



Crisis Case Analysis: Southwest Airlines

Faith C. Johnson

Department of Communication Studies, Biola University

PREL350: Crisis Communication & Reputation Management

Dr. Kristen Hark

November 22, 2024

Identification

Southwest Airlines is an incredibly relevant airline organization in the United States. In fact, FlightReport has it rated within the top 5 airlines (FlightReport, 2023). Known for their affordable prices, safe flights, and excellent service, Southwest Airlines has kept a stable and high rank with its customers. It came to a large surprise when December 2022 came around and Southwest Airlines canceled over 16,900 flights, leaving 2 million passengers stranded over the holidays. This large-scale crisis affected many people, leaving loyal customers incredibly upset. While 3,000 flights were canceled on one day alone across the U.S., about 85% were Southwest's (FlightAware, 2024).

Southwest Airlines has agreed to a *record-setting* \$140 million civil penalty; it includes a \$35 million cash fine and a three-year mandate that Southwest provide \$90 million in travel vouchers of \$75 or more to passengers delayed at least three hours getting to final destinations because of an airline-caused issue or cancellation. The Department of Transportation ensured Southwest paid over \$600 million back to passengers and issued a record penalty, which is 30 times larger than any in DOT history (U.S. Department of Transportation, 2023). Southwest claims the cancellations were due to Winter storms and "Antiquated computer infrastructure and software systems used for managing and crewing flights" (U.S. Department of Transportation, 2023). The CEO of Southwest Airlines, Robert Jordan, did not come out with an apology statement until seven days after the cancellations began taking place (Shepardson, 2023).

This event is a crisis, not a situation. This can be labeled as a crisis by looking at Melissa Agnes' definition of a crisis, "what threatens the organization's reputation and shareholders" (Agnes, 87). It is absolutely critical to identify whether the situation is an issue or crisis, because

identifying it will help you move forward in responding to it. While one event may be considered a crisis for one organization, the exact same event could take place at another organization and only be considered an issue.

It is evident that what happened with Southwest Airlines in December 2022 was a crisis, because their reputation was damaged; their customers didn't feel as confident booking Southwest again because of the thousands of flight cancellations. Southwest isn't known to be as trustworthy as it once was. From a business perspective, it is likely that their long-term goals had to be pushed to the side for a few years while Southwest worked on repairing what they broke—trust between them and their publics. Back in 2012, Southwest's flight cancellation rate was only 0.8%. After the crisis in December 2022, the rate tripled to 2.4%. It is *key* to know your organization well, along with the stakeholders and realities of the situation. When what is going on is identified, the organization can move forward with handling the situation.

The stakeholders that were impacted were the two million passengers who were stranded over the holidays. Many of the passengers were loyal members to Southwest Airlines; owning a Southwest Credit Card, being a member of Southwest Airlines Loyalty Program, and exclusively flying on Southwest Airlines, no matter what. This was threatened for the large majority of stakeholders who ended up being stranded. Horror stories included lost luggage that contained doctoral work, a passenger missing his grandmother's funeral, another passenger missing his chemotherapy appointment, and even a bride missing her own wedding (Sweat, 2022).

While crises aren't always expected, there are ways to prepare and avoid one from taking place. For example, mitigation is when you look at warning signs to "target situations that could become a crisis" (Coombs, 1999, p. 69). There are many potential crises that *could* hit, but

assessing the risks helps show which ones are the greatest threat. Factors that led to this situation include bad winter weather, staff shortages, and outdated computer software. Michael Santoro, vice president of the Southwest Airlines Pilots Assn., said Southwest has failed to invest in an updated software system used for flight routing and staffing, which is crucial to avoid continual problems (Toohey, Roosevelt, & Petri, 2023). “The catalyst was the big storm,” Santoro said in an interview. “But our internal software can’t handle massive cancellations. The company hasn’t invested the money into scheduling infrastructure to support the network they have developed” (Toohey, Roosevelt, & Petri, 2023). While the winter storms were far out of Southwest’s control, there were other factors that added to the cancellations, like the software that Southwest uses. If Southwest had invested into an updated software, they would have done their part in ensuring they had done *everything* within their control to prevent a crisis like this from taking place.

