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**Executive Summary**

This extensive report presents a comprehensive and detailed analysis of WestJet's strategic position, meticulously examining various facets including the company's vision, mission, strategic objectives, environmental influences via PESTEL analysis, industry dynamics using Porter's Five Forces, VRIN analysis, value chain assessment, and SWOT analysis.

The initial segment of the analysis delved into WestJet's vision and mission statements, revealing inadequacies in clarity. This lack of clarity posed significant challenges in comprehending the company's core business and strategic trajectory. However, distinct and measurable strategic and financial objectives were identified, focusing on the establishment of WestJet as a reliable carrier, fostering economic growth, and enriching guest experiences through technological advancements.

The environmental landscape was thoroughly explored through a PESTEL analysis. This investigation uncovered crucial influences on WestJet's operations, prominently the escalating pressure to reduce the company's carbon footprint. Additionally, the analysis highlighted the considerable financial impact of rising fuel prices, emphasizing their significance in shaping WestJet's operational landscape.

A comprehensive dive into the industry landscape was facilitated through Porter's Five Forces analysis. This illuminating analysis revealed a fiercely competitive yet marginally profitable industry environment. Within this landscape, intense rivalry among existing competitors was evident, accompanied by substantial bargaining power held by both suppliers and buyers. Furthermore, the threat posed by substitutes was minimal, while moderate barriers hindered the entry of new competitors.

Despite boasting valuable resources such as a diverse fleet and a robust brand identity, a VRIN analysis signaled a potentially transient competitive advantage for WestJet. This analysis indicated that many of WestJet's resources could be imitated by competitors, suggesting that the company's edge in the market might not be enduring. The value chain analysis unearthed operational excellence, customer service, human resource management, and firm infrastructure as pivotal strengths contributing to WestJet's competitive stance.

A summation of findings through the SWOT analysis provided a comprehensive understanding of WestJet's internal strengths and weaknesses, as well as external opportunities and threats. Internal strengths were centered on operational excellence and a robust brand image, whereas weaknesses were underscored by the absence of trans-continental flights. Opportunities emerged from expanding destinations and fostering code-sharing agreements, while external threats loomed from societal shifts and the volatile nature of fuel prices.

In conclusion, this comprehensive analysis offered nuanced insights into WestJet's strategic position. By unveiling the company's strengths, weaknesses, opportunities, and threats, while shedding light on industry dynamics and competitive positioning, this report provides a robust foundation for informed decision-making, strategic planning, and future actions within WestJet's operational landscape.

**Introduction**

This report will comprehensively analyze WestJet's strategic position, dissecting crucial facets across the company's operational landscape. It will explore elements such as vision and mission clarity, strategic objectives, environmental impacts via PESTEL analysis, industry dynamics using Porter's Five Forces, VRIN analysis, value chain assessment, and a comprehensive SWOT analysis. This in-depth examination aims to provide a comprehensive understanding of WestJet's strategic stance within the aviation sector.

Commencing with an exploration of WestJet's vision and mission statements, the report will uncover potential ambiguities and stress the importance of clarity in guiding the company's overall direction. This section will establish the fundamental essence of WestJet's business and strategic trajectory.Subsequently, it will navigate through WestJet's strategic and financial objectives, delineating the company's goals. These objectives, aligned with industry standards, will outline WestJet's aspirations to establish itself as a dependable carrier, foster economic growth, and enhance guest experiences through technological advancements.

Furthermore, the report will delve into the environmental landscape via the PESTEL framework, unraveling the impacts of environmental and economic factors on WestJet's operations and strategic decision-making.Utilizing Porter's Five Forces framework, the analysis will delve into industry dynamics, exploring competitive forces, supplier and buyer influences, threat from substitutes, and barriers to entry, offering insights into the challenges prevalent in the aviation sector.Concluding with a comprehensive SWOT analysis, the report will synthesize internal strengths and weaknesses alongside external opportunities and threats, providing a holistic evaluation of WestJet's strategic landscape.

In summary, this report will serve as a detailed roadmap, guiding readers through a comprehensive analysis of WestJet's strategic positioning, empowering stakeholders with insights for informed decision-making within the aviation industry.

