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Internationalization Speed: Strategies in the Low-Carriers (LCCs) Industry

par

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Abstract

Objective: The thesis studies the speed of internationalization in the LCCs industry. The first objective is to measure different internationalization speeds of LCCs through multidimensional and unidimensional methods. These measurements enable differentiating between LCCs based on speed and examine the forces influencing a high or slow speed of internationalization. Understanding these forces facilitates the management of the internationalization speed of LCCs.

Methodology: The thesis studies major LCCs that are Air Canada Rouge, Ryanair, EasyJet, JetBlue, and Southwest Airlines. After collecting data in an event history database (Edwards, 2013), case presentations were developed based on the narrative strategy (Langley, 1999). Data analysis adopted cross pattern analysis (Eisenhardt, 1989) with the aid of sensemaking strategies (Langley, 1999). The data collection relied on archival documents in the form of annual reports, letters to shareholders, conference calls, and LCCs press releases for the period of study 2000-2018. Data collection generated more than 1000 documents over more than 15,000 pages. Also, complementary data was used from public televised interviews of executives, public LinkedIn profiles, and industry reports.

Results: The internationalization speed of LCCs is influenced by three levels of factors that are supra-organizational, organizational, and individual. For organizational level, technology, strategy, resources, and opportunity development represent a source of rapid internationalization. However, innovation is not equally important to internationalization speed as the other forces at the supra-organizational level. The supra-organizational and individual levels are a source of strong influence on internationalization speed components and lead to different speeds. While management experience and risk-taking traits lead to rapid internationalization, the institutional environment and competition are external forces that control the speed of internationalization of LCCs. As a result, a three-level analysis framework is proposed to understand the reason behind LCCs internationalizing at different speeds.

Limitations: The thesis limitation starts with the reliance on secondary data and the bias of researchers emerging from case study methods. Also, the transferability of results is another source of limitation resulting from the methods.

Contributions: The thesis examined the link of influence on internationalization speed through international commercial intensity, market breadth, and commitment of foreign resources (Casillas & Acedo, 2013). The theoretical framework was based on the research of different forces influencing internationalization speed that were grouped in a three-level analysis (supra-organizational, organizational, and individual). Also, the thesis measured internationalization speed of LCCs through multidimensional methods (Lin, 2012; Chang & Rhee, 2011; Chetty et al.,

2014; Casillas & Acedo, 2013) and unidimensional methods (Ramos et al., 2011; Musteen et al., 2010; Chetty et al., 2014.; Zhou, 2007).

Originality: A limited application of internationalization speed measurement in different industries was suggested by Chetty et al. (2014). The study acknowledges the different definition of internationalization speed that was rarely captured by research in the field (Autio et al., 2000). Lastly, the thesis answers the call of Oviatt and McDougall (2005) by merging international business and international entrepreneurship research in studying internationalization speed. This answer also contributes to a further understanding of the sources of influence on internationalization speed in the LCC industry (Prashantham & Young, 2011).

Keywords: Low-cost carriers, internationalization speed, internationalization speed measurements, force of influence, multiple case study.

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Let the journey begin!

Chapter 1: Introduction

Internationalization speed is a concept that has been defined by various scholars and researchers in the international business (Chetty et al., 2014) and international entrepreneurship fields (Oviatt & McDougall, 2005; Rialp et al., 2005). For internationalization, academics agree on a common definition. It is commonly defined as the dynamic process where firms increase their level of involvement in foreign markets (Casillas, & Moreno-Menéndez, 2014) throughout a series of methods such as the discovery, enactment, evaluation, as well as the exploitation of new cross-border markets (Langseth et al., 2016). But concerning the speed of internationalization, the definition is ambiguous. For some authors, it refers to the forces that impact the timing of the speed of entry, which refers to the period between the firm's foundation and its initial international operation (Casilla, & Moreno-Menéndez, 2014). For other authors, the speed of internationalization refers to the post-entry expansion pace (Prashantham & Young, 2011).

In addition to the "why," "where," and "how" in international business, internationalization speed answers the "when" question for internationalization research (Casillas & Acedo, 2013; Eden, 2009; George & Jones, 2000). For internationalization, speed needs to be considered in parallel to market selection and mode of entry (Eden, 2009; Casillas & Acedo, 2013). However, internationalization speed remains an "under-investigated" concept (Casillas & Acedo, 2013, p.15), which was rarely studied by combining both streams of research: international business and entrepreneurship (Oviatt & McDougall, 2005). Oviatt and McDougall (2005) have further indicated that there is an urge to define the speed of internationalization while combining the international business and international entrepreneurship fields.

Initially, in research on internationalization, researchers focused mainly on two main dimensions: entry modes and choice of markets (Casillas & Acedo, 2013). However, during the last decade, the focus has been transitioning towards including the speed not only as a dependent variable, but as the focus of internationalization research (Casillas & Acedo, 2013; Humerinta-Peltomäki, 2003). More recent contributions within the international entrepreneurship field emphasized speed as a third important dimension, in addition to location and entry mode (Casillas & Moreno-Menendez, 2014; Zahra & George, 2002).

In the contribution of Chetty et al. (2014), the authors indicate that global firms challenged earlier limited research on speed emerging from the traditional Uppsala model, which refers to firms entering nearby markets with incremental commitments. The challenge was represented by the short time to internationalization. For Eden (2009), the limited research on the speed of internationalization emerging from traditional models. This rarity is explained by the limited number of researches that focused on time and speed as objectives of research (Eden, 2009). The accelerated internationalization of firms raised the necessity to develop internationalization speed research (Zahra et al., 2004).

Existing literature that defines the speed of internationalization still debates its differences, commonalities, as well as the different factors that impact it. For instance, Chetty et al. (2014) and Casillas and Moreno-Menendez (2014) both considered learning and experiential learning as part of the speed construct, while Chetty et al., (2014) further added commitment to the construct. Casillas & Acedo (2013), however, defined internationalization speed based on the variation of the commitment of foreign resources, breadth of international markets, and international commercial intensity.

This thesis contributes to the literature by assessing factors and forces that determine the speed of internationalization in the low-cost carriers (LCCs) industry. While this topic adds value to the existing literature related to the speed of internationalization, it is also essential for decision-makers, to avoid the overstretching of firms' resources while pursuing international opportunities (Chetty et al., 2014). Understanding the forces that influence the speed of internationalization within the LCC industry will allow managers to make efficient resource' allocation decisions (Chetty et al., 2014), avoid sources of growth disruptions, and positively impact firm performance (Musteen et al., 2010; Vermeulen & Barkema, 2002; Wagner, 2004).

Literature gap and research questions

Casillas and Acedo (2013) indicate that the existing literature largely discusses the internationalization process but, until the last decade, failed to capture speed as a core component to that process (Casillas & Acedo, 2013). Even today, few papers focus on the speed of internationalization as the phenomenon of the research. According to Chetty et al. (2014), there are no clear discussions about the nature of the speed of the internationalization concept. For instance,

Autio et al. (2000) indicate that several studies do not distinguish between internationalization speed and time to internationalize. Also, Prashantham and Young (2011) suggest that there is a lack of knowledge related to the factors that impact the speed of internationalization. This is mainly due to the limited number of comparative studies investigating the source of impact on internationalization speed and why some firms fail to move faster than others (Prashantham and Young, 2011)

The current contribution adds value to the literature by discussing the measurements as well as the influencing factors of the internationalization speed of LCCs. Thus, the thesis pursues the following research questions:

- How can internationalization speed be measured in the LCC industry?
- Why do LCCs internationalize at different speeds?

In answering the research questions, the current contribution combines factors as well as forces that impact the speed of internationalization from international business and international entrepreneurship fields. Merging factors that influence the speed of internationalization from these latter fields is not common in the existing literature (Oviatt & McDougall, 2005), as few articles were able to combine them (Prashantham & Young, 2011).

Research Context

Consistent with the internationalization speed research domain, speed is a central characteristic of the research context: airlines. Speed impacts the pace of travel and movement of goods across the world, in part, through the active role of airlines. Yet, it is essential to note that the airline industry is composed, among others, of full-service airlines and LCCs (Belobaba et al., 2015). This latter sub-category is the main focus of this thesis. Within the LCC industry, the speed of internationalization intuitively seems to have an impact on the increase of passenger circulation within and across countries. The airline industry, in general, is considered to be one of the critical industries for many economies in the world, where it is considered a significant economic force in some countries (ATAG, 2005; Belobaba et al., 2015). The airline industry also contributes to the world economy with revenues that account for $838 billion as of 2019 (IATA, 2019, December 11).

The emergence and growth of the LCC model date back to 1978 with Southwest Airlines and the Airlines Deregulation Act of 1978 (IATA, 2019, December 11; de Wit, & Zuidberg, 2012). Before this act, the US Airline market was controlled by the Civil Aeronautics Board (CAB). The CAB controlled fares, routes, and market entry (Douglas & Miller, 1974). The Airlines Deregulation Act of 1978 came to liberalize the US market from the control of CAB and enabled market competition (Belobaba et al., 2015). This led to increased flight numbers and decreasing fares (Azadian & Vasigh, 2019; de Wit, & Zuidberg, 2012). The same trend occurred in Europe as the deregulation of European skies was introduced in the 1990s (Belobaba et al., 2015).

Definition and Growth

Compared to the full-service airlines, LCCs have a unique business model that has led to significant growth within the industry. This model is characterized by a cost-leadership with no-frill service, point-to-point, fleet densifications, and a high tendency for the short-haul market (de Wit, & Zuidberg, 2012). Worldwide, LCCs have grown and captured gradually more market share from full-service airlines by more than doubling capacities during 2003-2013 (Rozenberg et al., 2014). With 1.5 times the growth of the total passengers carried globally, LCCs carried 11.4% more passengers between 2016 and 2017, serving 30% of the world's market by 2017 (ICAO, n.d).

In Europe, LCCs experienced an increase of 3200 flights per day during 2007-2016, which represents 61% growth (EUROCONTROL, 2017; AIRLIVE, 2017). In contrast, the full-service airlines experienced a drop of 10% in total flights market share 2007-2016 (EUROCONTROL, 2017). Plus, Anna Aero (2018) expects LCCs to capture more than half of the European market share by 2027 (Anna Aero, 2018).

According to Sabre Air Solution (2010), LCCs have a significant potential growth in the long-haul segments, which refers to flights exceeding four hours per trip (Binggeli & Weber, 2013). Also, CAPA (2013) indicates that the long-haul market is underserved by LCCs. For Binggeli and Weber (2013), the long-haul airline market represents a growth opportunity for LCCs, as they have shown promising results for companies such as Air Asia and Jetstar Airways that have previously entered the market. For this, Vermeulen and Barkema (2002) indicate that LCCs need to adapt and adjust their business model to be hybrid and introduce some full-service airline processes such as selling throughout Global Distribution Systems.

LCC Internationalization Uniqueness

For internationalization processes, LCCs use different strategies compared to full-service airlines. For instance, LCCs engage less in alliances and focus more on foreign direct investment (FDIs), with preference to maintain control over operations (Ramón-Rodríguez et al., 2011). While some studies have explored the internationalization of airlines (Ramón-Rodríguez et al., 2011; Albers et al., 2010; Al-Kwifi et al., 2019), a lack of contributions addressing the speed of internationalization of LCCs was observed. Given the actual significant growth of this industry as well as its potential growth, LCCs represent a productive avenue of research for the speed of internationalization.

Source of Learning for Airlines

Given the strong margins structure (Klophaus, 2005), LCCs are a source of learning for the global airline industry. Sabre Air Solution (2010) emphasized the strength of the strategies and models of LCCs and suggested that some of the processes used within these companies could be duplicated for the full-service airline industry. In the same paper, examples of LCC processes that have been adopted by the full-service airlines that demonstrated a positive and effective impact are, but not limited to, fare reduction and ticket restructuring.

LCCs' ancillary revenues demonstrate the know-how that can be used by full-service carriers to increase revenues (CAPA, 2018). Examples include aircraft densification management and operational efficiency (Air Canada, 2017).

Conclusion

All in all, LCCs represent a relevant context for internationalization speed research for the following reasons: 1) potential global expansion (Rozenberg et al., 2014), 2) a promising context for academic contribution, and 3) a knowledge pipeline for the commercial airlines' industry.