Situation Analysis

This crisis could have been handled much better. Although the company acknowledged delays and cancellations and blamed most of the headaches on bad weather, leaders have offered little explanation or plans for relief (Toohey, Roosevelt, & Petri, 2023). “In a crisis, people expect transparency” (Agnes, 2018, p. 69). When an organization is honest, open, and transparent with their stakeholders, value is placed on the stakeholder. A level of trust and respect is established when an organization owns up to what they did wrong. Taking accountability publicly so your stakeholders are aware creates a relational presence.

This crisis was a shock to the public because Southwest has had an extremely good reputation for years. “They’ve got the best reputation for customer service and management agility. They’re usually pretty good at responding to crises” said airline analyst Richard

Aboulafia (Domonoske, 2022)" Customers are bewildered by how terrible this experience has been. This goes to show that the way Southwest Airlines has handled crises before was much stronger than this. With Southwest's excellent reputation, customers were incredibly let down when they didn't meet the expectations of communication.

For what it's worth, Southwest is sorry. "We cannot apologize enough," customer service reps are telling furious passengers on Twitter (Domonoske, 2022). Meanwhile, the FAQs on Southwest's "Travel Disruption" site seem not so helpful. When asked, "What should you do if receiving an error message while attempting to rebook online?" Southwest responds, "We encourage you to keep trying to rebook." Another passenger asked, "What should you do if you can't find any seats on flights?" "We encourage you to keep looking," Southwest says. "And what if you are stuck on hold for hours and can't get through to an agent?" Southwest responds, "If you need to reach us urgently, you may continue to call" (Domonoske, 2022).

In *Crisis Ready*, Melissa Agnes introduced the Crisis Response Penalty. "There's often a link between the response strategy— whether it be timing and / or adequacy of the response — and the direct financial impact on the organization. A strong and timely response helps mitigate escalation of the incident and enables the organization to better own the crisis, whereas a delayed and inadequate response will do the exact opposite" (Agnes, 2018, p. 5). When reviewing how Southwest Airlines responded to the crisis, the CEO did not release an apology or statement until *seven* days after the cancellations started taking place. Beyond the timeliness, the responses people were receiving from Southwest were incredibly inadequate. The large majority of passengers didn't want to be told "I'm sorry" or "keep trying", they wanted tangible solutions on how this tragedy could be solved. Unfortunately, Southwest did not offer that to them when they needed it most. The incredibly large financial loss Southwest Airlines experienced is a direct

result of the way the crisis was mitigated. To have a *record-setting* \$140 million civil penalty was unheard of, until it was Southwest Airlines reality.

The way people approach the word on its own “crisis” is important and can create different outcomes. Melissa Agnes uses an acronym to reframe our thinking of the word *crisis* and make it more of a positive one. C stands for “communicate”- not only communicate, but communicate in a “timely, transparent, and compassionate manner” (Agnes, 14). When analyzing how Southwest Airlines communicated, they didn’t do so in a timely way, passengers wanted to hear from them much sooner. R stands for “respect” and reminds us that emotions are running high during times of crisis. "Research suggests that people's ability to process information is reduced by up to 80% during emotionally charged situations" (Gilman, 2004). This speaks to how careful and considerate organizations and professionals need to be when going through crises.

