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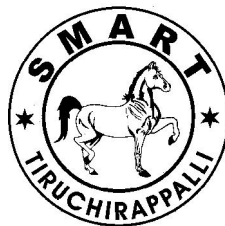
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EMPLOYEE BRANDING AND STRATEGIES:
A WINNING COMBINATION FOR SOUTHWEST AIRLINES

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Abstract

As the subject of employee branding has begun to spread, more and more executives have become concerned with how this process can help them achieve a competitive advantage for their organizations. This study explains how employee branding works and how it can be used as strategic focus to gain competitive advantage in the industry. Contextual analysis of employee branding as a source of strategy in Southwest Airlines is presented in this study. In conclusion, key success factors are identified for those who care to make employee branding a strategic focus within their systems. Employee Branding and Strategies are the key for success in Southwest Airlines operations.

Keywords: Employee Branding, Strategy, Competitive Advantage

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1. Introduction

Employee branding structures employees' behavior so that they project the brand identity of their organization's products through their everyday work behavior. Employee branding is a new spin on identity regulation through which employees are directed to acquire self-images and work orientations that are considered in agreement with managerial defined objectives **(Willmott, 1993; Alvesson and Willmott, 2002; Sveningsson and Alvesson, 2003).** Employee branding is meant to induce employee-brand identification, a psychological connection between the employee and the brand. Organizations try to determine how employees define themselves so that when employees express themselves at work, they automatically exhibit behaviors that enhance the brand image in the minds of the customers. Organizations use brands to project their

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products and services as an identity and to differentiate them from competitors' offerings. These trade names typically take the shape of logos, signs, symbols, or figures. Employees, too, can build, strengthen, and even create a brand image for their products and organizations. Employee brand-building behaviors may include civility, openness, honesty, helpfulness, dependability and empathy, among others. Such behaviors have been proven to contribute to consumers' perceptions of service quality and may result in higher degrees of customer retention and loyalty **(Parasuraman, Zeithaml, & Berry,** 1985; **Parasuraman, Zeithaml & Berry,** 1988).

For example, employees of Southwest Airlines have established and reinforced that firm's image as a fun, upbeat organization that creates an additional exertion to insure that its customers and employees are satisfied **(Freiberg & Freiberg, 1996)**. According to **Brown (2003)**, not only does Southwest Airlines have satisfied clients and employees but also satisfied investors as well. One of the company's press releases has noted that Southwest is the only airline that has posted profits for 30 successive years and paid dividends for 106 consecutive quarters **(Southwest Airline, 2003)**. These successes have come at a time when other airlines have been fighting for bare survival. Southwest's success appears to be largely founded on a complex process by which the company motivates employees to internalize and deliver the desired brand image. This motivational process is principally rooted in the concept of employee branding. The outcome is readily observed by those who come into contact with Southwest employees and contributes heavily to the position Southwest holds in customers' minds. As such, Southwest appears to be an appropriate benchmark for organizations in which managerial attention is focused on the use of employee branding to gain a competitive advantage.

Southwest pointed out that a high level of customer service is a central part of the Southwest's mission and the value placed on client help is virtually unquestioned by the company's employees **(Sartein, 2000)**. This customer orientation is reflected clearly in the Southwest's mission statement which can be found on their website **(Southwest Airlines, 2003)**: "The mission of Southwest Airlines is dedication to the highest quality of Customer Service delivered with a sense of warmth, friendliness, individual pride, and Company Spirit" (http://www. southwest.com/about_swa/ mission.html). Interestingly, though the creation of the Southwest's corporate message is not that customers are number one. Instead employees always come first with the company, with customers a respected second. Southwest, in turn, expects its staff to offer customers the same level of warmth, respect, and responsiveness they themselves receive. This approach stands in perfect contrast to the "customers first" approach valorised by most service-oriented systems.

Though the possible benefits of employee branding have been promoted in a sort of managerial-oriented outlets **(IND, 2001; Miles and Mangold, 2004; Mitchell, 2002)**, there has been little scholarly study to map out what employee branding really is, what it does, and what it assumes **(Miles and Mangold, 2005; Edwards, 2005; Harquail, 2006)**. To introduce organizational scholars to the issues involved in employee branding, this study outlines some of the assumptions that undergird the enthusiasm proponents of employee branding.

