistics/>.

<sup>13</sup> Jeff Beer, “How 12 Brands Used Snapchat,” Co.Create, August 12, 2014, accessed January 27, 2016, [www.fastcocrete.com/3033793/how-12-brands-used-snapchat/](http://www.fastcocrete.com/3033793/how-12-brands-used-snapchat/).

<sup>14</sup> Evan Spiegel, “Snapchat by the Numbers: Stats, Demographics & Fun Facts,” Company Info (blog), October 7, 2015, accessed January 27, 2016, [www.omnicoreagency.com/snapchat-statistics/](http://www.omnicoreagency.com/snapchat-statistics/).

<sup>15</sup> Cynthia Drescher, “Get an Inside Look at Airlines on Snapchat,” Conde Nast Traveler, November 7, 2015, accessed January 27, 2016, [www.cntraveler.com/stories/2015-11-06/get-an-inside-look-at-airlines-on-snapchat/](http://www.cntraveler.com/stories/2015-11-06/get-an-inside-look-at-airlines-on-snapchat/).

<sup>16</sup> Lucy Hitz, “10 Brands to Watch on Snapchat Right Now,” Simply Measured, July 31, 2015, accessed January 27, 2016, <http://simplymeasured.com/blog/10-brands-to-watch-on-snapchat-right-now/#sm.105jap2i8kcnccttg11guqnuxw1>.

<sup>17</sup> Alexis Madrigal, “What Is Pinterest? A Database of Intentions,” The Atlantic, July 31, 2014, accessed January 27, 2016, [www.theatlantic.com/technology/archive/2014/07/what-is-pinterest-a-database-of-intentions/375365/](http://www.theatlantic.com/technology/archive/2014/07/what-is-pinterest-a-database-of-intentions/375365/).

<sup>18</sup> Craig Smith, “By the Numbers: 270 Amazing Pinterest Statistics,” DMR Digital Stats/Gadgets, March 9, 2016, accessed January 27, 2016, <http://expandedramblings.com/index.php/pinterest-stats/>.

<sup>19</sup> Ibid.

<sup>20</sup> Erin Griffith, “Pinterest Hits 100 Million Users,” *Fortune*, September 17, 2015, accessed January 27, 2016, <http://fortune.com/2015/09/17/pinterest-hits-100-million-users/>.

billion.<sup>21</sup> The demographic makeup of Pinterest users was fairly distributed with 26 per cent of users falling in the 25–34-year-old group followed by 21 per cent in the 35–44-year-old group (see Exhibit 11). Females made up 85 per cent of the users,<sup>22</sup> and 45 per cent of users were outside the United States.<sup>23</sup>

Pinterest had been used successfully by many companies such as Target, Nordstrom, Jetsetter, Four Seasons Hotels and Resorts, and Sony. These companies provided content for users with ideas on fashion, recipes, planning the next vacation, home projects, new products, and much more. Nordstrom had attracted over four million followers: “With 64 boards—covering DIY, fashion, designer products, and decorating—they offer users plenty of rich, dynamic images, linking to countless [numbers] of items.”<sup>24</sup> Four Seasons Hotels and Resorts also successfully used the online service:

Pins connect users to hotels all over the world through visually appealing photos of pools, oceans, decadent rooms and lush gardens. They also include pictures of delicious gourmet meals. It attracts the pinner to the hotel, saving it for future vacation ideas. The Four Seasons reports a 1,000 per cent increase in daily visitors to its sites and a 1,700 per cent increase in clicks from Pinterest.<sup>25</sup>

A long list of airlines, such as Southwest, Air New Zealand, British Airways, American, and Virgin America, had adopted Pinterest. Southwest had 20 boards on Pinterest with varying information including travel tips, destinations, and its annual report.

## CONTINUED EVOLUTION AND GROWTH

Bartrem and Hounslow continued their discussion about which platform would best fit WestJet’s social media strategy and would support WestJet in both the short term and long term. They were excited at the prospects of continuing to grow and reach even more guests through social media, and were convinced that social media could provide a distinctive competitive advantage through this challenging time. Having been long time WestJetters, both were optimistic that the company’s culture of ownership and care would come together and bring success. But they were also wary of the serious challenges at hand. Given the softening revenue, the demand environment, and the renewed internal focus on cost reduction, a concurrent launch of both platforms was not possible; in fact, they would be lucky to add just one new medium in 2016. Which one should they bet on? How would it be supported? How exactly would it be utilized? They needed to get creative.