While Southwest Airlines was dealing with an increasingly-growing audience of frustrated, mad, and upset stakeholders, there was a lot of noise. “The noise that you need to be prepared to rise above can be both overwhelming and unrelenting; yet you have no choice but to ensure that you’re heard through it all– that is, if you want your communication efforts to be effective” (Agnes, 2018, p. 37). It is clear that Southwest Airlines had high volumes of communication coming at them, but it is outwardly shown that they did not respond to that noise the best they could. Instead of taking their time, being prepared, and ensuring they heard through it all, they responded too quickly and angered even more people. Agnes makes the point that what used to be referred to as “expectations” has evolved into “demands”. “Demands that, when unmet, can result in an irreparable loss of brand equity, trust, and reputation” (Agnes, 2018, p. 39). Unfortunately, this is exactly what unfolded in front of the stakeholders eyes with Southwest

Airlines. The passengers didn't just *expect* to fly home to see their family, go to their own wedding, receive the chemotherapy they have been waiting for, they *demand*ed it. When it didn't happen and they didn't feel cared for, Southwest Airlines lost a lot of trust.

It is important to "understand the *why* is where the power lies" (Agnes, 2018, p. 34).

When presented with a hardship, fight or flight mode are the responses to choose from.

Oftentimes, the instinct is to respond *fast*. While it is important to respond in a timely manner, if there isn't any work of preparing to respond, the response won't be effective. While Southwest Airlines didn't respond very quickly through their official statement (from the CEO of Southwest), they still showed their lack of preparation through their response and high emotions through their apologies without direction, guidance, or support. Southwest also did not keep customers updated about canceled and delayed flights, failing to fulfill a requirement that airlines notify the public within 30 minutes of a change (CBS, 2023). Some said they never got an email or text notice and couldn't access Southwest's website.

"The first statement is typically delivered through the mass media or the internet, hence the concern in crisis management with media relations and the digital environment" (Coombs, 156). Southwest Airlines did this well, releasing a statement from the CEO on their platforms, placing an emphasis on safety, ensuring stakeholders they are doing all they can, owning up to the mistake of needing to "double-down" to upgrade their systems for "these extreme circumstances." He ensures that their staff are going above and beyond in caring for their upset passengers, processing refunds, and extending care.

Media Analysis

Five major news outlets that covered this crisis include CNN, NBC, U.S. News, CBS, and LA Times. Across all of these major news platforms, the crisis is being framed as a huge mistake on behalf of Southwest Airlines, causing the reader to feel for the stranded passengers. These major news platforms have viewers across the world, so this crisis was made aware to the people very quickly. CNN has been ranked the biggest news outlet in the U.S. from “525 million monthly visits” in just one month (Watson, 2024). Having major views on this horrific tragedy for Southwest impacted its reputation in an extremely negative way.

The news sources share stories about the passengers, but not the employees that the CEO of Southwest called, “heroic.” While Southwest was concerned for its passengers *and* their employees working incredibly hard, the news sources only focused on the stranded passengers, making them the victims of this scenario. The news outlets put a heavy focus on heartbreaking stories of families missing the holidays, millions of luggage being lost, and passengers stranded all over the place.

Southwest Airlines is being held responsible for this crisis, and it is due to negligence. While they can’t control the winter storms, they could have prepared better and prevented many of these cancellations with updated systems. With the news sources all taking the approach of sharing what went wrong, the overall public is on board that this was a horrible crisis that should not have happened, and should never be repeated again.

Overall, I would consider each of the articles as negative in coverage for the organization specifically. Each news outlet shares about what went wrong, and the only thing mentioned on behalf of Southwest Airlines statement was, “Southwest said it was “grateful to have reached a consumer-friendly settlement” giving the airline credit for compensation it already provided to

customers. The airline said it has “learned from the event, and now can shift its entire focus to the future.” I don’t think Southwest Airlines would have been pleased with these articles, because it emphasizes the law-breaking, furious passengers, and ways they went wrong much more than their apology or efforts to make things right.

Conclusion

Throughout this analysis, the crisis of Southwest Airlines' large flight cancellation and upset passengers were addressed along with negative monetary impacts on the organization were pointed out while identifying this large-scale event as a crisis that was broken down and explained. Referencing reputable news sources and professional authors who understand the importance of handling a crisis well strengthened the need for Southwest to work harder to ensure events like this do not occur again.

References

Agnes, M. (2018). *Crisis ready*. Mascot Books.