**Company’s vision**

● “We are Team WestJet. WestJet is people-powered.”

● “We are caring at our core. Air travel is better with WestJet.”

● “We are a global airline. Authentically Canadian. Uniquely WestJet”

“Our business is to ensure you love where you’re going, whether it’s on the trip of a lifetime or your fourth business trip this month” (Westjet, n.d.).

| **Effective Components** | **Shortcomings** |
| --- | --- |
| * Focused and Inspirational: The vision statement is focused on the essence of WestJet's service: ensuring customers love their travel experiences. It's inspirational by aiming to create an emotional connection with travelers, promising a journey that goes beyond mere transportation. * The vision does leave room for adaptation and flexibility. The emphasis on customer love and a caring approach allows for adjustments in strategies and services to meet evolving market demands without compromising their core values. | * The vision statements emphasize on who they are but instead it should be more focused on how they envision their airline in the future. * The vision is not directional, as it is missing the strategic course required to prepare for the future. * Too many statements make the vision a little lengthy and hard to remember. |

**Company’s Mission**

“To enrich the lives of everyone in Westjet’s world” (Westjet, n.d.).

**Who we are:**

The mission statement lacks clarity as it does not provide a clear picture of WestJet Business. The mission is too generic and does not give a message of who they are, or what they do.

**What we do:**

The statement does not describe who WestJet is and what products and services they offer in the market.

**Why we are here:**

In the mission statement, WestJet clearly states that they want to enrich the lives of everyone in WestJet World, but they do not clarify how they are doing it. It does not specify the buyer's needs that the company needs to satisfy.

**Company’s Strategic and Financial Objectives**

Please note that our analysis is based on the Financial and Strategic objectives provided in their annual report 2017 because WestJet went private after 2017 and stopped publishing its annual reports, as do its financial and strategic objectives.

“Our plan to continue adding new destinations and additional frequencies to our existing markets through the growth of our fleet including, beginning in 2019, Boeing 787 aircraft” (Westjet, 2017).

**Specific:** WestJet aims to add new destinations and increase flight frequencies using Boeing 787 aircraft, specifying the method and resources for achieving expansion.

**Measurable:** This objective can be measured by the number of new destinations added, the frequency of flights to existing markets, and the utilization of Boeing 787 aircraft in their operations.

**Deadline:** While the statement doesn't explicitly mention a deadline, the implication is that the plan commences in 2019, suggesting a starting point for the implementation of the objective. However, a specific timeline for achieving a certain number of new destinations or frequencies could add clarity.

**Challenging and Achievable:** The goal to expand destinations and frequencies using new aircraft is challenging due to market complexities, infrastructure requirements, and operational considerations. However, with proper planning and resources, it's achievable given the industry dynamics and WestJet's position.

**Financial Objectives**

Below are the objectives proposed by WestJet in 2017 for 2020.

“Report operating margin of 10% to 12%” (Cision, 2017).

Specific: The objective specifies a targeted operating margin range of 10% to 12%, providing a clear and defined financial goal for the company.

Measurable: Operating margin is a measurable financial metric that indicates the company's efficiency in generating profit from its operations. It's calculated by dividing operating income by revenue and expressed as a percentage, making it quantifiable.

Deadline: The statement has a specific deadline for achieving the 10% to 12% operating margin.

Challenging and Achievable: The range of 10% to 12% for the operating margin can be challenging, especially if WestJet faces economic fluctuations, industry challenges, or internal operational hurdles. However, it's also achievable with strategic financial management, cost controls, revenue optimization, and efficient operations.

“Cumulative free cash flow of $775 to $875 million” (Cision, 2017).

**Specific**: The objective clearly outlines a targeted range for cumulative free cash flow ($775 to $875 million), providing a specific financial goal for the company.

**Measurable**: Cumulative free cash flow is a quantifiable financial metric that represents the total cash generated or available after accounting for expenses, investments, and operational costs over a specified period.

**Deadline**: Like the previous objectives, this statement has a specific deadline for achieving the targeted cumulative free cash flow.

**Challenging and Achievable**: The set range for cumulative free cash flow ($775 to $875 million) can be challenging depending on various factors like market conditions, capital expenditures, operational efficiency, and economic fluctuations. However, with effective financial management and strategic decisions, it's an achievable goal.