Further, this work identifies the strategies and practices of employee branding to establish how they differ in subtle ways from traditional employee socialization strategies. Theories of marketing and organizational studies are adopted to define employee-brand identification, the psychological connection between the trade name and the employee and propose directions for future inquiry.

2. Literature Review

Employee Branding as a source of strategic competitive advantage, has been a ground for discussion in recent years. While practitioners focused on the importance of employee branding and its positive results, their discourse often lacked focus because they did not check on the term's definition or its conceptualization. Clarity was added when an article in the 2004 Journal of Relationship Marketing **(Miles & Mangold, 2004)** defined employee branding as the process by which employees internalize the desired brand image and they are motivated to show the image to customers and other organizational elements. The concepts, presented along with this definition, provide insight into how organizations could achieve a competitive advantage by strategically using the employee branding process. In many ways, employee branding is exactly like any other strategy through which organizations attempt to increase control by shaping employee identities (e.g., **Clegg, 1994; McDonald, 2004).** Organization's mission and values play in the employee branding process and recognize that employees must receive knowledge of the desired brand image if they are to project that image to others. This analysis will contribute to a fuller understanding of the utilization of employee branding as a positioning tool and will elucidate the way in which the employee branding process can be employed as a source of competitive advantage. In the United States, Southwest Airlines has, by many surveys, been the most successful airline in its industry. This success is mainly due to the competitive advantage Southwest has achieved by effectively positioning the organization in customers' minds through employee branding. Its brand image has mainly been accomplished through its human resource practices, most of which come under the rubric of employee branding. The achievement of the 2003 Kozmetsky Award for Branding Excellence and the 2004 Performance Through People Award provide substantial evidence of the effectiveness of Southwest's employee branding strategies.

Effective and consistent transmission of messages reflecting the organization's mission and values, will achieve two things. First, it will enable employees to know, see and experience the desired brand image. Second, it will maintain the psychological contract that exists between the governing body and the individual employee. As **Rousseau (1995)** explains in Psychological Contracts in Organizations: Understanding Written and Unwritten Agreements, the psychological contract is a perceptual agreement, formed in employees' minds about the terms and conditions of the working relationship. It is a fundamental element of employee motivation and organizational life. As pointed out in Nuts **(Freiberg & Freiberg, 1996)**, the desired brand image is brought to life at Southwest through the terms positively outstanding service and Southwest spirit. These terms were coined to communicate what employees were expected to deliver and how they were expected to deliver it. Thus the brand image desired of Southwest employees is one of positively outstanding service provided in the southwest spirit. This clear articulation of the desired brand image packages the company's mission and values in a way that is easy for employees to internalize and retain. It also defines the manner in which staff members are expected to deliver customer service. Therefore, Southwest's employees know they will be expected to deliver outstanding service to everyone with whom they come into contact and understand what that means in terms of their individual behavior. They also know they can expect other Southwest teammates to treat them just as well as they treat their customers because positively outstanding service and the southwest spirit apply to interactions between employees also.

3. Objectives of the Study

The objective of this study is to explain how employee branding works as a form of strategy and how different strategies of Southwest Airlines are utilized to gain competitive advantage in the Airlines industry.