CBS Interactive. (2023, December 18). *Southwest Airlines in \$140 million deal with Feds over 2022 Holiday Travel meltdown*. CBS News.

<https://www.cbsnews.com/news/southwest-airlines-140-million-settlement-feds-december-2022-debacle/>

Coombs, W. T. (2023). *Ongoing crisis communication: Planning, managing, and responding*. SAGE Publications, Inc.

Domonoske, C. (2022, December 30). *5 things to know about Southwest's disastrous meltdown*. NPR.

<https://www.npr.org/2022/12/30/1146377342/5-things-to-know-about-southwests-disastrous-meltdown>

Dot penalizes Southwest Airlines \$140 million for 2022 holiday meltdown. U.S. Department of Transportation. (2023, December 18).

<https://www.transportation.gov/briefing-room/dot-penalizes-southwest-airlines-140-million-2022-holiday-meltdown>

Flight-Report. (n.d.). *Southwest Airlines : 65 photo reviews for this airline - flight-report*. Flight.

<https://flight-report.com/en/airline/4544/southwest-airlines/>

Live airline flight cancellations info & statistics. FlightAware. (n.d.).

<https://www.flightaware.com/live/cancelled/>

Rose, J. (2023, December 18). *Southwest will pay a \$140 million fine for its meltdown during the 2022 holidays*. NPR.

<https://www.npr.org/2023/12/18/1219906471/southwest-airlines-2022-meltdown-fined-faa>

Shepardson, D. (2023, December 18). *Southwest Airlines agrees to \$140 million penalty over 2022 holiday meltdown* | reuters. Reuters.

<https://www.reuters.com/business/aerospace-defense/southwest-airlines-agrees-140-million-penalty-over-2022-holiday-meltdown-2023-12-18/>

Sweat, C. (2022, December 29). *Milestones missed, plans derailed amid historic southwest cancellations*. NBC 5 Dallas-Fort Worth.

<https://www.nbcdfw.com/news/local/milestones-missed-plans-derailed-amid-historic-southwest-cancellations/3158571/>

Toohey, G., Roosevelt, M., & Petri, A. (2023, January 11). *“it was horrible”: Stranded southwest passengers still waiting to recoup costs from Airline Meltdown*. Los Angeles Times.

<https://www.latimes.com/california/story/2023-01-11/it-was-horrible-stranded-southwest-passengers-still-waiting-to-recoup-costs-from-airline-meltdown#:~:text=Far%20from%20a%20shock%2C%20Southwest,the%20mess%20at%20Southwest%20Airlines.>

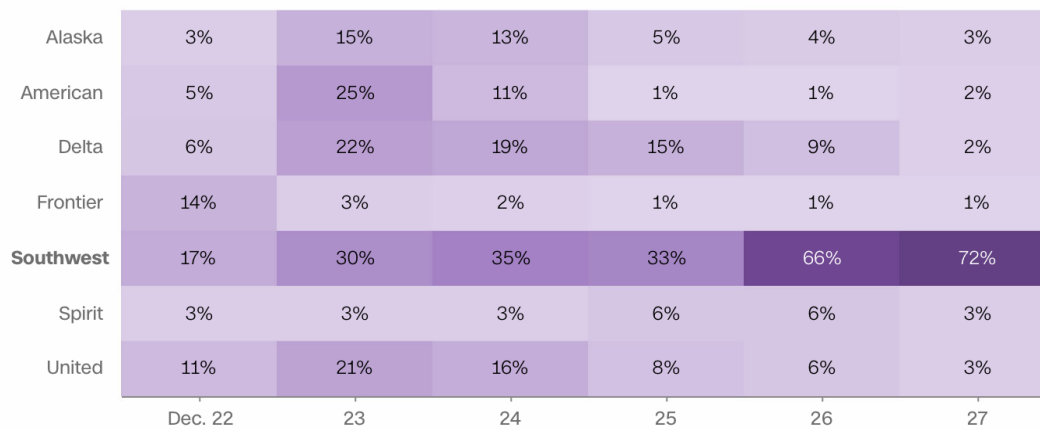
Appendix 1

CNN

Figure A1

Most airlines struggled last week. Southwest hasn't recovered.