**Analysis of the company’s macro environment based on PESTEL**

This Analysis offers valuable insights into the external environment and the specific ways in which these factors influence WestJet's business. It has been conducted by focusing on the pivotal economic and socio-cultural factors that play a significant role in shaping the passenger airline industry and assessing their direct implications on WestJet's line of work.

1. **Socio-Cultural Factor**

Attitude towards green products:

Travelers are increasingly feeling the "shame of the flight," a social phenomenon whereby they feel pressured to reduce their carbon footprint or choose more environmentally friendly forms of transportation. This socio-cultural shift is driven by increasing awareness and concern about the environmental impact of air travel. As people become more environmentally conscious, they may choose to reduce their air travel or opt for airlines that offer carbon offset programs. This could impact WestJet’s passenger numbers and revenues (Peter K, Ingrid S, Martina K, and Annamaria B, 2023)

Impact: The impact is NEGATIVE.

Travelers experiencing flight shame might opt to reduce their air travel or choose alternative modes of transportation, impacting the demand for flights. This could lead to a decrease in ticket sales for airlines like WestJet.

1. **Economic Factor**

Fuel Price: -

The predicted high oil and gas prices through 2023 could lead to increased operational costs for WestJet. This is a significant economic factor as fuel costs constitute a major portion of an airline’s operational expenses. An increase in fuel prices could necessitate an increase in fares for passengers, which could potentially lead to a decrease in demand for WestJet’s services. This could negatively affect sales and overall profitability (Larysa Harapyn, 2023).

Impact: The impact is NEGATIVE

It is going to have a negative impact on WestJet as Fuel expenses represent a substantial portion of an airline's operational costs. To offset the higher operating costs, airlines often adjust ticket prices. The increased fuel costs can directly affect WestJet's financial performance, impacting profitability and potentially reducing margins.

1. **Technological**

WestJet’s high aircraft utilization rate indicates operational efficiency, which could be influenced by advances in aircraft technology. Technological advancements can lead to more fuel-efficient aircraft or improvements in operational processes that can further increase aircraft utilization rates. This could enhance WestJet’s operational excellence and provide a competitive advantage (Westjet, n.d.)

1. **Inflation:**

As per Westjet’s website “As the pandemic decimated the world, Nav Canada, our air navigation service provider, announced a 29.5 percent fee hike to the airlines. Just about every major airport in Canada increased their airport improvement fees (AIF) by anywhere from 30 to 52 percent” (Westjet, 2021).

Impact: The impact is NEGATIVE

It is going to hurt WestJet as the fee inflation will cause a significant increase in operational costs for airlines. In this case, the 29.5 percent fee hike by Nav Canada and the substantial increases in airport improvement fees at major airports across Canada directly translate into higher expenses for WestJet. These increased costs can have a cascading effect on various aspects of airline operations.

**Industry analysis (Five Forces analysis)**

**Five Forces Analysis**

WestJet is a prominent player in the Canadian passenger airline industry, a sector subject to various external forces that impact its business. This five forces analysis will provide insights into the competitive landscape, supplier and buyer power, the threat of substitutes, and the potential for new entrants in the airline industry, helping us understand WestJet’s position within it.

**Rivalry among existing Competitors**

| Who are the competitors in the industry? | WestJet, Porter Airlines, Air Transat, Flair Airlines, Air Canada, and Lynx Air (Christopher Reynolds, 2023). | Effects |
| --- | --- | --- |
| How do they compete? What factors impact the competition in the industry? | Pricing is a significant driver of competition in the airline industry. Airlines often compete on ticket prices, fare structures, and availability of discounts and promotions (Chad Loh, 2022).  Airlines seek to offer a wide range of destinations, which can attract more passengers. Airlines that have a comprehensive route network may have a competitive advantage (Chad Loh, 2022). | Pricing increases the competition in the industry as it becomes less costly for buyers to switch brands.    Product differentiation decreases competition. |
| How do they compete? What factors impact the competition in the industry? | Factors like on-time performance, in-flight services, and customer service define the competition and its impact in the industry (HJ Ban, 2019). | Reduce the competition through unique services. |
| **Conclusion** | Rivalry among the existing competitors is High | |