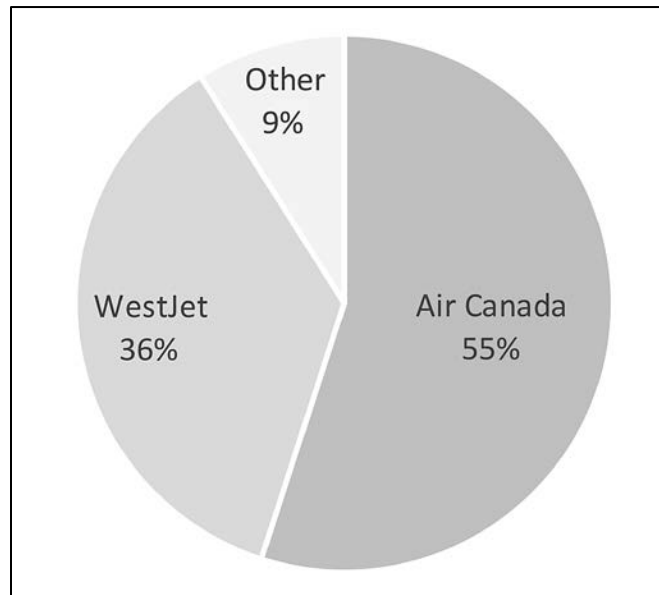
<sup>21</sup> Jessica Guynn, “Pinterest to Launch ‘Buy’ Buttons,” *USA Today*, June 2, 2015, accessed January 27, 2016, [www.usatoday.com/story/tech/2015/06/02/pinterest-buy-button-buyable-pins/28359997](http://www.usatoday.com/story/tech/2015/06/02/pinterest-buy-button-buyable-pins/28359997).

<sup>22</sup> Smith, op. cit.

<sup>23</sup> Ibid.

<sup>24</sup> Asher Elran, “6 Businesses That are Using Pinterest to Their Advantage,” LinkedIn, October 14, 2015, accessed January 27, 2016, [www.linkedin.com/pulse/6-businesses-using-pinterest-advantage-asher-elran](http://www.linkedin.com/pulse/6-businesses-using-pinterest-advantage-asher-elran).

<sup>25</sup> “5 Brands Are Using Pinterest,” Vizified (blog), November 2015, accessed January 27, 2016, [www.vizified.com/uncategorized/brands-are-using-pinterest-for-business-success/](http://www.vizified.com/uncategorized/brands-are-using-pinterest-for-business-success/).

**EXHIBIT 1: ESTIMATED DOMESTIC SCHEDULED CAPACITY MARKET SHARE**

Source: "OAG data based on ASMs during the period from January 1, 2014 to December 31, 2014; represents the estimated share of the overall domestic scheduled capacity of Air Canada and its Contracted Carriers. The estimated share of the overall domestic scheduled capacity of the other carriers presented also includes the domestic scheduled capacity of their respective affiliated or contracted regional carrier(s), when applicable." Air Canada, "2014 Annual Information Form," March 31, 2015, p. 22, accessed March 21, 2016, [www.aircanada.com/en/about/investor/documents/2015\\_aif.pdf](http://www.aircanada.com/en/about/investor/documents/2015_aif.pdf).

**EXHIBIT 2: AIR CANADA AND WESTJET 2014 PERFORMANCE**

<b>Financial Summary (\$ in thousands, except per unit data)</b>	<b>WestJet</b>	<b>Air Canada</b>
Revenue	\$ 3,976,552	\$ 13,272,000
Earnings before income taxes	\$ 390,307	\$ 105,000
Net earnings	\$ 283,975	\$ 105,000
Adjusted net earnings	\$ 317,188	\$ 531,000
Load Factor	81.4%	83.4%
Yield	19.09	18.90
RASM (cents)	15.54	18.00
CASM (cents)	13.68	16.90
CASM, excluding fuel, employee profit share (cents)	9.15	9.15
Segment Guests	19,651,977	38,526,000
Number of employees at period end	8,698	24,400
Fleet size at period end	122	364

Sources: Air Canada, "2014 Annual Information Form," March 31, 2015, accessed March 21, 2016, [www.aircanada.com/en/about/investor/documents/2015\\_aif.pdf](http://www.aircanada.com/en/about/investor/documents/2015_aif.pdf); WestJet, "Annual Report 2014," March 18, 2015, accessed March 21, 2016, [www.westjet.com/pdf/investorMedia/financialReports/WestJet2014AR.pdf](http://www.westjet.com/pdf/investorMedia/financialReports/WestJet2014AR.pdf).

