URL: https://stvp.stanford.edu/blog/videos/competition-and-pricing

Neeleman believes the success of JetBlue to this point is the company's price points. I pray for the day our competitors can match our fares, he says. Currently, competitors are desperate to gain back market share and have been undercutting prices. The success of JetBlue is because of loyal customers. We have somehow been able to levitate above a commodity business, as Dell or WalMart have done well during bad industries, he adds.

Transcript

I believe that this success of JetBlue to this point and one of the things that they wrote on the wall is our biggest fear about the future of JetBlue is that there'll be predatory pricing that people actually come in and start matching our fares and as our costs come down, I pray for the day they just match our fares because they've been undercutting us.. These airlines have been absolutely desperate in trying to gain back market share because we've been in some pretty big markets.. The success of JetBlue is because of loyal customers.. We've somehow been able to levitate above a commodity business and so the same way that maybe Dell has or Wal-Mart and others have been able to levitate and do well in a really bad industry.. I think that's the secret sauce of JetBlue.. We do have the lowest costs.. We have tried to build the best product in the industry with the lowest cost.. I'm obviously fortunate enough to be running a company; if you were running any company that had the lowest cost and the best product, you have to be crazy not to make money.. As far as the hub and spokes in the future, you have to try and differentiate yourself.. We need hub and spokes..

It's an absolute prerequisite but to the extent that airlines can get their cost down and stimulate traffic and do more point-to-points then there'll be more of that but you need something special.. You need that extra sizzle that's going to make people want to come and fly with you.. It's very difficult to do, very difficult to duplicate...