**Bargaining Power of Suppliers**

| Who are the Suppliers? | Power of Suppliers | Effects |
| --- | --- | --- |
| Workforce | Inadequate supply of highly qualified and experienced pilots makes substitutes unavailable and switching costs for airlines high (Pete Evans, 2023). | The power of this group of suppliers can be considered High as the strength of demand and availability of skilled resources are high. |
| Fuel | Due to the specialized nature of aviation fuel and the limited alternative suppliers available, it strengthens the bargaining power of fuel suppliers (Precedence Research, 2023). | Hence, fuel suppliers hold higher power within the aviation industry as the demand for the fuel is high and the availability of substitutes are limited. |
| **Conclusion** | The supplier power of this group in the aviation industry can be considered High. | |

**Bargaining Power of Buyers**

| Who are the Buyers? | Power of Buyers | Effects |
| --- | --- | --- |
| Passengers (Economy/Business/ First class) | Minimal switching costs give the customer flexibility to explore more options. With online access to tickets and the increasing popularity of third-party trip-booking websites and smartphone apps provide customers with the power to make the most cost-effective decision (Greg Depersio, 2022). | Higher buyer power due to low switching costs.  The Buyer’s knowledge of pricing and products constitutes a higher bargaining power. |
| **Conclusion** | Buyers have high bargaining power in the aviation industry. | |

**Threat of Substitutes**

| What are the needs of the customers in the aviation industry? | Long-distance travel with time efficiency and affordability. |
| --- | --- |
| What are the substitutes for this industry, and the services? | Land Transportation (Rail travel, Bus travel, and Private car or cab services) Waterways (Cruises and Ferries) |
| How do they impact the industry? | Airlines may modify their route strategies based on the presence of substitutes, potentially reducing capacity or frequencies on routes with strong substitutes and focusing on long-distance or international routes with less competition. To stay competitive, airlines may need to lower fares on routes with viable substitutes, which can impact their profitability. However, air travel remains the most efficient choice, especially for long-distance and international travel, lacking direct substitutes due to its practicality and convenience. |
| **Conclusion** | The presence of substitutes for the aviation industry is Low. |

**Threat of New Entrants**

| Who are the competitors in the industry? | Barriers | Threat of entry from different types of potential entrants. |
| --- | --- | --- |
| Companies completely new to the industry. | Entry in the industry requires substantial capital and resource investment (Linkedin, 2023). | These barriers will be high; hence, the threat of new entrants will be weak. |
| Companies that belong to the industry but can broaden. | Huge amount of investment and capital requirements (Linkedin, 2023). | These barriers are low, and hence, the threat of entry is relatively strong. |
| **Conclusion** | The threat of new entrants in the industry can be considered to be low. | |

**Overall Conclusion**

From the analysis above we can summarize the following:

● Threat of New entrants – Low

● Threat of substitutes - Low

● Bargaining Power of Suppliers - High

● Bargaining Power of Buyers - High

● Competition among Rivals - High

In summary, the analysis of the aviation industry using Porter's Five Forces reveals a favorable position against new entrants and substitutes. However, challenges arise from high bargaining power among both suppliers and buyers, alongside intense competition among rivals. Since three of the five forces are clearly stronger, the industry can be considered competitively unattractive in terms of profitability.

**Resources & Capabilities**

**Tangible Resources**

1. **Fleet**

WestJet has a variety of types of aircraft, such as Boeing 737 Dreamliner, 737s and a couple of specially themed aircraft, and has almost 126 jets in total, including that of the subsidiaries (Westjet, n.d.).

1. **Physical Infrastructure (Offices)**

WestJet, headquartered in Calgary, Alberta, Canada, operates several key offices across the province. Beyond its main hub, the airline strategically positions offices in Alberta, reinforcing its local presence and leveraging the region's business infrastructure while contributing to the province's economic landscape (Westjet, n.d.).

**Intangible Resources**

1. **A Well- trained Staff which depicts company core values.**

WestJet employees not only possess the necessary skills and knowledge to perform their roles effectively but also internalize the company's ethos, reflecting it in their interactions with customers and colleagues. Their training extends beyond technical expertise, encompassing a deep understanding and alignment with WestJet's values like friendliness, customer-centricity, and a commitment to service excellence. This creates a cohesive and consistent customer experience, fostering loyalty and trust among passengers (Westjet, n.d.).