## EXHIBIT 3A: AIR CANADA FLEET PLAN

	ACTUAL	PLANNED		
	2014	2015	2016	2017
<b>MAINLINE</b>				
<b>WIDE-BODY AIRCRAFT</b>				
Boeing 787-8	6	8	8	8
Boeing 787-9	-	3	13	22
Boeing 777-300ER	17	17	19	19
Boeing 777-200LR	6	6	6	6
Boeing 767-300ER	21	17	15	10
Airbus A330-300	8	8	8	8
<b>NARROW-BODY AIRCRAFT</b>				
Boeing 737 MAX	-	-	-	2
Airbus A321	10	13	14	14
Airbus A320	41	43	43	43
Airbus A319	18	18	18	18
Embraer 190	45	32	25	25
<b>TOTAL MAINLINE</b>	<b>172</b>	<b>165</b>	<b>169</b>	<b>175</b>
<b>AIR CANADA ROUGE</b>				
<b>WIDE-BODY AIRCRAFT</b>				
Boeing 767-300ER	8	14	18	25
<b>NARROW-BODY AIRCRAFT</b>				
Airbus A321	-	2	5	5
Airbus A319	20	20	20	20
<b>TOTAL AIR CANADA ROUGE</b>	<b>28</b>	<b>36</b>	<b>43</b>	<b>50</b>
<b>TOTAL WIDE-BODY AIRCRAFT</b>	66	73	87	98
<b>TOTAL NARROW-BODY AIRCRAFT</b>	134	128	125	127
<b>TOTAL MAINLINE AND AIR CANADA ROUGE</b>	200	201	212	225

Source: Air Canada, "Annual Report 2014," accessed March 21, 2016, [www.aircanada.com/en/about/investor/documents/2014\\_ar.pdf](http://www.aircanada.com/en/about/investor/documents/2014_ar.pdf).

## EXHIBIT 3B: WESTJET FLEET PLAN

	ACTUAL	Future Deliveries						TOTAL
	2014	2015	2016	2017	2018-20	2021-23	2024-27	2027
<b>BOEING</b>								
737-600 NG	13	-	-	-	-	-	-	13
737-700 NG	64	-	-	-	-	-	-	64
737-800 NG	30	12	5	1	-	-	-	48
737 MAX 7	-	-	-	-	6	4	15	25
737 MAX 8	-	-	-	4	19	11	6	40
767-300 ERW	-	2	2	-	-	-	-	4
Disposals	-	(5)	-	-	-	-	-	(5)
Lease expiries	-	(5)	(6)	(6)	(21)	(10)	-	(48)
<b>TOTAL BOEING AIRCRAFT AFTER LEASE EXPIRIES</b>	<b>107</b>	<b>4</b>	<b>1</b>	<b>-1</b>	<b>4</b>	<b>5</b>	<b>21</b>	<b>141</b>
<b>BOMBARDIER</b>								
Q400 NextGen	15	10	5	-	-	-	-	30
<b>TOTAL FLEET AFTER LEASE EXPIRIES</b>	<b>122</b>	<b>14</b>	<b>6</b>	<b>(1)</b>	<b>4</b>	<b>5</b>	<b>21</b>	<b>171</b>