Methodology Overview

The following qualitative thesis uses multiple case studies with embedded unit of analyses to investigate the research questions. Each case study represents an LCC company. The selection process of LCC companies was based on market performance and geographical diversity. The

selected companies are: Air Canada Rouge, EasyJet, JetBlue Airways, Ryanair, and Southwest Airlines.

To assess the factors influencing the speed of internationalization, the thesis starts by differentiating between the speed of different LCCs. Among other approaches, the thesis measures internationalization speed as the total of cultural, administrative, geographical, and economical (CAGE) distances of each LCC, as proposed by Ghemawat (2001), times the average international destinations per host country, divided by the internationalization period. This measurement process enables quantifying the internationalization speed for each LCC company, which allows for cross case comparison and analysis. This method is developed in chapter three.

After creating an event history database (Edwards, 2013), case presentations were developed through a narrative strategy (Langley, 1999). Data analysis used visual mapping (Langley, 1999) and cross-case patterns (Eisenhardt, 1989).

Although speed measurement is quantitative, the thesis is a qualitative study. Data collection and analysis consisted of extensive archival documents. These documents account for more than 15,000 pages and more than 1000 historical documents. The historical documents include annual reports (Form-20, letter to shareholders, management discussions), analyst conference calls, media interviews, media articles, and LCC press releases. Moreover, complementary data was used, including televised interviews of top management, LinkedIn (verification of executives) and industry reports. The period of the study focuses on 2000-2018, as this period reflects the "fast growth [of LCCs] after 1999" (Alderighi et al., 2012, p. 224), and the disruptive competition of LCCs during 2000-2010 (Fiig et al., 2015).

Structure of the Thesis

While the first chapter was an introductory one, the rest of the thesis is structured as follow: chapter two presents the literature review of different internationalization models, the definition and the measurement of the internationalization speed, factors that influence the speed of internationalization, and the internationalization process of LCCs. This is followed by the third chapter that discusses the theoretical framework as well as the research model. Chapter four discusses the internationalization speed measurement of the studied LCCs, while chapter five

presents the cases of each of the LCC companies. Chapter six presents and discusses the findings, while Chapter seven concludes.

Chapter 2: Literature review

The following chapter presents the literature review related to this thesis research question, that is, why do LCCs internationalize at different speeds? The current chapter is divided into three main sections. The first section reviews the internationalization process models and theories that account for the traditional stage model, the network model, and the born-global model. The literature excludes the eclectic paradigm internationalization model, as it has a limited direct link to the speed component. This is to provide a clear understanding related to the current internationalization models that account for speed before discussing the speed of internationalization in depth. The speed of internationalization is the core of the second section of the literature review, as it is the focus of the thesis. The second section will discuss the different definitions, measurement approaches, and factors influencing the internationalization speed. Finally, the third section of this chapter will present the different internationalization strategies currently adopted by LCCs.

Internationalization Process Theories

The international environment has become in the most recent decades a complex environment, which serves not only big firms and corporations, but also small and medium-sized companies. It is important to note that internationalization strategies are used by all type of firms with the intention to rapidly serve different markets across the globe (Ribau et al., 2015). The interest of scholars in firms' internationalization has led to changing and adapting its different frameworks, assumptions, models, and theories (e.g. Ietto-Gillies, 2012; Moreira, 2009; Bayfield et al., 2009).

By definition, the internationalization process displays the path adopted by firms in expanding and adapting to different host environments (Kuivalainen et al., 2012). For this, some of the international business literature has proposed three internationalization process theories. But for contributions, they have proposed four main conventional theories of internationalization (Ribau et al., 2015). This difference between theories roots back to the differences in the definition of the internationalization concept. For Porter (1990), the author argued that the development of foreign business activities comes after a period of domestic maturation. This school of thought

proposes that companies internationalize in distinct stages with an increase in commitment over time (Johanson & Vahlne, 1977; Aharoni, 1966). But concerning Johanson and Mattson (1988), the authors argue that firms internationalize through a network of business relationships. But with regards to Chetty and Campbell-Hunt (2004) the authors suggest that internationalization development led to the emergence of a born global firm that internationalize since inception. These latter authors indicate that "domestic maturation" is less important. For this matter, the following section will discuss and review the four existing internationalization process theories.

Uppsala Model

The internationalization process has been analyzed by many researchers as a process that takes place over time, and after companies understand the market they perform in (Ribau et al., 2015). This idea had a large impact on firms' international marketing strategies (Moen and Servais, 2002), and has been enriched by many scholars (e.g. Prange & Verdier, 2011). Also, the idea has led Johanson and Vahlne (1977) to develop one of the first internationalization theories that is referred to as the "Uppsala model".

The Uppsala model is considered as a stage model, which suggests that firms internationalize incrementally and gradually through different stages by building business activities and developing commitment over time (Johanson & Vahlne, 1977). This model assumes that the internationalization of firms is the result of "uncertainty and bounded rationality" (Johanson & Vahlne, 2009, p.1412), and of the lack of understanding of foreign markets (Prange and Verdier, 2011). In order to illustrate this, and while proposing the Uppsala model, Johanson and Vahlne (2009) have analyzed the internationalization of Swedish firms and proposed that firms internationalize incrementally by first exporting, second having middlemen who facilitate the business in the host country, third opening a sales subsidiary that takes upon the role of intermediary, and finally creating a production facility unit or establishing a formal presence in the host country.

This internationalization model has contributed massively to researches related to firms' internationalization and was largely cited in the international management field (Ahokangas, 1998; Bjorkman & Forsgren, 2000; Catherine & Matthyssens, 2001). Nonetheless, the model was criticized by many researchers who did not agree with the risk aversion assumption (Hadjikhani,

1997). These latter types of authors indicate that the different contributions, which assess firms' internationalization through this model, did not use the main constructs, and tested the process using an "indirect empirical verification" (Papadopoulos & Martín, 2010).

This model has been perceived by many scholars as static, and limits predicting the patters of the internationalization processes (Oviatt & McDougall, 1999). Researchers also argue that the traditional model assumes that firms are not looking primarily for internationalization opportunities, which makes it not respond to the "how", and mostly "when" firms should start internationalizing (Leonidou & Katsikeas, 1996; Autio et al., 2000). For this, Andersen (1993) urges the need of further researching and expanding the Uppsala model in terms of longitudinal line, explanatory power, and other parameters, which will further enable explaining the internationalization concept and needs.

In the revised Uppsala Model, Johanson and Vahlne (2009) showed the importance of business networks, opportunity development, and knowledge learning in the internationalization process. These elements are reappearing and discussed in the internationalization speed research. Concerning the business network element, Johanson and Vahlne (2009) argue that it shapes the entry mode and the direction of internationalization. The lack of a business network position, in a foreign country, puts the entering firm in the outsider shoe that increases with it the liability of foreignness and the difficulty to enter the market (Johanson & Vahlne, 2009). In post-entry, Chetty and Campbell-Hunt (2004) have proposed that traditional model firms rely gradually less on business networks and more on established resources. This observation was the result of incremental engagements, where firms build their capabilities in the host country. Also, markets are organized and interact in a complex manner and create an invisible network (Johanson & Vahlne, 2009). Hence, business networks have an important role in facilitating internationalization by reducing market entry difficulties and uncertainties (Johanson & Vahlne, 2009).

Internationalization is also driven by the opportunities presented in targeted countries. Perceived opportunities need to be developed through discovery and creation (Johanson & Vahlne, 2009). For this, the level of knowledge and the capacity of knowledge development are critical to internationalization (Johanson & Vahlne, 2009). It is important to note that prior experiences and international knowledge of the management reduce the uncertainty of internationalization and

facilitates the entry, as "they are the carriers of (tacit) knowledge, trust, commitment, and network relations." (Johanson & Vahlne, 2009, p.1423).

The authors further developed the Uppsala model from the risk perspective management as well as its corresponding implications on the different stages of internationalization. Results indicate that the level of commitment and uncertainty changes contributes to the level of risk aversion of firms. This model can be used by small to medium-sized companies and large multinationals (Johanson & Vahlne, 2009).

Network Model

Internationalization through network model was advanced in the 1980s by Johanson & Mattson (1988). It was built on the assumption that the market is organized as a network of business relationships (Blankenburg & Johanson, 1992). At the international level, interconnecting networks emerge and influence international business (Blankenburg & Johanson, 1992). It is of prime importance to note that the network model quickly gained popularity (Törnroos, 2000), mainly after the contribution conducted by the "Industrial Marketing and Purchasing" group (Brito & Silva, 2009). This contribution indicates that the network model focuses on three main determinants to analyze as well as understand firms' systems. These variables are: actors –that refer to firms-, their corresponding activities, and their resources (Ribau et al., 2015).

The interdependence between firms at the international level promotes increased mutual value creation (Johanson & Mattson, 2015). This value creation is translated into an increased presence in different foreign markets. Moreover, business partners are key to entering foreign markets (Holm, Eriksson, & Johanson, 1999). The network model accepts two dimensions for internationalization that are related to the firm and targeted markets (Johanson & Mattson, 2015). These two dimensions are the degree of market internationalization and the level of the company's internationalization (Johanson & Mattsom, 1988; 2015).

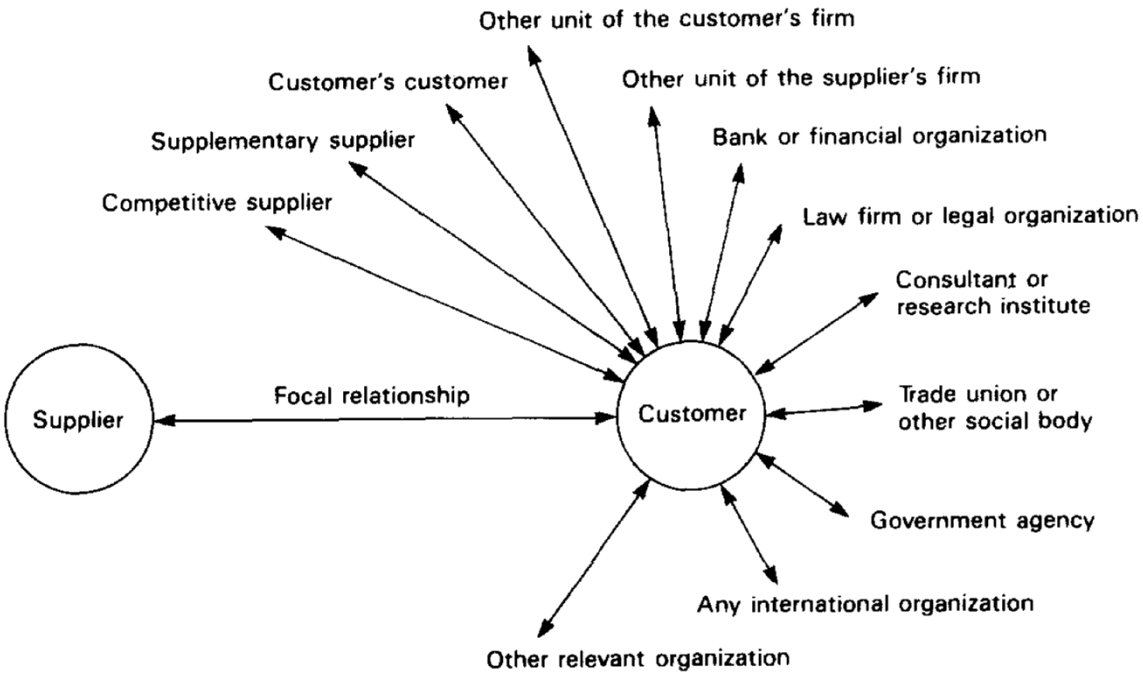
Based on industrial firms, Johanson and Mattson (2015) propose the network model as an alternative to the Uppsala model by highlighting two important dimensions that are "experiential learning and gradual commitments." The network model is different from the Uppsala model such as it resides in the incremental and progressive internationalization through successive steps

(Johanson & Vahlne, 2009). On the contrary, the network model emphasizes the understanding of internationalization through the business network and the varying effects of business relationships on internationalization (Johanson & Mattson, 2015).