Percentage of each airline's flights that were canceled



Note. CNN references flight trackers such as FlightRadar24 and FlightAware to emphasize that 87% of canceled flights were from Southwest Airlines alone. CNN also references the company making an apology and statement of reducing capacity by two thirds. Source: FlightRadar24 Graphic: Matt Stiles, CNN. *How Southwest Failed the Holidays: Four Charts Explaining the Cancellations* | CNN Business.” CNN, Cable News Network, 29 Dec. 2022, www.cnn.com/2022/12/29/business/southwest-cancellations-history-charts-dg/index.html.

Appendix 2

NBC

Figure B1



Note. NBC references the Transportation Department, noting that Southwest violated a number of consumer protection laws in December 2022. NBC emphasizes these laws that were violated, “The civil penalty — which is 30 times larger than any prior department penalty for consumer protection violations — will mostly go toward paying future Southwest passengers affected by major delays or cancellations caused by the airline, the department said in a release. It is in addition to \$600 million in refunds and reimbursements Southwest already gave passengers.”

Southwest Fined \$140 Million over 2022 Holiday Flight Disruptions. NBCNews.Com, NBCUniversal News Group, 18 Dec. 2023, www.nbcnews.com/business/business-news/southwest-fined-140-million-2022-holiday-flight-disruptions-rcna130179.

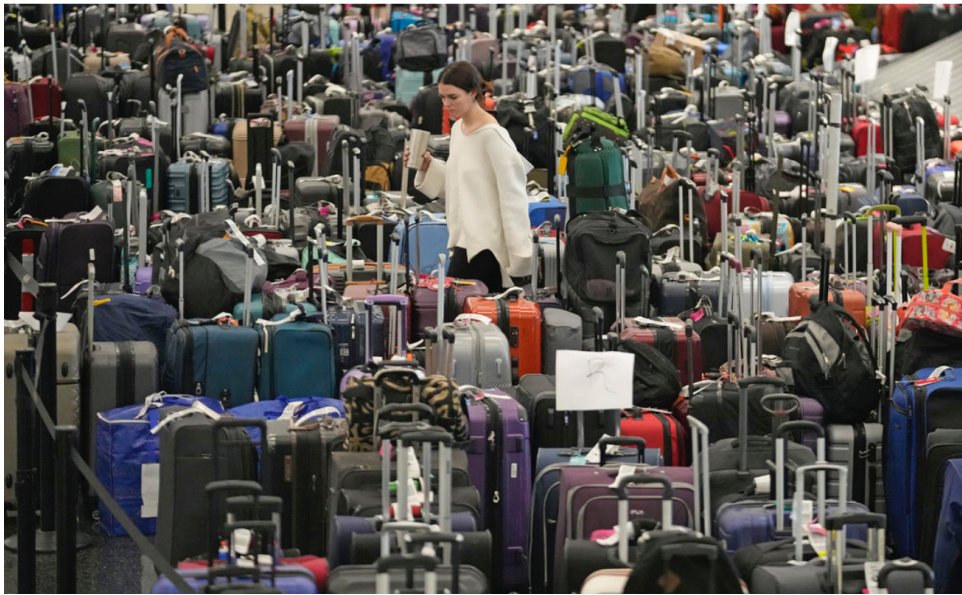
Appendix 3

U.S. News

DALLAS (AP) — Southwest Airlines will pay a \$35 million fine as part of a \$140 million settlement to resolve a federal investigation into a debacle in December 2022 when the airline canceled thousands of flights and stranded more than 2 million travelers over the holidays.

Most of the settlement will go toward compensating future passengers, which the U.S. Department of Transportation considers an incentive for Southwest to avoid repeating last winter's mess.