1. **Brand Recognition**

WestJet is recognized for its culture that's characterized by its customer-centric approach, Employee-centric approach, innovation, adaptability, and commitment to both customers and communities' work environment and human resource practices. WestJet's brand is synonymous with renowned workplace culture and exceptional HR practices. This reputation contributes to its recognition as a top-20 safest low-cost airline by airlinerating.com. The company's commitment to a positive work environment aligns with its safety standards, enhancing its reputation for reliability and employee-centric operations (Westjet, 2023).

1. **WestJet affiliation with multiple pilot training schools.**

WestJet is partnered with multiple training schools which give access to various aspiring pilots. Relying on multiple pilot training schools helps mitigate risks associated with dependencies on a single institution (Spring Bank Air Training College, n.d.).

**Capabilities**

1. **Exceptional customer Service**

WestJet's exceptional customer service is deeply rooted in its culture of friendliness and customer-centricity. Through comprehensive employee training and empowerment, the airline ensures that its staff embody these values, enabling problem-solving and fostering trust through transparent communication. This dedication to providing memorable experiences ensures that passengers receive consistent, high-quality service across various areas, creating loyalty and a positive brand image (Westjet, 2022).

1. **Affordable fares and services**

WestJet provides affordability by High Aircraft Utilization. Their planes spend more time in the air and less time on ground. High aircraft utilization allows WestJet to spread fixed costs over more flights, increasing revenue potential. It's a critical aspect of operational efficiency, enabling WestJet to offer competitive fares, improve profitability, and enhance overall productivity in a highly competitive industry (Westjet, n.d).

1. **Operational Excellence**

WestJet aircraft fly for longer periods and land for shorter periods which results in High Aircraft Utilization High aircraft utilization i.e., maximizing the time an aircraft spends in revenue-generating activities like flying passengers. WestJet has proactively positioned its fleet and staff to improve its operations through proper planning, scheduling and transparent communication (Westjet, n.d.).

**VRIN Analysis**

| **Resource** | **Value** | **Rarity** | **Hard / Cost to Imitate** | **Non-substitutable** | **Competitive Advantage** |
| --- | --- | --- | --- | --- | --- |
| Fleet | Yes  (A diverse and efficient fleet adds value to WestJet by enabling expanded route networks, increased operational flexibility.) | No  (Competitors have been able to establish a larger fleet size as well.) | No  (It is a physical asset, so with enough capital any competitor can imitate it.) | Yes  (No direct substitute for aircraft.) | No competitive advantage |

| **Resource** | **Value** | **Rarity** | **Hard/Cost to Imitate** | **Non-substitutable** | **Competitive Advantage** |
| --- | --- | --- | --- | --- | --- |
| Brand Recognition | Yes  (Brand recognition adds value to WestJet by fostering customer trust, loyalty, and preference, driving revenue growth and market competitiveness.) | Yes  (While many airlines have brand recognition, WestJet’s specific brand recognition, particularly in North America and its expansion routes, is unique.) | Yes  (It is not easy to build trust and loyalty amongst consumers for a brand.) | Yes  (Brand recognition is non-substitutable because of its position and brand loyalty.) | Sustainable competitive advantage |

| **Capability** | **Value** | **Rarity** | **Hard/Cost to Imitate** | **Non-substitutable** | **Competitive Advantage** |
| --- | --- | --- | --- | --- | --- |
| Excellent Customer  Service | Yes  (Positive experiences lead to positive company reputation.) | No  (Rivals can provide similar customer service as well.) | No  (Competitors can duplicate their customer service tactics.) | Yes  (These services are non-substitutable.) | No Competitive advantage |

| **Capability** | **Value** | **Rarity** | **Hard/Cost to Imitate** | **Non-substitutable** | **Competitive Advantage** |
| --- | --- | --- | --- | --- | --- |
| Operational Excellence | Yes  (Ensuring efficiency, reliability, and cost-effectiveness, leading to improved customer satisfaction.) | Yes  (WestJet's unique approach to operational excellence is embodied in its dedicated program and the creation of a new role, Vice-President of Experience Management, to oversee this initiative.) | Yes  (Can be challenging to imitate as it involves a number of efficient processes, technology and organizational culture.) | Yes  (These services are non-substitutable.) | Sustainable competitive advantage |

While WestJet's competitive advantage, like pricing strategies and service quality, can be replicated, its enduring strength lies in intangible assets like brand reputation and operational excellence, which are harder to imitate. Constant innovation and nurturing of these unique attributes can extend the longevity of their competitive edge despite imitable resources.