The current and previous relationship of a company with external business actors is reflected in the firm's position within the network (Johanson & Mattsson 1988). For example, Mitgwe (2006) has presented the case of high-tech firms that internationalize through business networks. This internationalization is facilitated by the experience and resources provided by the business network (Mitgewe, 2006). Thus, external organization and business actors in the network are sources of internationalization influence (Johanson & Mattson, 2015). Furthermore, Johanson and Mattson (2015) argued that the internationalization of the firm is influenced by its degree of relationship with foreign network and external business actors. The degree of influence is based on the firm's position, level of integration, and type of relationship bonds established with external business actors (Johanson & Mattson, 1988; 2015).

Blankenburg & Johanson (1992) indicate that business relationships are established through customer rather than the supplier. Customer is seen as a focal point (Figure 1) that interacts with various business actors such as banks, customer's customer, and competitive supplier (Blankenburg & Johanson, 1992). For instance, a firm may be asked or pressured to follow its client in a foreign market, which makes the customer represents one of the internationalization drivers in the business network. Business network mutuality is important to value creation through increased commitment in the web network of business relationships (Holm et al., 1999). However, the higher the control of business relationships across the border, the higher the cost incurred (Blankenburg & Johanson, 1992). A strongly connected business relationship across borders may result in reduced business freedom (Blankenburg & Johanson, 1992). Finally, the network model of internationalization consists of firms engaging, establishing, and developing a network of business relationships in the home and host countries (Johanson & Mattson, 1988; 2015). The motives of internationalization through the network model are international extension, penetration, or integration (Johanson & Mattson, 1988). In brief, business arrangement lessens bumps during internationalization and consequently influences the speed of internationalization positively.

Figure 1: Customer as a focal point in a business network of relationship



Source: (Blankenburg & Johanson, 1992, p.10).

Born Global

According to Chetty, Campbell-Hunt (2004), Prange and Verdier (2011), the global economy leads firms to go through rapid changes in their activities and businesses. These contributions indicate that firms currently accelerate the entry to international markets, which does not align with traditional as well as incremental internationalization theories. Many authors (e.g. Dimitratos & Jones, 2005; Wennberg & Holmquist, 2008) indicate that the theoretical development of business internationalization models and theories do not respond to the current fast development of the global economy.

It is important to state the internationalization processes speed is different depending on the nature of firms, as some firms internationalize on the launch day, or nearly right after their inception (Catanzaro et al., 2011; Knight & Cavusgil, 2004). This led current scholars to see the need for new as well as modern internationalization approaches and theories (Catanzaro et al., 2011).

Existing literature suggested analyzing the speed in terms of the period that separates the firm's inception and the first foreign business development. In other terms, it is the shorter time between inception and first international entry that gave birth to international new ventures or born global firms (Olejnik and Swoboda, 2012; Cerrato and Fernhaber, 2018). Subsequently, the current literature has been interested in the internationalization of firms since inception or few years after birth. This interest has produced many definitions that converge on the nature of rapid entries in multiple markets since inception (Oviatt & McDougall, 1997).

Definitions for born global firms diverge on the portion of international sales required to qualify for born global definition as well as the time to internationalize since inception. Not only firms that internationalize since inceptions are regarded as born global, but also those that internationalize a few years after inception (Chetty & Campbell-Hunt, 2004; Knight & Cavusgil, 2004; Rennie, 1993). For example, Chetty and Campbell-Hunt (2004) and Rennie (1993) argue that born global firms internationalize on average two years after foundation, whereas Knight and Cavusgil (2004) propose three years on average.

The portion of the international sales is also a key variable in framing born global definition. Knight & Cavusgil (2004) argue that at least 25% of transactions need to result from the international market to qualify for born global status. Rennie (1993) stressed that the portion of international sales needs to exceed 76% of sales to qualify for born global definition, whereas Chetty and Campbell-Hunt (2004) argue for 80% of sales.

On the other hand, born global firms place less importance on the firm's home market as they move rapidly across borders for various reasons (Chetty & Campbell-Hunt, 2004). Alternatively, psychic distances are less considered by born global firms during internationalization (Chetty & Campbell-Hunt, 2004). Hence, the disruptiveness of born global firms surpasses all the limiting factors that are linked to the home market and psychic distance as they enter rapidly different geographical markets. Finally, born global firms rely on prior knowledge, communication technology, and business network for rapid internationalization (Chetty & Campbell-Hunt, 2004).

Internationalization in the LCCs industry.

It is important before diving into internationalization speed research, the literature also present the internationalization of LCCs. This discussion is to confront the internationalization concepts and the internationalization of LCCs. The internationalization of airline industry is complex since aircraft are designed by nature to connect two points that are located very far from each other and falls, sometimes, within different countries and different jurisdictions.

The internationalization of airlines seems natural as the fact of serving a host country from a home country airport is considered an export of service (Ramón-Rodríguez et al., 2011). In this line of reasoning, the internationalization of airline industry seems evident, but the complexity arises as the LCCs target dense primary and secondary airport while maintaining operational cost leadership (Graham, 2013; Ramón-Rodríguez et al., 2011). While some LCCs internationalize rapidly after inception, others remain operating only in their domestic market despite financial strength and governmental support. For instance, since its inception in the 70s, Southwest Airline did not fly outside of the US continental until in 2013 (Diaconu, 2012).

In understanding the internationalization process of LCCs, the academic literature has discussed different modes of internationalization and LCCs foreign market entry. For example, Klein et al. (2015) argue that LCC's leadership and choice of airports represent an important factor for foreign bases establishment. Also, Klein et al (2015) have proposed three factors that influence the decision of LCCs to establish foreign base and these factors are: "Managerial, organizational, and environmental" (p.17). Besides, Albers et al (2010) propose that entry modes of LCCs are influenced by the ownership and capital structure as well as the timing of the strategic decision. On the other hand, business network, cost of labor, and flight operations have little impact on the decision to create foreign base (Klein et al., 2015).

Ramon-Rodriguez et al. (2011) propose that LCCs opt for different internationalization strategies than traditional airline. In fact, LCCs opt for an FDI rather than internationalization through alliances and joint venture to gain market entries (Ramon-Rodriguez et al., 2011). LCCs' internationalization strategies are either through export, cooperation, or FDIs. As explained by Albers et al. (2010), the export is in the form of serving international flight without establishing a foreign base in the host country. The cooperation mode takes the form of marketing alliance, code-

sharing, and interlining agreements (Albers, et al., 2010). FDI mode can be translated into joint venture, minority equity participation, full acquisition, creation of subsidiary, or the establishment of a base (Albers et al., 2010).

Speed of Internationalization

The speed of internationalization is considered to be one of the major issues facing researchers, and mainly managers that are about to enter or expand to new markets (Chetty et al., 2014). For Chetty et al. (2014), it is necessary for firms to measure the speed of internationalization to be able to balance between firms' resources with regards to international opportunities. In the contribution of Chetty and Campbell-Hunt (2003), findings indicate that the lack of speed measurement, mainly in a rapid international growth environment, might lead to firms destabilization. Thus, the speed of internationalization impacts directly firms' international performances (Vermeulen & Barkema, 2002; Wagner, 2004). According to Casillas and Acedo (2013), the concept of speed within the internationalization is still under-researched. These authors indicate that scholars did not provide clear guidance and established theoretical frameworks that enable managing as well as measuring the speed of internationalization. For this matter, the following section will be divided into three main parts that relate to the definition of speed of internationalization according to the existing literature. This will be followed by a presentation of the research of internationalization speed measurement and the factors influencing internationalization speed.

Definition of Internationalization's Speed

The contribution of Chetty et al. (2014) indicate that the definition of this concept is not clear. This is mainly because the different contributions within the field that did not focus on discussing the nature of the concept. First, many authors simply refer to the speed as the "time to internationalize", which is not consistent for new ventures and newborn companies that go international at the inception (Acedo & Jones, 2007; Weerawardena et al., 2007). Second, existing contributions define speed either using a single dimension or multi-dimension method.

In the contribution of Casillas and Moreno-Menendez (2014), the terms speed of entry and internationalization speed are used interchangeably, and refers to the link between the process of internationalization and time. But for Casillas and Acedo (2013), the speed is defined in a way to show the period of time needed for a company to its international events. These definitions are different from the one of Chang and Rhee (2011). This latter author defines speed as the firms' number of foreign direct investments per year since its first one. Concerning Prashantham and Young (2011), the internationalization speed is used interchangeably with post-entry speed, and it refers to a firm's pace of international expansion.

The construction of speed also takes into account different dimensions. For instance, Casillas and Acedo (2013) deconstructed the speed of internationalization into three dimensions that are the speed of change in the commitment of foreign resources, speed of change in international commercial intensity, and the speed of change in the breadth of international markets. Alternatively, Prashantam and Young (2011) have constructed the speed on the basis of "the country scope speed and international commitment speed". Last but not least, the speed of internationalization should be taken differently than the acceleration, which is a variation of speed in time (Chetty et al., 2014).

As mentioned earlier, time is a core component of speed. Casillas and Acedo (2013) have advanced that the temporal dimension needs to be seen through timescale (Short vs long term) and nature of change (Continuous vs discontinuous). Also, the views have diverged whether to account for the time period since firm's inception or only since first internationalization. Prashantham and Young (2011) have considered speed in the post-entry of the internationalization, whereas Casillas and Moreno-Menendez (2014) have proposed that speed is not limited to separate period of internationalization but stretches from inception and covers post-entry period.

Measurement of internationalization speed

The speed is an explanatory variable that is measured differently by international business researchers. As the construct of speed differed between scholars, the literature proposed measurement either in the form of single unit, which is time (e.g. Ramos et al., 2011; Musteen et al., 2010), or in the form of quotient that takes time as the denominator (e.g. Casillas & Acedo,

2013). Hereafter a discussion of the literature on multidimensional and unidimensional measurements is presented.

Multidimensional speed measurement

Some studies proposed internationalization speed as a multidimensional measurement, in the form of quotient (Lin, 2012; Chang & Rhee, 2011; Chetty et al., 2014; Casillas & Acedo, 2013) and a "formative construct" (Casillas & Acedo, 2013, p.26). More importantly, the multidimensional measurement accepts at its denominator the time's unit as an anchor for internationalization speed (Lin, 2012; Chang & Rhee, 2011; Chetty et al., 2014; Casillas & Acedo, 2013). For the nominator, the existing literature has proposed different components of internationalization speed and internationalization markers (e.g., Lin, 2012; Chang & Rhee, 2011; Chetty et al., 2014; Casillas & Acedo, 2013).

Casillas and Acedo (2013) proposed that speed's nominator needs to account for the change in the firm's international business activity and behavior. Chang and Rhee (2011) measured speed in the form of "average number of FDIs in new countries per year since the first FDI" (as cited in Chetty et al., 2014, p.636). In parallel, Lin (2012) studies the internationalization pace and measure it as "the average number of foreign manufacturing subsidiaries divided by the number of years since the firm's first foreign expansion" (as cited in Chetty et al., 2014, p.636). Internationalization speed also needs to consider commercial intensity and increased market commitment in the host country (Casillas & Acedo, 2013).

Commonly, the important component of speed is distance. As speed takes into consideration the distance between home and host countries, the CAGE distance can prove as descriptive for the speed of internationalization (Aygoren & Kadakal, 2018). CAGE distance is a construct that account for different elements that are involved in international commercial transactions. Ghemawat (2001) constructed CAGE distance bases on cultural, administrative, geographical, and economical distances.

The cultural distances increase with different social norms and different languages (Ghemawat, 2001). Administrative distance is prevalent through either political synergies or differences, and the difference in regulatory environment (Ghemawat, 2001). Ghemawat (2001)

argues that economic distance can be seen through infrastructure, consumption, income level, and GDP.

The speed of gaining internationalization knowledge and learning are also key components of internationalization speed (Chetty et al., 2014). Learning through repetition and diversity of internationalization activities are important in measuring internationalization speed (Chetty et al., 2014). The internationalization generates experience that nurtures the company's knowledge of the international market and influences the subsequent internationalizations (Chetty et al., 2014).