4. Strategies of Southwest Airlines

4.1. Market Orientation

Herb Kelleher was a master in crafting a well designed marketing strategy with a clear focus on low prices and high-quality customer service right from the word go. This has permeated and stayed with Southwest Airlines for over four decades, now delivering both growth and market share. In sync with the market orientation of the firm, Herb Kelleher designed an excellent operating strategy aimed at meeting specified needs of customers in a niche, targeted market segment. A conscious effort has been made to find out what customers demand and the price they are willing to pay. Every aspect of marketing strategy has been tuned to meet customer needs in an unmatched way. The initial target customers of Southwest were customers travelling between cities in Texas, specifically between Dallas and Houston or Dallas and San Antonio. Southwest focused more on what the target customer wanted at that point of time and delivered the service in a way no other airline could match. It found that the target customer was far more interested in travel efficiency than travel class (hence no first class seats). Further, customer was willing to forego a meal, especially in exchange for a friendly flight attendant and a Dr. Pepper. Customer was willing to trade off driving for flying. Customers simply wanted efficient, flexible travel at an affordable price. Southwest did this exactly by cleverly pricing one leg of the journey, covering a distance of 240 to 280 miles, at a flat rate of Dollars 20. By tightly defining the value sought by customers and price, Southwest was able to meet the needs and surpass the expectations of their target customer. More importantly, it was able to achieve this at a significantly lower cost than that of a standard airline. Southwest's market orientation, thus, has led to target pricing or pricing from the customer's perspective of value backwards to the product definition and cost. The end result is an outstanding success story, spanning over four decades of commercial success in a terribly competitive environment, which no other airline in the world could ever even dream of. Simplicity, efficiency and fun are the hallmarks of Southwest's marketing strategy, even today, though many things have changed during the last four decades of its existence-ever since the company came into being in 1971. Southwest's success is not attributable to lower prices alone. There is this match winning strategy of undiluted attention to customer service delivered through employees, imbued with a fun-loving attitude.

4.2. Customer Service Strategy

The short haul market helped the firm offer courteous, admirable and outstanding service to customers' right from the beginning. Employees were encouraged to go out of their way to amuse, surprise and somehow entertain customers. The flight attendants were given a free hand to cut jokes, wear crazy costumes and do everything possible, making light of flying with warm, caring service. The whole exercise was meant to make flying with Southwest a memorable, unforgettable experience. In fact, every employee was made to think and act like a true owner without bothering about the consequences of any action that was aimed at serving customers better. Suggestions from customers were taken seriously. In fact, any idea/suggestion/feedback communication-the company is inundated with 1000 letters almost every week-was looked into and answered personally by none other than Herb Kelleher himself (assisted by 45 employees laboriously putting in more than 1500 labor hours per week

for this job). In order to deliver a tailored set of best fit activities, described above, Herb realized the importance of hiring people with the right attitude. To cheer up employees, the firm introduced the first profit sharing plan in the US airline industry, way back in 1973. (As things stand now, employees currently own 10 per cent of the company stock). Flight attendants, pilots, administrative staff and almost every other employee were made to understand the importance of keeping the company planes in the air longer than its competitors. Thanks to Herb Kelleher's mesmerizing impact, almost all of them run to achieve this, day in and day out, with unwavering commitment and undiluted attention. The design of these best fit activities, the superior management style and the employees' commitment are the core competencies of the firm that help it deliver customer service in the best possible way even after 40 years of its existence.

4.3. Differentiation Strategy

Southwest was very careful about the way its services were looked at by the target customers. Every effort was made to differentiate its offering from that of its rivals. By projecting itself as a low fare, short haul, high frequency point to point carrier, it was able to drastically reduce customer expectations. Its policy of no first class, no food other than peanuts, no assigned seats, no transfers of luggage for other airlines, helped reduce customer complaints drastically. At the same time, the firm was able to deliver things that mattered most to customers-low fares, enjoyable service, on time arrival and departure, etc. followed by an unwavering commitment to take care of valuable suggestions and feedback from customers. The company's policy of giving a premium value to customer insights helped it build a phenomenal brand that retained its charm and mesmerizing impact all these years. Southwest's advertisements also gear up to the challenge of projecting the funny, hilarious side of the brand image. As part of a differentiation exercise, the firm attempts to do three things till date: intrigue, entertain and persuade. Southwest encourages employees to dress casually at work. It wants to portray its employees as those professionals who do not take themselves seriously. Advertisement designers also make painstaking efforts to inject fun and humor as distinguishing marks of Southwest's culture.