Hence, it can be concluded that the competitive advantage for WestJet is **temporary** as most of the resources and capabilities can be imitated by other rivals easily.

**Value Chain Analysis**

**Primary Activity**

1. **Operations**

WestJet’s operations are characterized by efficient fleet management and operational excellence. The airline manages a diverse fleet of aircraft optimized for fuel efficiency and cost-effectiveness by staying more in the air while maintaining its status as a low-cost provider. Additionally, WestJet prioritizes operational excellence, demonstrated by its high on-time performance and completion rates. In October 2022, for instance, the airline successfully completed 99.1% of its scheduled flights, reflecting its dedication to providing reliable service to its customers (Westjet, 2022).

1. **After-Sale Customer Service**

WestJet is offering effective after-sale service, resolving post-flight issues efficiently, addressing concerns, and providing support to reinforce positive experiences, encourage customer retention. Positive after-sale experiences lead to satisfied customers who are more likely to share their experiences with others and positive word of mouth increases loyalty (Westjet, 2022).

**Secondary Activities**

1. **Human Resource Management (HRM)**

WestJet’s HRM plays a vital role in recruiting, training, and retaining employees who are aligned with the company’s values of friendly and affordable service. This alignment ensures that the staff is well-equipped to handle operational tasks efficiently and provide high-quality customer service. The emphasis on employee engagement and well-being directly translates into a more productive workforce and a better travel experience for customers, reinforcing WestJet’s position as a leading airline in the market (Westjet, n.d.).

1. **Firm Infrastructure**

WestJet’s firm infrastructure plays a pivotal role in enhancing the value of its operations and customer service within the value chain. By investing in technology and radical digitalization, WestJet has improved the guest experience and simplified internal processes, ensuring meaningful and engaging jobs for its people.

This investment in infrastructure not only supports operational efficiency but also elevates the overall customer service experience, aligning with the company’s vision of being a friendly, reliable, and modern low-cost carrier (Westjet, 2022).

**SWOT Analysis**

SWOT analysis is a strategic planning tool that assesses an organization's internal Strengths and Weaknesses, and external Opportunities and Threats. Now, applying this framework to WestJet, a prominent player in the Low-Cost Carrier segment of the passenger airline industry, we will uncover the airline's internal dynamics (Strengths and Weaknesses) and external factors (Opportunities and Threats). This concise SWOT analysis aims to provide a snapshot of WestJet's strategic landscape, offering insights into its current position and potential avenues for future success or challenges in the competitive aviation sector.

**Strengths**

1. **Operational Excellence**

WestJet aircraft fly for longer periods and land for shorter periods which results in High Aircraft Utilization. Cost-effectiveness and revenue generation may both benefit from this. Comfort and affordability are two of WestJet's key travel priorities. Cost-effective options are guaranteed by their competitive pricing (Westjet, n.d.).

1. **Brand recognition**

WestJet is recognized for its culture, work environment, and human resource practices. WestJet is ranked in the top-20 safest low-cost airline by airlinerating.com. [WestJet has received numerous awards distinguishing its work environment, training, human resource practices, marketing, and culture](https://www.westjet.com/en-ca/who-we-are/history/awards) (Westjet, n.d.).

**Weaknesses**

Since we don’t have any positive impacts from our pestel analysis, there is no

corresponding opportunity that we can derive.

**Opportunities**

Since we don’t have any positive impacts from our pestel analysis, there is no corresponding opportunity that we can derive.

**Threats**

1. **Social-Cultural Changes**

The increasing societal attitude towards green products and the growing phenomenon of “flight shame” could lead to a decrease in demand for air travel. This could negatively impact WestJet’s passenger numbers and revenues and hence can be considered a threat (Peter K, Ingrid S, Martina K& Annamaria B, 2023).