While internationalization speed measurement needs to account for its denominator time's unit, the nominator needs to account for different international business activities, market commitment (Casillas & Acedo, 2013), CAGE distance (Aygoren & Kadakal, 2018), and knowledge learning (Chetty et al., 2014),

Unidimensional speed measurement

For unidimensional measurement, the literature has accounted for pre-internationalization and post internationalization. For pre-internationalization, the speed is measured as the time that separates foundation and first internationalization (Ramos et al., 2011; Musteen et al., 2010). On the other hand, Chen and Yeh (2012) proposed internationalization speed measurement as the time span between two consecutive foreign business activities. Also, Casillas and Moreno-Menendez (2014) have measured internationalization's speed as the number of days that separates between two consecutive international operations. With regards to the contribution of Oviatt and McDougall (2005), they measured speed as the time that separates the opportunity discovery and market entry. Zhou (2007) adds market commitment to the speed measurement. Zhou (2007) accounts for internationalization speed in the form of international sales portion as it surpasses 20%.

Factors Influencing Speed of Internationalization

The literature review has revealed multiple factors influencing internationalization speed. These factors are as follow: technology, competition, management and knowledge learning, business network, firm's Strategy and resources, innovation, and institutional environment. The

following section will discuss and review each of these factors (Table 1) and their influence on internationalization speed.

Table 1: Summary of factors influencing internationalization speed

Factors of Internationalization Speed	**Authors**	**Effect on Speed**
Technology	Langset et al. (2016); Oviatt & Mcdougall, (2005); Luo, Hongxin Zhao, & Du, 2005; Chetty & Campbell-Hunt (2004).	Positive
Competition	Langseth et al., 2016: Casillas and Acedo, 2013, Oviatt & McDougall, 2005,	Not definitive
Management and Learning	Langset et al. (2016); Oviatt & McDougall (2005);Sullivan and Bauerschmidt, (1990). Autio et al. (2000); Pla-Barber and Escriba-Esteve, 2(006); Johanson & Vahlne, (2009); (Acedo and Jones, (2007); Chetty & Campbell-Hunt, (2004); Casillas & Moreno-Menendez, 2014; Chen & Yeh, 2012;	Curvilinear
Business Network & Knowledge	Langseth et al. (2016); Oviatt and McDougall, (2005); Chetty and Campbell-Hunt (2004); Lee et al. (2012): Agarwal & Feils, (2007); Jimenez and et al., (2014)	Positive
Firm's Strategy	Chetty & Campbell-Hunt, 2004; Oviatt & McDougall, 1997; Johanson & Wiedersheim-Paul's, 1975	Not definitive
Firm's Resources and Capabilities	Chetty et al., 2014; Casillas & Acedo, 2013; Ramos et al.,2011; Weerawardena et al., 2007; Vermeulen & Barkema, 2002; Zhang et al., 2010	
Innovation	Ramos et al., 2011; Oesterle, 1997; Lou et al.,, 2005; Santos & Ruffin, 2010; Rasmussen & Tanev, 2015; Neubert, 2018; Julien and Ramangalahy, 2003; Teixeira and Coimbra, 2014; Luo, et al., 2005	Positive
Opportunity	Oviatt and Mcdougall (2005); Johanson & Vahlne (2009); Langseth et al., (2016).; McNaughton, 2003; Kogut & Zander, 1993	Positive
Institutional Theory.	Chetty & Campbell-Hunt, 2004); Kiss & Danis, (2008; Coeurderoy and Murray (2008; Kostova (1999; Forsgren, 2002; Luo, et al., 2005; Peng et al., 2009; North, 1990;	Not definitive

Technology

Langset et al. (2016) presented "communication and digital technology" (2016, p.125) among the forces influencing the speed of internationalization. Across the globe, the organization of business activities has been facilitated by communication technologies that offer instant communication (Oviatt & McDougall, 2005). Also, technology reduces transactional costs and, hence, the distance between countries (Oviatt & McDougall, 2005). The direct access to customers across borders has been facilitated by technology and contributes to rapid internationalization (Chetty & Campbell-Hunt, 2004; Oviatt & McDougall, 2005). Moreover, the development of technological infrastructure in the host country positively influences the speed of entry (Luo et al. 2005; Oviatt & McDougall, 2005). Luo et al. (2005) argued that technological advancement needs to focus on two areas "physical (technology supportiveness and internet use) and regulatory (legal protection and government transparency)" (p.705). Finally, firms obtaining external technological resources experience rapid internationalization (Ramos et al., 2011).

For internationalization, the born global model and traditional model have a diverging view on the use of ICT (Chetty & Campbell-Hunt, 2004, p.66). The born global firms consider ICT to be important to learning and internationalization, whereas the traditional model view it as "not central to internationalization" (Chetty & Campbell-Hunt, 2004, p.66). Nonetheless, Chetty & Campbell-Hunet (2004) acknowledge the support role of ICT in internationalization but consider the "use of ICT is neither a necessary nor a sufficient condition for the rapid internationalization required by born-global firms." (p.74). However, digitalization contributes to increased efficiency of decision making that translates into a rapid internationalization (Neubert, 2018).

While, Langselt et al. (2016) and Ramos et al. (2011) confirmed the direct influence of communication and digital technology on small and medium enterprises rapid internationalizations, Chetty and Campbell-Hunt (2004) argued that communication technology is supportive rather than directly influencing internationalization speed when applied to New Zealand firms. Besides, online sales channels positively influence internationalization speed (Arenius et al., 2005). "When properly applied the Internet can provide a way to decrease the effects of liability of foreignness and resource scarcity, and herewith contribute to an increased speed of internationalization" (Arenius et al., 2005, p.279). Hence, internet sales capabilities are becoming important to internationalization speed.

Competition

Langseth et al. (2016) introduced competition as a motivating force that influences the speed of internationalization. Motivating forces are driven by market attraction or forces of competition that push for a rapid internationalization to secure market and decrease exposure to competitor's retaliation (Langseth et al., 2016). Casillas and Acedo (2013) argued that the degree of competition and rivalry influences positively internationalization speed of the firm. Also, Oviatt and McDougall (2005) presented that the level of competition, in a specified industry, represents a source of influence on internationalization speed. For example, in a competitive industry and after a successful introduction of a product in home country, a slow internationalization will allow competitions to increase barriers to entry in foreign market (Oviatt & McDougall, 2005). Hence, an entrepreneur needs to internationalize rapidly in a competitive industry to secure market. In other words, competition has a direct influence on internationalization speed depending on the industry competitiveness and degree of exposure to competition (Oviatt & McDougall, 2005).

Management and Knowledge Learning

Langseth et al. (2016) advanced that managements and their knowledge represented mediating forces that influence internationalization speed. The position and knowledge of the decision maker influence the internationalization decision (Sullivan & Bauerschmidt, 1990). Also, Autio et al. (2000) indicate that internationalization speed is influenced by the founding members and their knowledge intensity. The proactive attitude of the management has a positive effect on speed (Pla-Barber & Escriba-Esteve, 2006).

The prior international exposure and knowledge of management influence the internationalization process as they nurture trust and possess a network of international relations (Johanson & Vahlne, 2009). The international knowledge facilitates the internationalization as it reduces the uncertainty of the entry and the psychic distance (Johanson & Vahlne, 2009). The degree of international experience of the decision maker in the firm has an inverted curvilinear (U form) on the speed of internationalization (Casillas & Moreno-Menendez, 2014). Also, Chen and Yeh (2012) argue that an accumulation of FDIs experiences increase internationalization speed (Chen & Yeh, 2012). Nonetheless, the management's level of risk perception and their level of tolerance to business ambiguity affect internationalization speed (Acedo & Jones, 2007).

The traditional model and born global model stress on the importance of knowledge and management for the internationalization journey (Chetty & Campbell-hunt, 2004). In the revised Uppsala Model, Johanson and Vahlne (2009) highlighted the importance of knowledge learning in the internationalization process. The capacity of knowledge development is as important as the prior knowledge for internationalization process. The knowledge learning and management are critical to the internationalization process for born global firms (Chetty & Campbell-Hunt, 2004). Hence, learning capacity of management and their international exposure influence the internationalization speed.

Business Networks

Langseth et al. (2016) have introduced business networks as a moderating force that influence the speed of internationalization. The level of involvement in a business network influences the internationalization speed (Langeth et al., 2016; Oviatt & Mcdougall, 2005; Casillas & Acedo, 2013). Lee et al. (2012) have argued that as business arrangement affects business commitment, it also affects the internationalization's speed.

Furthermore, business network reduces uncertainty and psychic distances allowing for a less challenging entry (Johanson & Vahlne, 2009). A less challenging entry translates into an increased internationalization speed. Among the challenges for an international entry is the political risk in the host country (Agarwal & Feils, 2007). However, the political risk can be mitigated by non-market strategies of the firm and the development of capabilities through business networks that facilitate business navigation in high political risk countries (Jimenez and et al., 2014).

Chetty and Campbell-Hunt (2004) argued that the business network is as important to the born global firms as it is to the traditional model firms. However, in the post entry, the traditional model decreases its reliance on business network and replaces it by establishing its own capabilities and resource in the host country (Chetty & Campbell-Hunt, 2004). Nonetheless, in the revised Uppsala model, Johanson and Vahlne (2009) highlighted the importance of business network in the internationalization process.

Firm's Strategy

Concerning firm's strategy, it also influences the speed of internationalization (Chetty & Campbell-Hunt, 2004; Oviatt & McDougall, 1997). Strategic decisions of companies shape and direct the speed of firms' internationalization (Johanson & Wiedersheim-Paul's, 1975). For example, Dunning (2000) argues that firms pursue internationalization for various strategic objective such as seeking market or acquiring strategic assets. In today's globalized world, the strategies developed in acquiring knowledge have a direct influence on internationalization speed (Chetty & Campbell-Hunt, 2004)

For the internationalization journey, firms adopt a set of strategies that can be grounded either in traditional or born global model (Chetty & Campbell-Hunt, 2004). Born global makes global growth as a detrimental element in the strategy making (Chetty & Campbell-Hunt, 2004). However, Chetty and Campbell-Hunt (2004) noticed that traditional model firms adapt their strategies to born global model to increase rapidly global reach. Although the traditional model places less importance on firm's strategy for internationalization, across border business activities are the results of a combination of strategic thinking and processes (Johanson & Vahlne, 1990).

Firm's Resources and Capabilities

Firm's resources and capabilities highly influence internationalization speed (Chetty et al., 2014; Casillas & Acedo, 2013). For example, prior year's revenues and firm's human resources have a positive effect on internationalization speed (Ramos et al.,2011). Financial strength and profitability allow for comfortable market expansion, assuming all other factors unchanged. Also, firm's marketing capabilities in communicating about products in different markets represent a source of influence on speed (Weerawardena et al., 2007). In parallel, Vermeulen and Barkema (2002) have proposed that the firm's level of knowledge absorption positively correlates with speed. Zhang et al. (2010) note that firm's adaptability in foreign markets and to new changes contribute to internationalization speed. The capacity to adapt resources and capabilities is key to internationalization speed.

On the other hand, managers need to balance the speed of internationalization in accordance with the firm's capabilities (Chetty et al., 2014). This balance is necessary to avoid excess strain on firm's resources and mitigate the risk of disruption (Chetty et al., 2014).

Innovation

Innovation represents a factor that positively influences internationalization speed (Ramos et al., 2011). Oesterle (1997) has stressed on the quality of innovation as a force that shapes internationalization decisions and influences the speed of expansion. For example, the strength of innovation processes and firm's innovativeness directly affects internationalization speed (Luo et al. 2005; Santos & Ruffin, 2010). As innovative technologies contribute to creating new market niches, they contribute to the company's expansion and an increase in internationalization speed (Rasmussen & Tanev, 2015). Julien and Ramangalahy (2003) note the positive correlation between leveraging innovative capabilities and internationalization speed. Development of innovative internal processes promotes faster internationalization of firms (Teixeira and Coimbra, 2014). All in all, innovation isn't limited to technological development but also is a marketing engine for ideas that increase internationalization speed (e.g. Luo, et al., 2005; Weerawardena et al., 2007; Ramos et al., 2011; Langseth et al., 2016).

Opportunity development

The opportunity discovery is a triggering point in accounting for speed of internationalization and it has been established as a reference point to calculate the speed of internationalization by Oviatt and McDougall (2005). Opportunity discovery is one of the influencing factors of internationalization speed (Oviatt & McDougall, 2005). As managers are eager to take advantage of the presented opportunity, the attractiveness of the opportunity influences the speed of internationalization (Oviatt & McDougall, 2005). Moreover, Johanson and Vahlne (2009) have revised the Uppsala model to include opportunity development as an important element influencing the internationalization process. Market exploration and opportunity creation encourage rapid internationalizations to secure markets and decrease the exposure to competitor's retaliation (Langseth et al., 2016). McNaughton (2003) notes that the presented opportunity encourages firms to internationalize rapidly to gain first mover advantage. Also, the development of an opportunity may necessitate the mobilization of different sets of competencies from other geographical locations and subsequently increase the internationalization speed (Chetty et al., 2014; Kogut & Zander, 1993).