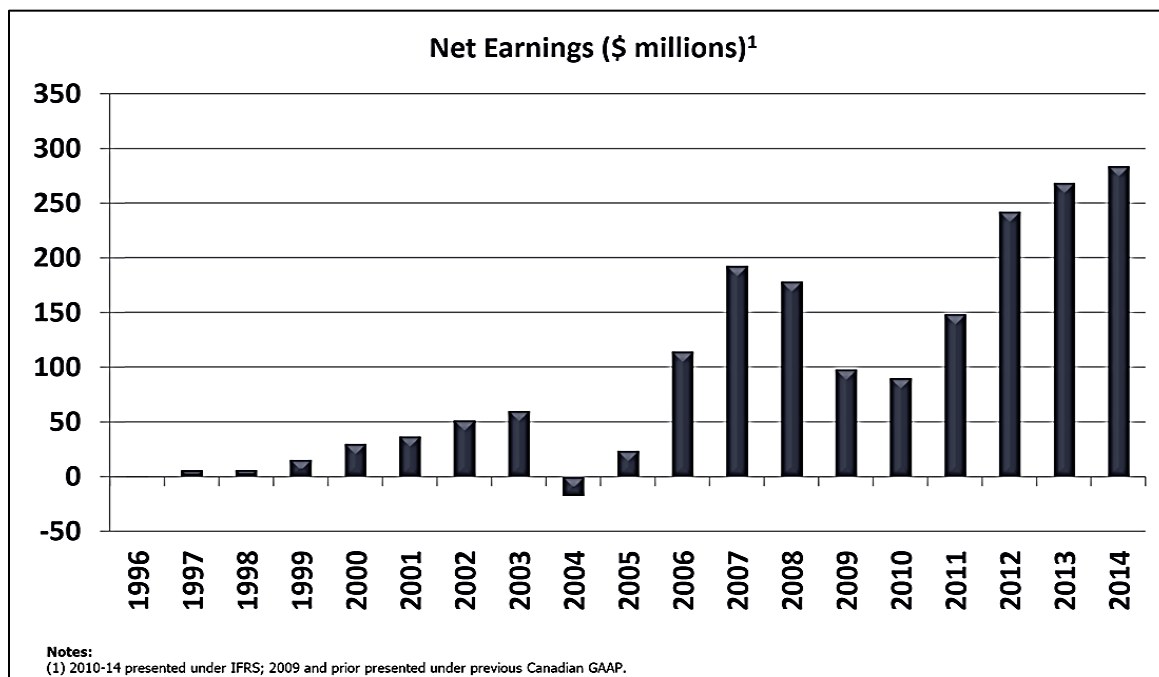
Source: WestJet, "Annual Report 2014," accessed March 21, 2016, [www.westjet.com/pdf/investorMedia/financialReports/WestJet2014AR.pdf](http://www.westjet.com/pdf/investorMedia/financialReports/WestJet2014AR.pdf).



**EXHIBIT 4: AIR CANADA AND WESTJET Q3 2015 REVENUE PERFORMANCE**

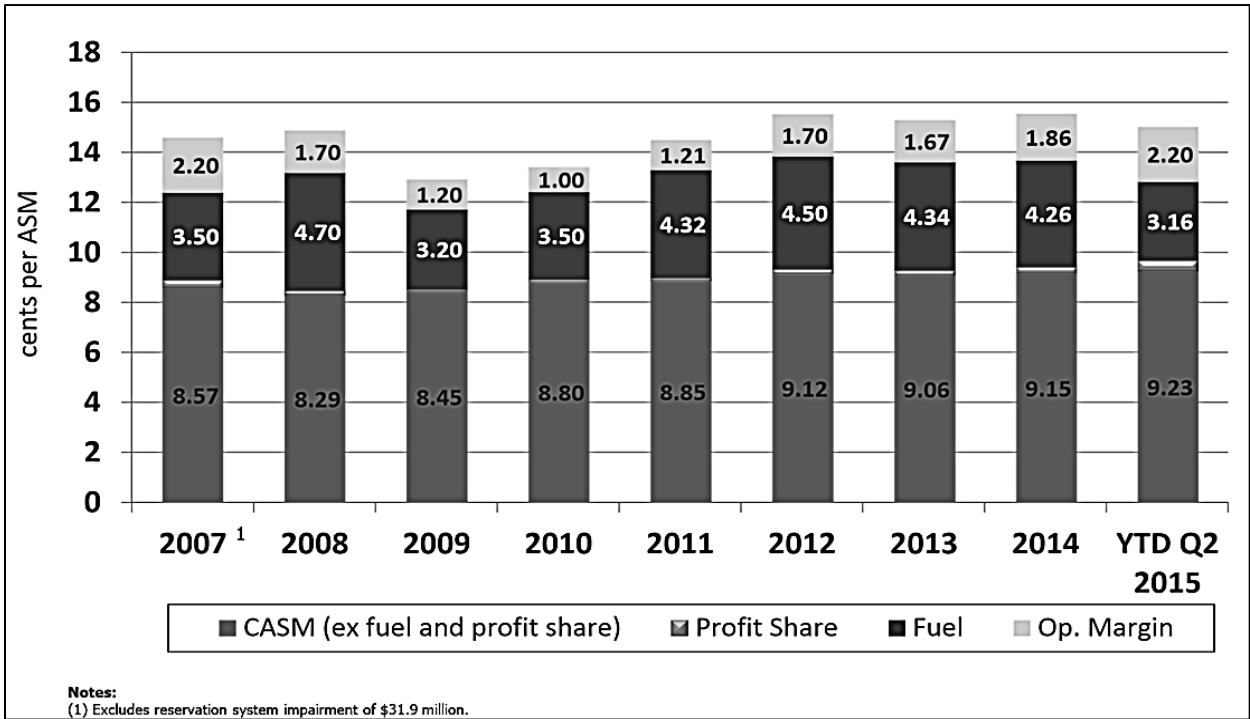
	WestJet			Air Canada		
	2015	2014	% change	2015	2014	% change
Load Factor	78.4%	79.7%	-1.6%	83.5%	83.4%	0.1%
Passenger Revenue per RPM (Yield)	18.7	19.1	-1.9%	18.0	18.9	-4.8%
Passenger Revenue per ASM (cents)	n/a	n/a	n/a	15.1	15.8	-4.4%
Operating Revenue ASM (RASM) (cents)	14.7	15.6	-5.8%	17.1	18.0	-5.0%