1. **Rising Fuel Prices**

The predicted high oil and gas prices through 2023 could lead to increased operational costs for WestJet. This could result in increased fares for passengers, potentially leading to a decrease in demand and negatively affecting sales (Larysa H, 2023).

**Overall SWOT Analysis**

WestJet, a key player in the Low-Cost Carrier segment, exhibits strengths in **operational excellence** and **brand recognition**, with high aircraft utilization and numerous awards for its work environment and culture. However, it faces threats from societal shifts towards green products and “flight shame”, which could decrease demand for air travel, and rising fuel prices, which could increase operational costs and fares, potentially affecting sales. The analysis does not identify any specific weaknesses or opportunities, which are crucial for a comprehensive strategic assessment. Overall, while WestJet has solid strengths, it needs to address these threats and identify its weaknesses and opportunities to navigate the competitive aviation sector effectively.

**Company Strategy**

**BROAD LOW-COST STRATEGY**

Strive to achieve lower overall costs on comparable products that attract a broad spectrum of buyers, usually by underpricing rivals.

WestJet is pursuing a broad, low-cost strategy.

**Evidence for low-cost Strategy**

Price: WestJet competes with other airlines in terms of price, where they offer lower prices than their competitors.

Prices for flying from YYZ from YVR below:

| Date | Airline | From | To | Price |
| --- | --- | --- | --- | --- |
| 26/12/2023 | WestJet | Toronto | Vancouver | $ 615.99 |
| 26/12/2023 | Porter | Toronto | Vancouver | $ 720 |
| 26/12/2023 | Air Canada | Toronto | Vancouver | $ 918 |

(Westjet, n.d.)

(Air Canada, n.d.)

(Porter, n.d.)

**Operation:**

WestJet aircraft fly for longer periods and land for shorter periods which results in High Aircraft Utilization i.e., maximizing the time an aircraft spends in revenue-generating activities like flying passengers. This strategic approach to high aircraft utilization and efficient fleet management enables WestJet to maintain its position as a low-cost provider (Westjet, n.d.).

**Evidence for broad Strategy**

WestJet’s extensive flight network, which includes a variety of destinations both domestically and internationally plus along with that they provide business class and premium seats to their guests demonstrates its strategy to cater to a broad audience. This network allows travelers from different regions and with different purposes to find suitable flight options with WestJet (Westjet, n.d.).

Thus, we can conclude from the above evidence that the company is pursuing a competitive advantage/value linked to lower cost and the target market is broad.

**Key Conclusions from the Five Force Analysis**

**From the five forces analysis, we have concluded the following:**

WestJet, which offers scheduled and charter air transportation services, faces various external forces that impact its business. Porter's Five Forces analysis reveals a favorable position against new entrants and substitutes, but challenges arise from high bargaining power among suppliers and buyers, along with intense competition among rivals. The industry's rivalry is high, with airlines like WestJet, Porter Airlines, and Air Canada vying for market share.

Suppliers hold high bargaining power due to their high demand for skilled pilots and the limited availability of substitutes. Buyers, on the other hand, have high bargaining power due to low switching costs and their knowledge of pricing and products. Substitutes, such as land transportation and waterways, pose a threat to the industry, potentially affecting route strategies and profitability.

The threat of new entrants is low, with barriers such as new companies, large investments, capital requirements, regulatory constraints, and companies that can broaden the industry.

However, the industry remains competitively unattractive in terms of profitability, with three of the five forces being stronger. In conclusion, the aviation industry faces challenges from high bargaining power among suppliers and buyers and intense competition among rivals, making it a competitively unattractive sector.

**How is WestJet holding its “Bargaining Power of Buyers”?**

WestJet is offering effective after-sale service, which contributes to positive word-of-mouth and increases customer loyalty. The after-sales services increase the switching costs for buyers, leading to a low bargaining power for buyers (Westjet, 2022).

**How WestJet is holding its “Competition among Rivals”?**

**By providing lower cost**

WestJet tries to reduce bargaining powers by providing lower cost than its competitors.