4.4. People-Focused Strategy

To deliver exceptional service, Herb Kelleher, the Founder, came out with another ingenious plan of putting the policy of 'employee first' in place of the customer. The company would prefer to keep its employees happier rather than mollify an angry customer. For Kelleher, employees are the most valuable assets and they need to be nurtured and cared for always. He felt that he had to treat his employees well in order to get the best out of them. To this end, he introduced a profit sharing plan in 1974. Every employee was made to think and act like a true owner. Employees were encouraged to amuse, surprise and somehow entertain passengers. To this end, they can cut jokes, dress crazily, advance suggestions, walk into the CEO's and discuss any idea aimed at improving customer satisfaction, put forward cost cutting measures etc in an atmosphere of complete freedom. Employees were empowered to take decisions independently. They can deal with special circumstances that might occur during a flight, keeping customers' happiness in mind. As long as the decision is aimed at improving the customer service, there is no need to seek approval from anyone. Southwest stewardesses always let passengers enjoy their journey by telling some interesting jokes and stories, which make many customers enjoy their flight, despite lacking other forms of entertainment. Herb Kelleher is fond of saying, "we are in the customer service business and we just happen to provide airline transportation" To deliver positively outstanding service, every

employee from top to the bottom does whatever he or she can to satisfy customers.

4.5. Strategy in Sync with Company Spirit

One of the important factors contributing to Southwest's stupendous success is its ability to remain focused on what it stands for. At the operating level, there is a high degree of coordination and cooperation between various employee groups of pilots, flight attendants, gate operators, operations managers, ramp managers, cargo handlers, mechanics, fuelers, cabin cleaners, and caterers. They all seem to set their sights on delivering one thing, 'positively outrageous service', but no frills customer service to customers. The company has been able to offer exceptional service at an affordable price, striking a fine balance between its aims, strategies and activities. Southwest's activities complement one another in ways that create real economic value. One activity's cost, for example, is lowered because of the way other activities are carried out. Likewise, one activity's value to customers can be enhanced by a company's other set of activities. This way Southwest has been able to achieve operational excellence over the years and sustain its market dominance and profits.

4.6. One Plane Fits All

Unlike the network carriers which operate all kinds of regional jets, turboprops, and narrow-body and wide-body aircraft, Southwest flies just one plane type-Boeing 737 series. That saved the company millions in maintenance costs. It helps to limit the number and variety of technicians and training expenses that would be needed if a variety of planes are put to use. Flight crew have to be trained only on one type of plane. Any steward or stewardess can substitute for another crew member on any flight and any pilot can fly any plane in the fleet, parts needed to be stocked for only one type of plane, maintenance crew have to be trained only on one type of plane etc. The crew and spares are thus interchangeable and maintenance cycles more predictable. The single plane type also makes fueling, clean up, catering and ramp operations such as unloading and loading of luggage and cargo, more efficient and routine, which helps with quick turnarounds. The process of turning the planes around quickly at the gate results in planes being able to log more hours in the air, increasing their utilization. Another factor that led to significant cost saving was related to the number of seats. Southwest could put 137 seats in a Boeing 737 versus only 128 in a United Airlines 737.

4.7. Point to Point Service

Network carriers generally relied on a hub-and-spoke system which laboriously collects passengers from 'spoke' cities, flies them to a central 'hub' airport and then redistributes to other spokes. Not Southwest. Southwest deliberately chose a different set of activities to deliver a unique mix of value to its customers. The target market was different from how the national carriers operated. It wanted to fly non-stop between mid-sized, downtown areas which were not congested and rather underserved by bigger players. The short haul market as against the hub and spoke model used by every other player in the industry gave a wonderful chance for the company to stick to schedules and maintain excellently on time performance. It was able to save lots of money by not picking up busy, overcrowded, most favored locations where the operating costs were pretty high. (Dozens of gates, banks of flights coming in at around the same time, thousands of passengers passing through a single hub at specified hours leading to delays, confusion and chaos, especially when things go wrong because of conditions beyond the control of a carrier)

4.8. Rapid turnaround

Avoiding the hub and spoke system was a kind of disruptive innovation from Southwest Airlines because hubs lead to backups as planes

queue up awaiting turnaround, cleaning and refueling. Southwest's non-stop flights between the midsize towns offered lot of flexibility-the plane lands, gets through a turnaround and often heads right back where it came from. Southwest was able to turn around (the time it takes to unload passengers and baggage and then reload and refuel) a plane in less than 30 minutes without any problem whatsoever. There was very little chance of luggage getting lost also. In fact, to facilitate this process, Southwest typically followed a no baggage transfer policy right from the beginning.