Note. U.S. News represented the United States Department of Transportation and addressed the legal allegations that Southwest Airlines is facing. *Southwest Airlines Reaches \$140 Million Settlement over Holiday Flight-Canceling Meltdown Last Year*, Associated Press, 2023, www.usnews.com/news/us/articles/2023-12-18/southwest-airlines-reaches-140-million-settlement-for-december-2022-flight-canceling-meltdown.

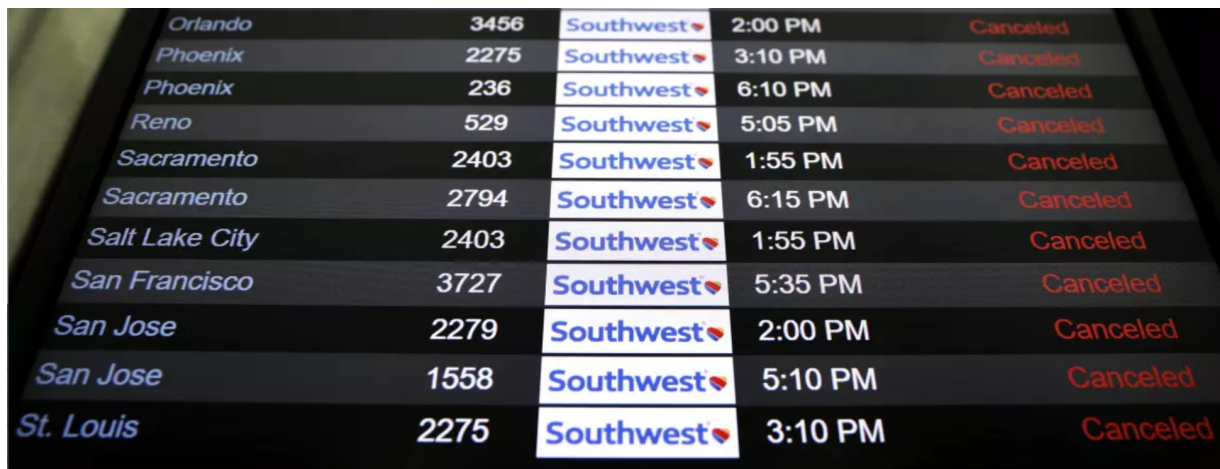
Appendix 4**CBS****Figure C1**

Note. CBS broke down some of the laws that Southwest Airlines broke, which included failing to help customers who were stranded in airports and hotels, leaving many of them to scramble for other flights. Southwest Airlines also did not issue refunds in a timely manner, breaking the law again. *Southwest Airlines in \$140 Million Deal with Feds over 2022 Holiday Travel Meltdown.* CBS News, CBS Interactive, 2023, www.cbsnews.com/news/southwest-airlines-140-million-settlement-feds-december-2022-debacle/.

Appendix 5

LA Times

Figure D1



Orlando	3456	Southwest	2:00 PM	Canceled
Phoenix	2275	Southwest	3:10 PM	Canceled
Phoenix	236	Southwest	6:10 PM	Canceled
Reno	529	Southwest	5:05 PM	Canceled
Sacramento	2403	Southwest	1:55 PM	Canceled
Sacramento	2794	Southwest	6:15 PM	Canceled
Salt Lake City	2403	Southwest	1:55 PM	Canceled
San Francisco	3727	Southwest	5:35 PM	Canceled
San Jose	2279	Southwest	2:00 PM	Canceled
San Jose	1558	Southwest	5:10 PM	Canceled
St. Louis	2275	Southwest	3:10 PM	Canceled

Note. LA Times also represents the Department of Transportation, noting, “The government said the assessment was the largest it has ever imposed on an airline for violating consumer protection laws” (Koeing, 2023). *Southwest Airlines Reaches \$140-Million Settlement for December 2022 Flight-Canceling Meltdown.* *Los Angeles Times*, Los Angeles Times, 18 Dec. 2023, www.latimes.com/business/story/2023-12-18/southwest-airlines-reaches-140-million-settlement-for-december-2022-flight-canceling-meltdown.