Institutional Environment

In addition to the forces cited above, the institutional environment also influences the speed of internationalization. For Coeurderoy and Murray (2008), the authors suggested that the speed of internationalization is influenced by the regulatory environment of the host country. The more developed and less risker the regulatory environment of the host country, the faster is the internationalization of the firm (Coeurderoy & Murray, 2008). The regulative and institutional distance element has been proposed by Kostova (1999) to explain the regulatory and institutional differences between countries.

The institutional development of the host country has a moderating effect on the speed of internationalization (Kiss & Danis, 2008). Moreover, institutional development affects the speed of internationalization depending on the network ties that the firm possesses in the host country (Kiss & Danis, 2008). The higherr the institutional development in the host country, the less important is the strength of business network ties (Kiss and Danis, 2008).

The institutional theory has been advanced by many scholars to reduce the uncertainty of firms entering foreign market (Forsgren, 2002). The legal protection and transparency of the host country affect positively the speed of internationalization (Luo, et al., 2005). Peng, Sun, Pinkham, and Chen (2009) stressed the importance of the institutional environment as a third leg in defining a firm's strategy. Peng et al. (2009) defended that institutional factor shouldn't be treated as a background but rather as an interacting variable with organization in formulating the strategy. It is considered by many researchers as the element that orchestrates "the rules of the game". North (1990) has proposed that institutions need to be framed into two dimensions as formal and informal institutions. The formal institution relies on the regulatory environment that takes laws, regulations, and rules as the foundations. The informal institution relies on norms, cultures, and ethics that govern a territory or set of regions. Peng et al. (2009) argue that the analysis of institutions should rely on one of the two propositions that drive the business interaction. Concerning the first proposition relies on the rationality of the business actors who chose to opt for markets where uncertainty is reduced by the governing institution and assumes that rationality enables a less risky pursuit of interest (Peng et al., 2009). Bur for the second proposition, it stresses on the importance of the informal institution in remedying the uncertainties when the formal institutions fail to fulfill their duties (Peng et al., 2009). Hence, the institutional environment is not only important to the

business strategy and to the internationalization strategy, but also detrimental to internationalization speed (Peng et al., 2009).

Chapter 3: Methodology

The current chapter of the thesis introduces the theoretical framework, drawn from the literature, which drives the research methodology. The framework is followed by the research design, data collection methods and event analysis description. The chapter concludes by introducing the method used to measure the speed of internationalization, as well as the analytical methods used to answer the research questions.

Theoretical framework

Number of studies addressed assessing the concept of firms' speed internationalization (e.g. Chen & Yeh, 2012; Khavul et al., 2011). Among the different contributions in this field, many of them considers the speed of firm's internationalization as a dependent variable (e.g. Ramos et al., 2011; Musteen et al., 2010; Morgan-Thomas & Jones, 2009), while only few contributions considers this variable as independent (e.g. Khavul et al., 2010; Chang & Rhee, 2011).

It is of prime importance to note that the aim of this thesis is to analyze the speed of firm's internationalization by assessing the significance of the forces or factors that contribute to the increase or decrease of the speed of internationalization. The proposed theoretical framework builds upon and synthesizes models built by other authors. While this theoretical framework can be adapted in many industries, the aim of this contribution is to apply it to the LCC industry.

The following contribution assumes that the different factors or forces that impact the speed of firms' internationalization can be categorized under three main levels: "Supra-Organizational", "Organizational", and "Individual". This aligns with the contribution of Casillas et al. (2010), which states that…

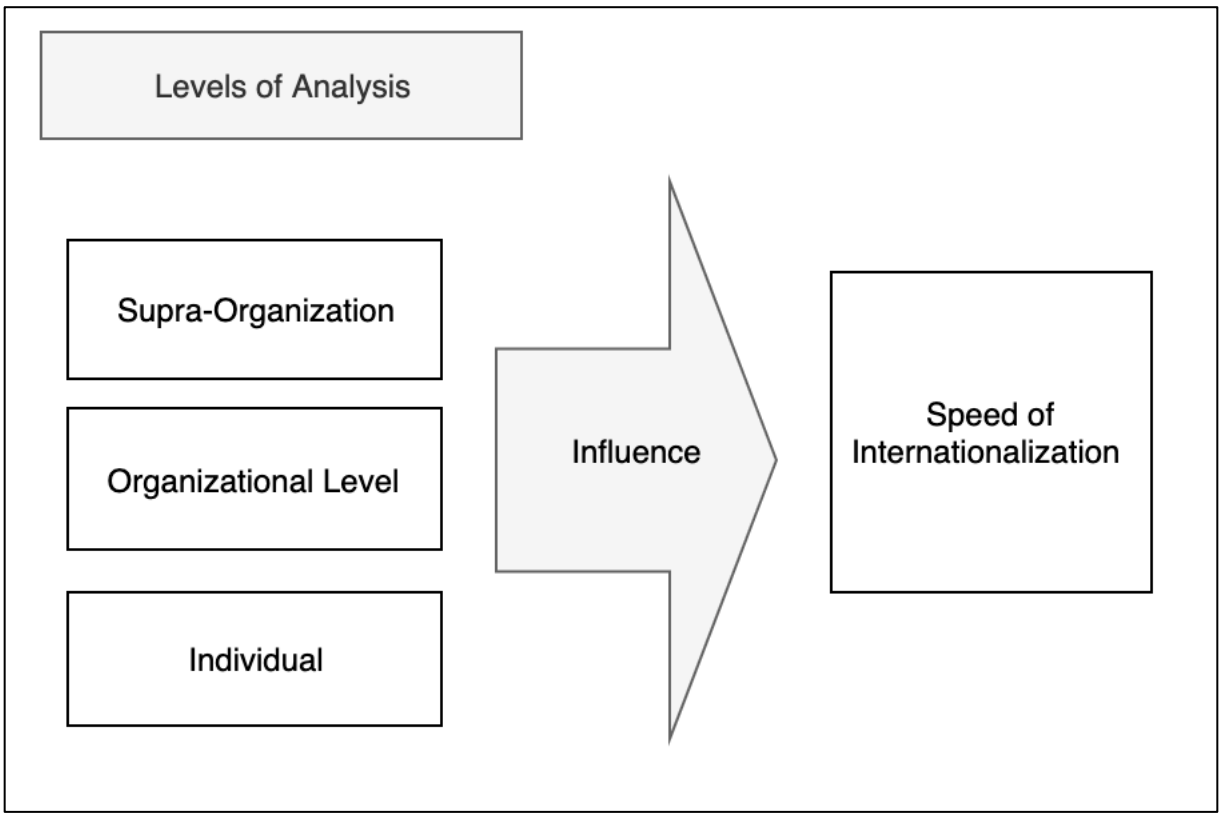
The supra-organizational level is considered as one of the main factors that impact firms internationalization (Etemad & Lee, 2003), and it suggests that the speed of internationalization can be heavily influenced by learning from the foreign business environment through direct contact (Johanson & Vahlne, 2006; Lindsay et al., 2003). Casillas et al. (2010) further state that the international experiences of competitors, suppliers, customers, and other stakeholders is reflected in the internationalization of the business and leads to a mimetic behavior (DiMaggio & Powell,

1983). For instance, if nearly all competitors internationalize, it is highly likely that the company will internationalize as well, with a high speed.

The organizational level refers to the implementation process of individual knowledge as the firms' own organizational behavior (Cohen & Levinthal, 1990). In the contribution of Johanson and Vahlne (1977), Johanson and Wiedersheim-Paul (1975), firms' future decisions are a result of the firms' experiential knowledge. Thus, the higher the speed of gaining organizational knowledge, the higher is the internationalization speed.

Individual level factors that influence the speed of firms' internationalization have been largely studied during the last decade. This level accounts for the contribution of individuals within firms in the decision-making process (e.g. Athanassiou & Nigh, 2002; Tihanyi et al., 2000). An example can be the firms' executives international experience (Athanassiou & Nigh, 2002; Reuber & Fischer, 1997). The three level of analysis are presented in (Figure 2).

Figure 2: Levels of analysis that impact the speed of internationalization



Within the existing literature, each author uses a set of factors that affect the speed of internationalization (e.g. Oviatt & Mcdougall, 2005; Chetty & Campbell-Hunt, 2004; Oviatt & McDougall, 1997; Johanson & Wiedersheim-Paul's, 1975). The aim of this theoretical framework is to identify each set of factors to its corresponding level. Concerning the supra-organizational level, it accounts for the following factors: competition (Oviatt & Mcdougall, 2005; Langset et al., 2016), business network (Casillas et al., 2010), and institutional environment (Chetty & Campbell-Hunt, 2004; Kiss & Danis, 2008; Coeurderoy & Murray, 2008; Kostova, 1999; Forsgren, 2002). For competition, this theoretical framework assumes that a higher competition in the global market leads to increasing the speed of internationalization, since it enables firms to increase their competitive market in foreign markets (Langset et al., 2016). For the business network, it assumes that a higher network and knowledge of the international market leads to a higher speed of internationalization (Casillas et al., 2010). Concerning the institutional environment, it assumes that the better the regulatory environment leads to higher speed of internationalization (Kiss & Danis, 2008).

With regards to the factors that influence internationalization speed under the organization level, it accounts for technology (Oviatt & Mcdougall, 2005; Langset et al., 2016), resources (Chetty et al., 2014; Casillas & Acedo, 2013; Ramos et al., 2011; Weerawardena et al., 2007; Vermeulen & Barkema, 2002; Zhang et al., 2010), strategy (Chetty & Campbell-Hunt, 2004; Oviatt & McDougall, 1997; Johanson & Wiedersheim-Paul's, 1975), innovation (Ramos et al., 2011; Oesterle, 1997; Lou et al., 2005; Santos & Ruffin, 2010), opportunity development (Oviatt & Mcdougall, 2005; Johanson & Vahlne, 2009; Langseth et al., 2016; McNaughton, 2003; Kogut & Zander, 1993), and domestic commitment (Langset et al., 2016; Casillas et al., 2010).