Source: WestJet, "Management's Discussion and Analysis," February 1, 2016, accessed March 21, 2016, [www.westjet.com/pdf/investorMedia/financialReports/WestJet2014Q4-MDA.pdf](http://www.westjet.com/pdf/investorMedia/financialReports/WestJet2014Q4-MDA.pdf); Air Canada, "2015 Management Discussions and Analysis," February 17, 2016, accessed March 21, 2016, [www.aircanada.com/en/about/investor/documents/2015\\_MDA\\_q4.pdf](http://www.aircanada.com/en/about/investor/documents/2015_MDA_q4.pdf).

**EXHIBIT 5: WESTJET TRACK RECORD OF PROFITABILITY SINCE INCEPTION**

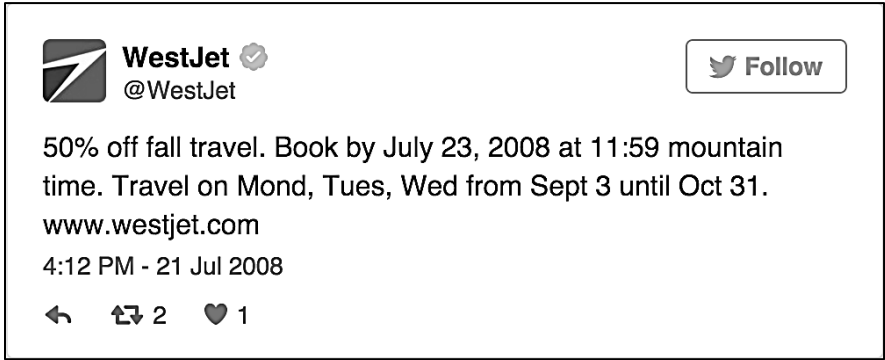
Source: WestJet, "Cowen and Company Global Transportation Conference," presentation, 4, September 9, 2015, accessed March 21, 2016, [www.westjet.com/pdf/investorMedia/WJA%20Presentation%20Cowen%20Sep%2020150909.pdf](http://www.westjet.com/pdf/investorMedia/WJA%20Presentation%20Cowen%20Sep%2020150909.pdf).