**By acquisition or horizontal integration**

WestJet’s acquisition of Sunwing and Swoop Airlines enhances operational efficiency. The merger aims to build a Western Canadian powerhouse and expand vacation offerings. It also allows for increased affordability and job protection.

**How WestJet is holding its “Bargaining Power of Suppliers”?**

WestJet counters the Power of Suppliers (The skilled pilots) through affiliation with multiple pilot training schools. WestJet reduces dependency on a single supplier or training organization by diversifying its sources for pilot training (SpringBank Air Training College, n.d.).

Collaborating with multiple training providers can create competition among suppliers, giving the airline more negotiating power.

WestJet tries to maintain relationships by engaging in strategic negotiations with pilot unions or associations to ensure fair and competitive compensation and working conditions. Thus reducing the bargaining powers of skilled pilots (Westjet, 2023).

WestJet offers competitive salaries, benefits, and career development opportunities, which can help retain skilled pilots and mitigate the risk of losing them to other employers (Westjet, n.d.).

**Staffing Process**

**WestJet Hiring Process**

WestJet prioritizes diversity and inclusivity, actively seeking individuals to join their team across diverse roles such as pilots, customer service representatives, flight attendants, and other positions, valuing contributions from a range of talents and backgrounds (Westjet, n.d.).

They are looking for workers who can offer passengers great customer service as outstanding customer service is a form of value that WestJet can offer to its passengers. By hiring employees who can provide great customer service, WestJet can enhance passenger satisfaction, leading to repeat business and customer loyalty. This can help WestJet maintain a strong market position aligning it with the low-cost strategy because retaining a customer is more efficient than acquiring one. This entails having the capacity to function well in a group setting, maintain composure under duress, and treat difficult circumstances with professionalism and grace (Westjet, n.d.).

**WestJet Training Process**

1. **Safety training:** WestJet emphasizes a lot on safety during the training process of the employees. Staff are trained to take on the roles of nurses, firefighters, and peace officers ensuring constant awareness and vigilance during each flight.
2. **Leadership:** During training, employees are trained to become leaders, encouraging understanding of each role irrespective of the company’s hierarchy.

**WestJet Retaining process**

WestJet’s retaining process is a comprehensive approach that not only focuses on competitive compensation but also includes unique benefits, described below-

1. **WestJet Savings Plan:** Following 180 days of employment, WestJet team members can allocate up to 20% of their base salary into the WestJet Savings Plan, with WestJet matching this sum on a one-to-one basis. Encore employees have the option to contribute up to 10% (Westjet, n.d.).
2. **Owner performance reward:** Annually, WestJet employees receive the Owner's Performance Award, contingent upon meeting or surpassing targets in four pivotal business metrics: safety, on-time performance, guest experience, and cost efficiency (Westjet, n.d.).
3. **Profit sharing:** WestJet offers an employee profit-sharing program, granting eligible employees a bonus linked to their pre-tax operating income. This profit-sharing initiative aligns with WestJet's profit margin and is disbursed biannually in May and November (Westjet, n.d.).
4. **Flexible benefits:** Following a 90-day employment period, full-time and part-time employees become eligible for a flexible health and wellness benefits plan, granting them basic benefits coverage. Pilots, however, qualify for benefit coverage from their first day of employment (Westjet, n.d.).

WestJet promises its employees benefits that are more than a pay cheque, these benefits include the WestJet Savings Plan, Owner’s Performance Award, etc.

**How will the strategy align with the staffing process?**

WestJet’s hiring process, which prioritizes diversity, inclusivity, and outstanding customer service, aligns seamlessly with its staffing policy. The company’s commitment to these values is reflected in its active recruitment of individuals across diverse roles and backgrounds and its emphasis on outstanding customer service.

WestJet's retention strategy aligns with its low-cost approach by prioritizing employee retention. By retaining experienced staff, the airline avoids frequent retraining costs for new hires. This approach fosters a skilled and knowledgeable workforce, reducing turnover expenses and maintaining operational efficiency. Through investment in employee development and satisfaction, WestJet cultivates loyalty, expertise, and a cohesive team, essential for cost-effectively delivering quality service. This retention strategy not only saves on training expenses but also contributes to a positive work culture, enhancing overall productivity while supporting the company's low-cost business model.

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