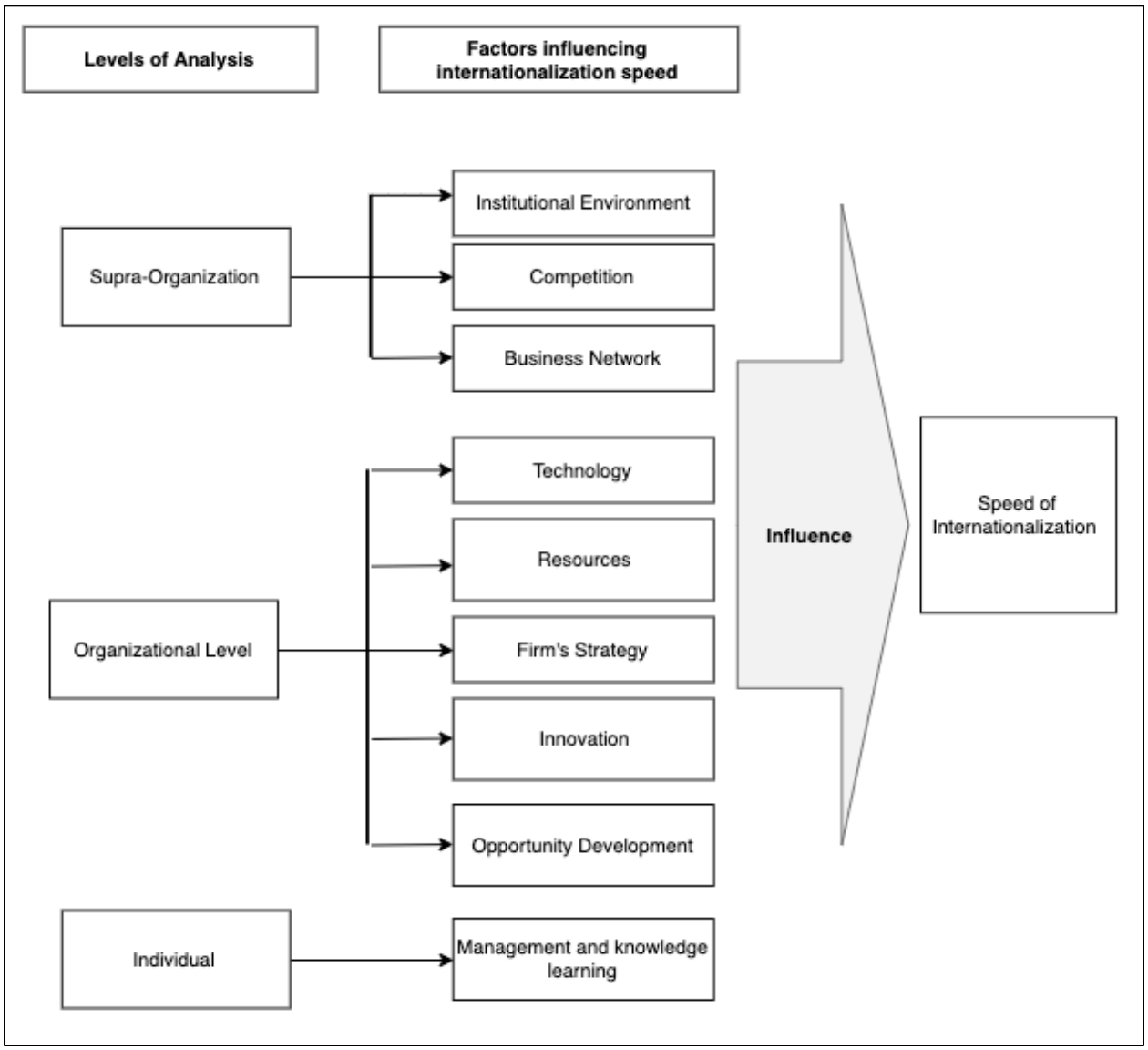
The technological factor assumes that industries with high technology are more subject to have higher speed for internationalization (Langset et al., 2016). In addition to that, the higher access to resources by firms, the more likely the speed of internationalization will increase (Chetty et al., 2014; Casillas & Acedo, 2013). But with regards to firm strategy, it is a very important force that influences the speed of internationalization. This factor is qualitative in its nature, and only the analysis related to the firms' strategies related to the foreign market can lead to concluding if it increases or decreases the speed of internationalization. Concerning the innovation, it assumes that

a higher level of innovation leads to a higher speed of internationalization, while higher opportunities in foreign markets lead to the same results (Ramos et al., 2011).

Finally, and concerning the factors that influence internationalization speed under the individual level, it only accounts for the management and knowledge learning (Casillas et al., 2010). Thus, the higher is the management knowledge learning and experience in international markets, the higher will be the speed of internationalization.

At this stage, the theoretical framework can be summarized such as (Figure 3):

Figure 3: Levels and factors that impact the speed of internationalization



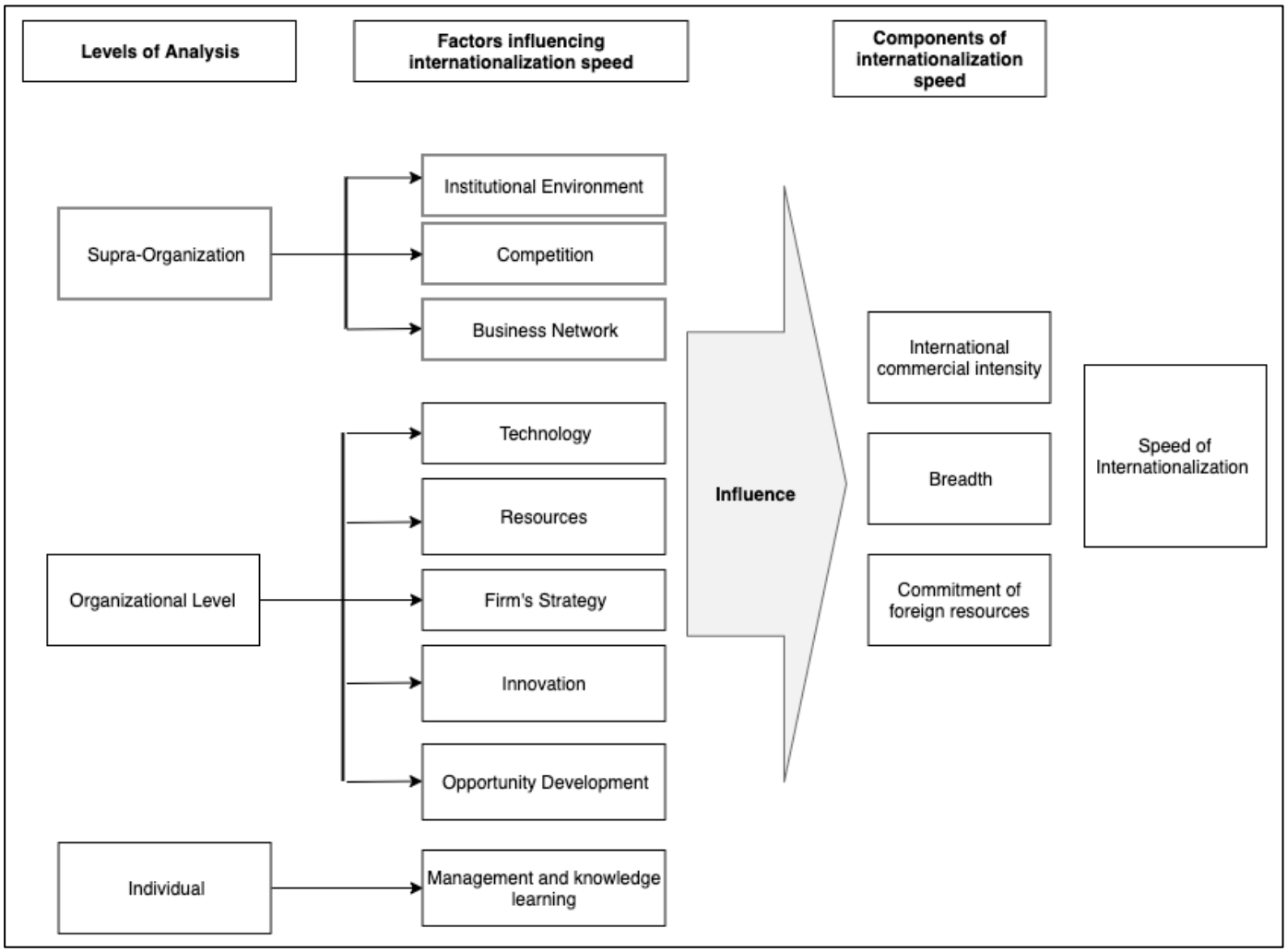
The final stage of the theoretical framework assumes that the cited above factors do not impact directly the speed of internationalization. Rather, the theoretical framework suggests that these factors or forces influence the components of the speed of internationalization that are given such as: variation in international commercial intensity, breadth of the market, and commitment of foreign resources. These components are derived from the contribution of Casillas and Acedo (2013) who conceptualized the components of internationalization speed through the three proposed components (Figure 4).

International commercial intensity refers to the growth of firms' sales derived from foreign markets (Casillas & Acedo, 2013). Breadth of the market refers to the growth of the variety as well as the distance between the domestic countries of firms and the foreign countries where it operates (Asmussen et al. 2009; Jones & Coviello, 2005; Zahra & George 2002). Finally, the commitment of foreign resources refers to the extent at which firms deploy assets to host markets (Sullivan, 1994).

In sum, the theoretical framework suggests that the speed of internationalization is influenced by the supra-organization, organization, and individual levels. Each of these levels of analysis accounts for a number of forces or factors. These factors are considered to impact at least one component of the speed of internationalization, including: international commercial intensity, breadth of market, and commitment of foreign resources, as shown in Figure 4.

):

Figure 4: Theoretical framework that assesses factors that influence firms' speed of internationalization

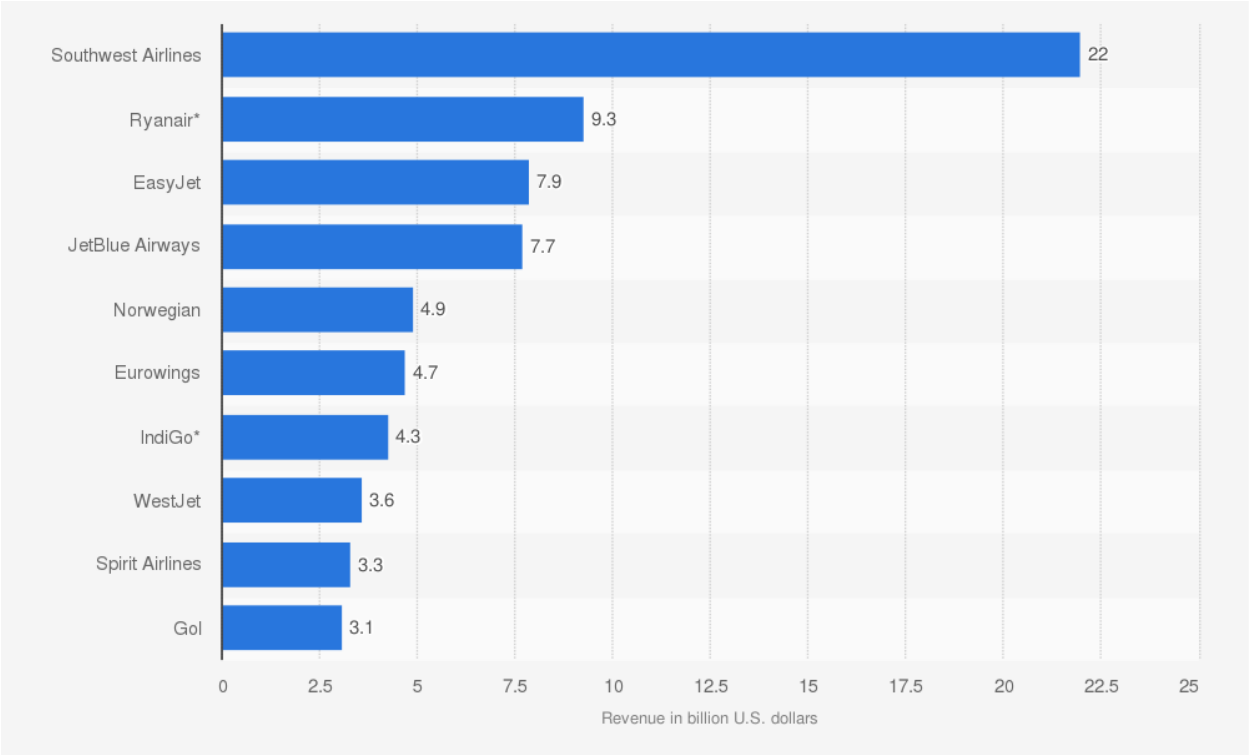


In answering why LCCs internationalize at different speeds, the study adopts multiple case study methods with embedded unit of analysis. This is supported by Yin (2008) as the author claims that this research methodology is adequate for studies that answer the "why" and "how". Also, the case study method is appropriate as the study focuses on contemporary events and less control on behavioral events (Yin, 2008).

In addressing the research question, the studied LCCs were Air Canada Rouge, Ryanair, EasyJet, JetBlue Airways, and Southwest Airlines. The choice for these LCCs was motivated by their leadership in the LCC (Figure 5), geographical diversity, and type of governance. For

instance, Southwest Airlines, Ryanair, EasyJet, JetBlue Airways are not only the largest LCCs by revenues, but they represented more than 50% of the world LCCs market in 2018 (Flight Airline Business, 2019, May 29). Also, their home countries enable geographical diversity: Europe vs North America. The governance structure is different throughout the chosen companies. Air Canada Rouge is the low-cost airline of Air Canada and JetBlue Airways is partly owned by Lufthansa as it owns 29% of JetBlue Airways (JetBlue Press Releases, 2008, January 22). On the other hand, Southwest Airlines, EasyJet, and Ryanair do not have a parent airline company. Finally, the studied LCCs are publicly listed, a criterion that facilitates data access.

Figure 5: Major LCCs at the worldwide market by revenue in 2018 (in Billion USD)



Source: (Flight Airline Business, 2019, May 29).