EXHIBIT 6: WESTJET UNIT COST STRUCTURE, CASM-EX FUEL, ON THE RISE



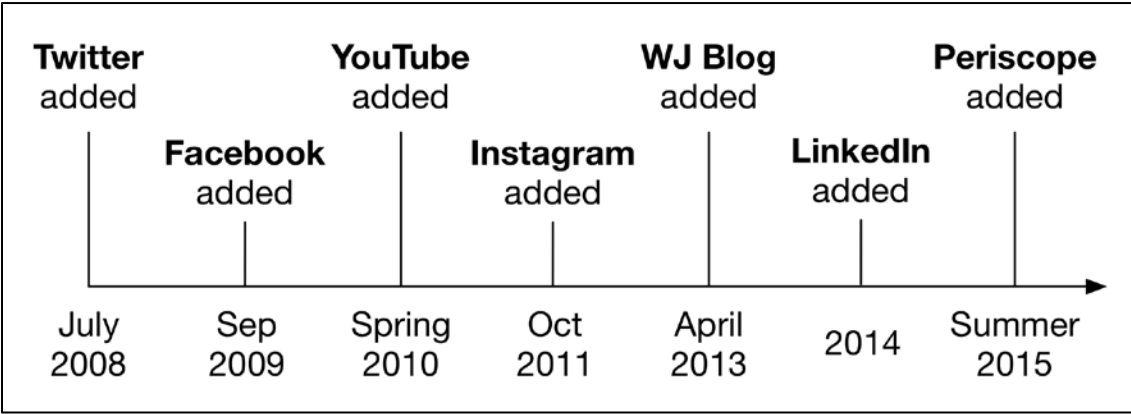
Source: WestJet, "Cowen and Company Global Transportation Conference," presentation, 12, September 9, 2015, accessed March 21, 2016, [www.westjet.com/pdf/investorMedia/WJA%20Presentation%20Cowen%20Sep%20150909.pdf](http://www.westjet.com/pdf/investorMedia/WJA%20Presentation%20Cowen%20Sep%20150909.pdf).

EXHIBIT 7: WESTJET'S FIRST TWEET



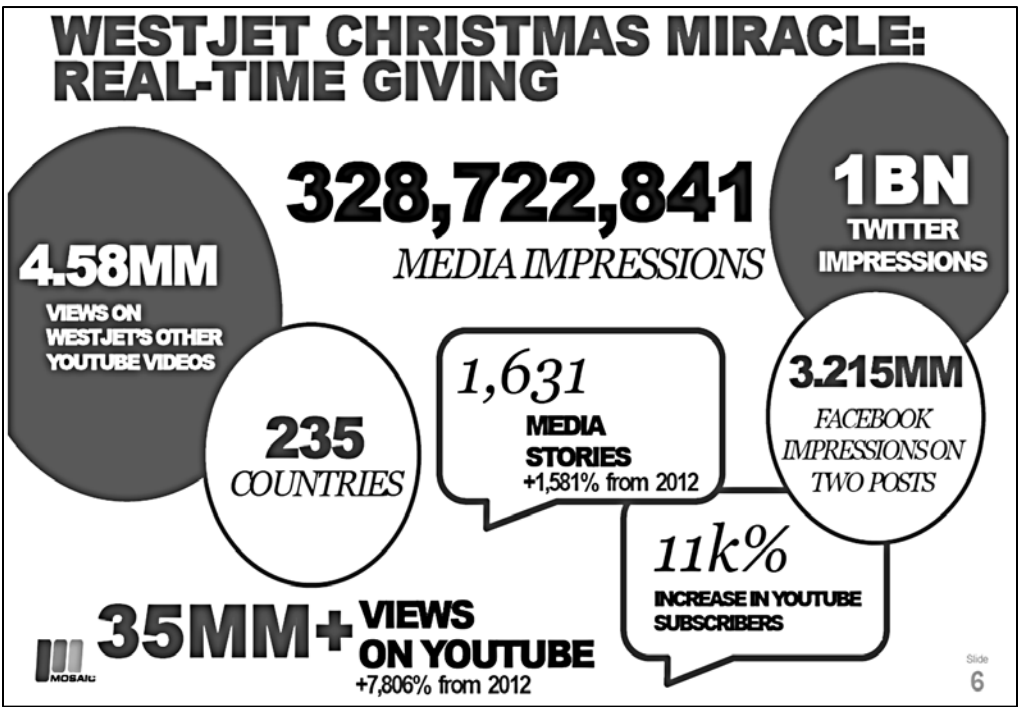
Source: WestJet, "50% off Fall Travel," Twitter, July 21, 2008, accessed March 21, 2016, <https://discover.twitter.com/first-tweet/#WestJet>.

EXHIBIT 8: WESTJET SOCIAL MEDIA PLATFORMS OVER TIME



Source: Company records.

EXHIBIT 9: WESTJET CHRISTMAS MIRACLE 2013 STATISTICS



Source: Company records.