4.9. No Frills - No Fee Service

To offer value for money to its customers, Southwest had to invent other means to cut costs to rock bottom levels. Since the target customers in the short-haul market preferred efficient, convenient travel at an affordable price, all operations had to be aligned to meet this requirement. The company could afford only a no-frills service, devoid of food, movies, reserved seats and baggage transfers. It sells one-way fares and only a few price 'buckets' and convinces fliers that they are getting value for money. Prices are all inclusive too. It does not burden passengers with fuel surcharges, does not charge for standby travel or ticket changes and continues to permit travelers to check two pieces of luggage free.

4.10. No Seat Numbers

The company does not assign seat numbers and all passengers, therefore, board on a first come first serve basis. (There would be no arrangements, as mentioned earlier, for baggage transfers too, thereby reducing the need for baggage handlers) Customers can choose their own seats on the plane, which helps the airline to board passengers faster. This helps the company to increase the frequency of flights and also fly to more routes. It also implies , in a way, that if a plane is swapped out and a new one is brought in with a different seat configuration (even with the world of 737s there

can be some variations), there is no need to adjust the entire seating arrangement and issue new boarding passes. Passengers simply board and sit wherever they want to.

4.11. E-ticketing

Southwest introduced ticketless travel in mid-1990s and today they are about 90-95 per cent ticketless. It started issuing e-tickets for all passengers through its own website and thus avoiding commissions payable to agents. (Used to be $8 a booking previously, now varies between 50 cents to $1 for electronic transactions). The website would make the fare structure very simple and down to earth. When you check to see what is available on the company's website, not only do they show you a list of available flights for that day but they also show you in plain view all fares and their restrictions on one screen and you can compare prices for various departure times at a glance. If one wants to leave around lunch time to save money, one can do so. The site will also show you the price difference between the two times from full fares down to their internet sales side by side. Once a customer begins to check in at the airport, he or she gets the boarding pass at the gate itself. Passengers who would arrive early, would be put in Group A since there are no assigned seat numbers and those that follow will be put in Group B and so on.

5. Conclusion

Our analysis of Southwest Airlines confirms that the employee branding process and successful strategies can be applied to gain competitive advantage and to effectively position the organization in the minds of customers and other stakeholders. For this to occur, the mission and values of the organization must be carefully articulated and should be able to project the desired brand image. The messages originating from the top management should be carefully designed to reflect the desired brand image of the organization as well as the behaviors and attitudes the organization expects and rewards.

Then, the messages should be delivered frequently and consistently. Southwest Airlines' successful use of employee branding and strategies to effectively position the organization and its offerings has been described in this analysis. Other organizations can adopt the benefits of employee branding and successful implementation of strategies by following Southwest's example.

6. Limitations and Future Research

This study has adopted a simplified approach to identify and describe the processes of branding, employee identity construction and identity regulation in an effort to set up a space for rigorously investigating employee branding as a practice and a philosophy. Future research on employee branding should be diversified and multi-disciplinary. It is important to delve into how employees themselves sense being branded since their view point is not addressed by employee branding proponents. Research should consider employees' identity preferences within an organization in order to discover how they might respond to and oppose identity regulation (e.g., **Ashforth and Mael, 1998; Collinson, 2003)**, and how they might maintain and stucture their own identities in the process (e.g., **Tracy, 2000; Pratt, et al., 2006)**. For example, employees might respond with contradictory identification, and impartial identification **(Kreiner** and **Ashforth, 2004)**. Moreover, employee branding is not the only strategy that organizations employ to influence how employees define themselves at work. Concurrently, employees themselves are committed to identity construction at work **(Ibarra, 1999; Pratt, et al., 2005)** and it is important to see how employee branding programs interact with other identity concerns and goals of organizations and employees.

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