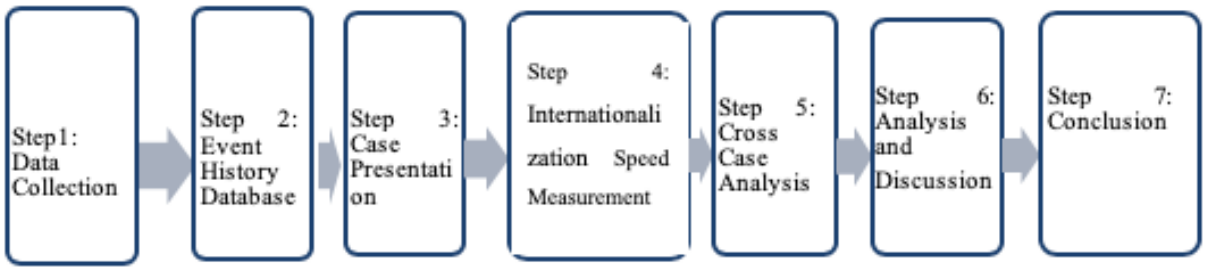
Research Design

The research roadmap to answer the research question follows the proposed research design. Yin (2008) defined the research design as follow:

> "Colloquially, a research design is *an action plan for getting from here to there,* where *here* may be defined as the initial set of questions to be answered, and *there* is some set of conclusions (answers) about these questions. Between "here" and "there" may be found a number of major steps, including the collection and analysis of relevant data." (p. 19)

The research design along with the theoretical framework guides the thesis's quest to suggest the elements influencing the internationalization speed in the LCC industry. During this research, the first step consists of data collection. Secondly, an event history database where events and narratives were organized chronologically in an Excel file (Edwards, 2013). Third, and based on the narrative strategy (Langley, 1999), each case presentation was developed based on the event history database and the proposed theoretical framework. The narrative strategy is adequate when rich cases are mobilized with importance to time (Langley, 1999). As a fourth step, each LCC's internationalization speed was measured based on theory, the method adopted is presented in the subsequent sections. This step enabled ranking the studied LCCs based on their respective internationalization speed. Hence, the data analysis used sensemaking strategies (Langley, 1999) and cross case patterns analysis between the fast, moderate, and slow internationalizing LCCs (Eisenhardt, 1989). Subsequently, the analysis and discussion will be presented before concluding the thesis (Figure 4).

Figure 4: Research Design



Step 1: Data Collection

In this contribution, the data collection relied heavily on media interviews, Form-20, annual reports, letter to shareholders, management discussions, conference calls, and media articles. The extensive list of documents proposes more than 1000 documents with more than 15,000 pages that cover the following periods: Southwest Airline 1967-2018, Canada Rouge 2012-2018, EasyJet 1995-2018, JetBlue 1999-2018, and Ryanair 1986-2018 (See Table 2). Based on the collected data, an event history database is constructed with an average of more than 130 events per LCC.

Table 2: The total number of documents

		Annual reports & Form-20	Company's Media Outlet	Media Materials	Analyst Conference Calls
Southwest Airline	Documents	48	116	43	171
	Pages	3,056	116	43	1,355
Canada Rouge	Documents	7	25	1	41
	Pages	1,016	25	1	467
EasyJet	Documents	14	37	18	90
	Pages	1,540	37	18	597
JetBlue	Documents	20	42	17	182
	Pages	1,980	42	17	1,267
Ryanair	Documents	21	65	4	115
	Pages	3,008	65	4	1,296
		Total Documents	1,077	Total pages	15,950

The annual reports and company's press releases were taken from the companies' websites. The Securities Exchange Commission website came as a support in case of a missing annual report

as well as for the retrieval of Form-20. Concerning the newspaper articles, the thesis relied on credible and industry media through http://news.google.com/ and Factiva Database.

For conference calls, the study used the FACTIVA database where keywords search were the LCCs' name plus conference call for the period between 1/1/2000-31/12/2018. This period was limited because the database only accounts for the years after 2000. Conference calls represent a "significant material events" (Edwards, 2013, p.68). That is consistent with our processual study that investigates events and narratives of top management. Conference calls represents a research source of document (e.g Larcker & Zakolyukina, 2012; Mayew, 2008; Bowen, Davis & Matsumoto, 2002; Edwards, 2013) with importance deriving from disclosing information not contained in annual reports (Larcker & Zakolyukina, 2012).

Conference calls provide disclosures of business direction as well as transcribed discussion between analyst and LCCs top management. Also, they represent an opportunity for publicly listed companies to make public disclosure, a regulation introduced by the Securities and Exchange Commission (SEC) in 2000. It is necessary to note that conference calls represent a substitute to the limitation of not conducting interviews with LCCs top managements who were involved in strategic decision making. The challenge to conducting interviews is the time consuming and difficulties accessing the top management of the studied LCCs.

Finally, complementary data were mobilized to reinforce cases presentations that were established through narrative strategy (Langley, 1999). These other sources of data are industry reports, LinkedIn public profiles, and public televised media interviews. For example, BBC and AlJazeera English televised interviews were used to reinforce or close data gaps. Also, LinkedIn was used for top managements' previous experience and expertise.

Step 2: Event History Database

Following the research nature, an Event History Database (Edwards, 2013) was created in Excel that groups historical events and narrative of LCCs. The excel file was created and accounts for different sheets, where each one of them represents an event history table for each studied LCCs. Each table contained the year of the event or narratives, the type of the event or narratives, followed by the source of the data used. The categorization of the events and narrative were

conducted in a deductive approach. The type of event and narratives were categorized in accordance with the theoretical framework. For example, an order for a new type of aircraft was categorized as “resource” and a governmental application to fly to a new destination as “institutional”.

The procedures adopted in data retrieval were as follow:

1- First reading of one type of document.
2- Second reading to highlight and locate the important data.
3- Importing the located data into the event history database.

The event and narratives were retrieved and organized in a chronological order to satisfy the process research method data advanced by Langley (1999). Finally, the event history database represents the source of case presentation construction.

Step 3: Cases Presentation

Based on the event history table, the cases presentation chapter develops the history of each studied LCC during their operational period with a focus on the period between 2000 and 2018. In each case presentation, each dimension of the theoretical framework is presented through narrative strategy (Langley, 1999). The narrative strategy allows for the transformation of raw data into a process-based and organized presentation accordingly with each dimension of the theoretical framework (Langley, 1999). As the context is important to analyze the internationalization speed measurement, the cases are constructed in a chronological order.

Step 4: Internationalization Speed measurement.

Different unidimensional and multidimensional measurements were carried on the studied LCCs to compare between their speeds of internationalization. Based on the literature, the internationalization speed measurement is carried through unidimensional measurements methods (Musteen, et al., 2010; Oviatt & McDougall, 2005; Casillas & Moreno-Menendez, 2014; Chen & Yeh, 2012; Zhou, 2007) and multidimensional measurement methods (Chang & Rhee, 2011; Casillas & Acedo, 2013). Concerning the unidimensional measurement, it measures the time to internationalize (Musteen, et al., 2010; Oviatt & McDougall, 2005), the frequency of international

business activities (Chen & Yeh, 2012: Casillas & Moreno-Menendez, 2014), and the portion of the international revenues (Zhou, 2007).

On the other hand, the multidimensional speed measurement is constructed through the presented literature review of internationalization speed measurement. Researchers agree on the ratio or quotient nature of multidimensional speed measurement (Lin, 2012; Chang & Rhee, 2011; Chetty et al., 2014; Casillas & Acedo, 2013). While the studied contributions agree on the internationalization period as a denominator (Lin, 2012; Chang & Rhee, 2011; Chetty et al., 2014; Casillas & Acedo, 2013), the nominator has been different from a study to another. For the purpose of this study, and in order to be able to cross-compare between the internationalization speed of LCCs on common indicators, three main variables are used to measure the speed of internationalization. These variables are commitment, commercial intensity (Casillas & Acedo, 2013), and CAGE distance (Aygoren & Kadakal, 2018).

To measure commitment, the average number of international destinations per foreign country is used as a proxy. This assumes that an increased number of destinations within a target country represent a proxy for LCCs commitment and commercial intensity in the same country. The validity of these comparisons remains explanatory and does not account for outliers. For example, an outlier LCC will be with a high number of international destinations in a single host country with limited breadth.

Concerning the distance variable, it is considered an important dimension for speed measurements in different fields such as physics. To cover the internationalization's speed from different angles, the CAGE distance is included to account for distance between host and home country. For the purpose of the study, the total CAGE Distance is used as the sum of total distances between home and different host countries.

Ghemawat (n.d.) developed a CAGE comparator analysis that quantifies the CAGE distance on the following website https://ghemawat.com/cage. The CAGE comparator quantifies distances between host and home through cultural, administrative, geographical, and economical distance between home and host countries (Ghemawat, n.d.). Also, the comparator corrects the distance based on the nature of trade or service as well as the direction of business flow. A free subscription, in Ghemawat portal, allows for a number of requests that meet the need of the study.

For this study, the type of trade is selected by service in transportation for an export trade flow. This selection enables more accuracy in the context of our study. For instance, after selecting the previous options, the Ghemawat comparator quantifies the CAGE distance between Canada and Air Canada's rouge destinations' countries. Nonetheless, 20 out of 151 countries were missing from the Ghemawat comparator. In order to remedy the data gap, this conducted an evaluation of the existence of any colonial ties of the host country to a pre-existing country in the data. If no colonial ties exist, the average of CAGE distance of the surrounding countries is considered. Therefore, CAGE distance provides a representation of distances that accounts for cultural, administrate, geographical, and economical destinations between the LCC's home and host country, with 87% of accuracy.

Because the sum of CAGE distances represents also a count of the different host countries and to avoid double accounting of the number of host countries, the commitment variable only took the average of flown destinations per host country by LCCs. Thus, to account for market commitment and distance, a multiplication between the two variables, while implicitly accounting for the breadth of markets. The commitment is represented by the average number of international destinations per host country multiplied while the breadth and distance by the total CAGE Distance travelled. The final formula (Equation 1) is the result of the multiplication of these two variables divided by the period of internationalization. This formula (see Formula 1) produces an explanatory variable that represents how far -in term of CAGE distance- and committed to host countries are LCCs over the internationalization period.

Equation 1: Adapted calculation for internationalization speed measurements

$$Internationalization\ Speed = \frac{Average\ Destinations\ per\ Host\ Country \times Total\ CAGE\ Distance}{Period\ of\ Internationalization}$$

Step 5: Cross Analysis of Differences and Patterns

With regards to the cross-analysis of differences and patterns, the same methodology in the contribution of Eisenhardt (1989) is used and consists of two parts. First, a table that shows the way each LCC is impacted by the suggested dimensions of speed is created and organized. This

method enables to have more visibility by grouping cases of the same dimension, which enables a better understanding of the studies cases (Eisenhardt, 1989). At this stage, the categories or dimensions represented in the theoretical framework are known. Thus, the within-group similarities are coupled with inter-group differences (Eisenhardt, 1989). For instance, within the organization level, more specifically, within the technological dimension, a new pattern that relates to using a revenue management system is noticed to be emerging within LCCs.

In order to make the analysis more readable, sensemaking strategies through visual mapping will be incorporated to process data that involves events ordering (Langley, 1999). This is relevant to the study as it investigates the forces influencing the speed of internationalization in the LCC industry over time. The influence can be seen through a visual timeline that tracks the development of a dimension in parallel to the internationalization of the LCC.

Chapter 4: Cases Presentation

Air Canada Rouge

Air Canada Rouge was founded in late 2012 as Air Canada's LCC that will provide the parent company with competitive margins (Air Canada, 2013, February). With the launch of Air Canada Rouge, Air Canada is aiming at broadening customer reach, proposing affordable travel, and increasing destinations reach (Air Canada, 2013). Air Canada Rouge is a cornerstone in the international growth of the parent company (Air Canada. 2013, February). Nonetheless, the launch was only possible through labor agreement with employees that allow for flexibility in reaching the company's strategic intent (Air Canada, 2013).

Air Canada Rouge started with a fleet of 2 Boeing 767 that support long range flights and 2 Airbus 319 that support economical flight in North America (Air Canada, 2013). Air Canada continuously support its LCC's fleet by incrementally transferring Airbus 319 and Boeing 767 with the intention of reaching a fleet mix of 50 Aircrafts by 2014 (Air Canada, 2013). By 2018, Air Canada rouge reached a fleet mix of 53 Aircrafts composed of Airbus 321, Airbus 319, and Boeing 767 (Air Canada. 2019). Besides, Air Canada rouge portfolio was not limited to the American continent but served international destination in Europe, North Africa, and Asia (Air Canada, 2019). The cases presentation will present the internationalization journey of Air Canada Rouge as well as the different elements proposed by the literature.

Internationalization Journey

Air Canada Rouge internationalization follows the born global model. Not only did it internationalize since inception, but it operated its own metal into farther destination during inauguration. Air Canada Rouge internationalization started with flying to Edinburgh and Venice (Air Canada, 2013). According to CAGE Distance Comparator by Ghemawat (n.d.), Italy is far from Canada by 11,317 on a scale range between 813 and 16,678 for Air Canada Rouge international reach. This shows that not only the internationalization was the first action of Air Canada Rouge, but it didn't choose nearby destinations. This trend continued with a mix of international destinations that weren't limited to the Caribbean destinations but reached North Africa such as Morocco (Air Canada Media Room, 2015, September) and Algeria (Air Canada

Media Room. 2016, September). The network was expanded to include multiple destinations in Europe both Western, Central Europe, and Eastern Europe (Air Canada Media Room, 2016, May) as well as in Asia through Nagoya and Osaka in Japan (Air Canada Media Room, 2014, September; 2017, August).

Technology

Digital technologies facilitate a rapid internationalization journey (Oviatt & McDougall, 2005). Air Canada Rouge and Air Canada deployed continuous effort to provide adequate technological platform to support its international strategy. Prior to Air Canada Rouge launch, Air Canada invested in a new control center with advanced technologies that supports international operations with efficiency and labeled it as the "global nerve center" of the group's operation (Air Canada Media Room, 2013, August). To support its international growth in 2017, the group Air Canada entered a partnership with Amadeus to support its technological development such as reservation systems (Air Canada Media Room, 2017, October). The partnership with Amadeus will allow an enhanced customer experience, strengthening its distribution efforts, and facilitating ticketing and reservation (Air Canada Media Room, 2017, October; Air Canada, 2017, September). All these efforts led to the introduction a new updated reservation system that supports the efficiency of the internationalization strategy (Air Canada, 2019).

On the other hand, the focus on technological investment did not only target the support of internationalization operation but also the enhancement of customer experience. The group introduced not only a phone application but also an Apple Watch app that allows customer a faster check-in and reduced boarding time (Air Canada Media Room, 2015, March). Air Canada rouge started gradually introducing high speed internet on its Airbus 319 fleet (Air Canada Media Room, 2017, May) to be fully integrated into the narrow body fleet of by the end of 2018 (Air Canada Media Room, 2018, June). The full integration of WIFI into Air Canada Rouge fleet will be completed in the second half of 2019 (Air Canada Media Room, 2018, June). Also, Air Canada group became flexible in its payment accepting methods by supporting the FinTech development through an agreement with Adyen to accept alternative payments (Air Canada Media Room, 2017, November). Last but not least, the group appointed a new Chief Information Officer that will support the company's vision to pursue innovation in its IT development (Air Canada Media Room,

2018, September). The new CIO Catherine Dyer has a rich experience in distribution, sales, and supporting IT transformation in various industries (Air Canada Media Room, 2018, September).

Competition

Competitive pressures force companies to pursue international market quickly to establish presence and remain competitive (Oviatt & McDougall, 2005). Hence, the competition is an influencing factor that pressures companies to pursue internationalization to remain viable in a very competitive market. In fact, the launch of Air Canada Rouge came as a result of competitive pressure on the parent company on its international routes, especially the international leisure routes. For example, Air Canada has seen its revenue decreases by 0.7% equivalent of CAD 2 million on its routes for Australia, and Central and South America (Air Canada, 2013, February). Hence, Air Canada rouge is expected to remedy to the competition experienced in the leisure market (Air Canada, 2013, February). Also, Rouge offered the opportunity for Air Canada to return to operate old routes effectively and efficiently during the peak season of each leisure market (Air Canada, 2013, May). In its 2012 letter to shareholders, Air Canada CEO expressed that different actions aiming to ameliorate the group's efficiency in response to competition (Air Canada, 2013). Moreover, the launch of air Canada rouge "will leverage the strengths of Air Canada's extensive network … and will allow the airline to compete more effectively in the leisure market, …, and strengthening its competitive position" (Air Canada, 2013). The deployment of Air Canada rouge will target not only international leisure destination but also wherever the group face LCCs' competition, including home market (Air Canada, 2019).

The booking demand for Air Canada rouge showed its strength shortly after the announcement of the launch (Air Canada, 2013, May). In fact, the launch of Air Canada Rouge met expectation on both operational and financial level (Air Canada, 2014, February). Air Canada Rouge demonstrated its cost effectiveness on transborder flights (Air Canada, 2013, May). Additionally, it reinforced its competitiveness through the lowest price guaranteed strategy (Air Canada Media Room, 2013, February).

The competitiveness of the subsidiary is also due to the support of the parent company. Air Canada Rouge benefit from its position in the group of Air Canada that gathers not only airlines but also a vacation agency Air Canada Vacation that supports the competitiveness of Air Canada rouge (Air Canada, 2017, May). Also, it benefits from the brand name of the parent company as well as the introduction of premium seating in its narrow body fleet of A319 with larger overhead baggage carry (Air Canada, 2016, February)

The competitive pressure of the group, especially with the launch of Air Canada Rouge, has pressured the domestic competition to terminate their contract with their booking partner for a more stronger booking platform (Air Canada, 2014, February). In less than a year, Air Canada reached high load factor in the near 90% with 30% cost efficiency on its 767 compared to the 767 in the parent airline fleet (Air Canada, 2014, November). The high attraction of Air Canada rouge is explained in part by the innovative travel packaging that is supported by Air Canada Vacation. Plus, Rouge has been awarded at the Budapest Annual Awards as "the best new long-haul airline" (Air Canada, 2017, May). Also, Air Canada rouge maintained strong booking and gained strong presence on Canadian-US leisure routes (Air Canada, 2017, August). Moreover, the competition of the ULCC in the domestic market has urged the parent company to enter new agreement with pilots that enables Air Canada rouge to be deployed with high flexibility in the domestic market (Air Canada, 2018, April). Lastly, Rouge competes effectively during the winter season for the sun destination and has the flexibility to move capacities during summer season and enter successfully Asia and Europe leisure destinations (Air Canada, 2017, September).

Management

The third forces of the Oviatt and McDougall (2005) model consists of the management of the firm and their entrepreneurial and experiences level. The managements are the decision makers on the presented opportunities, which explain their detrimental influence on the internationalization speed (Oviatt & McDougall, 2005).

Air Canada appointed Michael Friisdahl as the president of Air Canada Rouge to oversee its launch in 2012 (Air Canada Media Room, 2013, July). According to Calin Rovinescu CEO of Air Canada, the new president of Air Canada Rouge Michael Friisdahl has “experience in the international travel and leisure business” (Air Canada Media Room, 2012, October). Hence, the

international scope is present with the appointment of Friisdahl and Alan Read who combined the global connectiveness, international perspective, and leisure travel. Mr. Alan Read who occupied various position in Air Canada was responsible and has the experience in facilitating the connectiveness of passenger on a global scale (Air Canada Media Room, 2018, March).

Friisdahl was followed by Craig Landry in 2015 to lead Air Canada Rouge (Air Canada Media Room, 2015, December). Prior to his appointment, Craig Landry was the Chief Marketing Officer of Air Canada (Air Canada Media Room, 2015, December). Craig Landry led the successful implementation of new product development, digital communication, and e-commerce that contributed to the group's international expansion (Air Canada Media Room, 2015, December).

Besides, Benjamin Smith who became the CEO of Air France in 2018 (Air Canada Media Room, 2018, August) was a key figure in the continuous success of Air Canada Rouge (Air Canada, 2018, September). Benjamin Smith was responsible for negotiations with pilots and other employees to ensure the continuous flexibility and growth of Air Canada Rouge (Air Canada, 2018, September). On the other hand, Air Canada encourages the entrepreneurial spirit of Rouge personnel with a focus on international market that is part of the global strategy of the firm (Air Canada, 2015, August).

Finally, Air Canada Rouge was bestowed with different type of profiles who possess international experience and entrepreneurial traits. The international vision competencies of the company's top management were complemented by Benjamin Smith's negotiation competency. The negotiation competency ensured smooth labor negotiation that contributed to increased flexibility of the fleet management and airlines' crew.

Business Network and Knowledge

After the opportunity discovery by the management, the internationalization execution is influenced by the know-how and the international business relations of the company's management (Oviatt & McDougall, 2005). In this regards, Air Canada rouge benefits from different business network and possess the internationalization know-how.

Air Canada Rouge was founded as part of the leisure segment of Air Canada group where it has the full support and extensive knowledge of Air Canada Vacation (Air Canada Media Room, 2013, July). Air Canada Vacation provides Air Canada rouge with its distribution and leisure travel expertise to offer and market affordable flights to international leisure destinations (Air Canada Media Room, 2013, July).

Air Canada Rouge benefits from the purchasing and negotiation power of the group that it developed special contracts with aircraft manufacturers (Air Canada, 2014, November). These contracts offered Air Canada Rouge the flexibility to manipulate aircraft densification with flexibility and low-cost (Air Canada, 2014, November).

Air Canada Rouge benefits from the partnership with Amadeus that supports its technological development to further develop its international growth (Air Canada Media Room, 2017, October). The technological business network also included partnership that are evolving in parallel with the development of FinTech. For example, the group concluded an agreement with Adyen to accept alternative payments (Air Canada Media Room, 2017, November). The alternative payments offer Air Canada rouge access to different customer segment as well as facilitate the payment customer experience worldwide.

Rouge benefits from the extensive partnership that Air Canada posses with different major flag carriers (Air Canada, 2016, September). These different commercial partnerships offer rouge the opportunity to connect its customer through various methods to a larger route network (Air Canada, 2016, September). For example, Air Canada rouge has access to Star Alliance that groups the major airlines and offers a network of more than 1250 Airports worldwide (Air Canada Media Room, 2013, July). In fact, Air Canada is a founding member of Star Alliance. Moreover, Air Canada Rouge customer benefit from the transferability of their reward and flyer programs under the star alliance or Air Canada program (Air Canada Media Room, 2013, July).

The knowledge of Air Canada rouge that influence its internationalization speed comes from the knowledge of its management as well as the extensive knowledge of the parent company. The management of Air Canada Rouge consists of previous executive of the parent company as well as new key figures. For example, Air Canada Rouge VP of operation Alan Read has extensive knowledge of global connectiveness and aircraft operations (Air Canada Media Room, 2018,

March). Also, Craig Landry, who become Air Canada Rouge CEO in 2015, has extensive knowledge of international commercialization as well as developing global digital communication (Air Canada Media Room, 2015, December). Plus, Craig Landry has extensive knowledge to leverage e-commerce and global distribution (Air Canada Media Room, 2015, December).

On the other hand, Air Canada Rouge did not rely only on the parent company executive but also recruited Michael Friisdahl as the first CEO of Air Canada Rouge (Air Canada Media Room, 2012, October). Friisdahl has a proven record of international travel and extensive experience in the leisure and entertainment sector (Air Canada Media Room, 2012, October). Hence, the common trait of the top management of Air Canada Rouge is their international exposure, commercialization, operational efficiency, and leisure knowledge.

On the other hand, Air Canada Rouge benefits from the knowledge of the executive management of the group that continuously supports the low-cost subsidiary. Also, Air Canada Rouge profits from the extensive international knowledge passed on by the parent company Air Canada (Air Canada, 2013, August). The extensive international knowledge of Air Canada was built over more than 87 years of experiences with an international network of more than 150 international destinations (Air Canada Corporate Profile, n.d.). Hence, Air Canada Rouge benefits from the knowledge of all the routes where Air Canada developed a presence (Air Canada, 2013, August).

Finally, Air Canada Rogue developed its own knowledge of operational efficiency. In fact, it become a knowledge catalyst for the parent company in Aircraft densification and operational efficiency (Air Canada, 2017, May). For example, the cost reduction in the model Boeing 777 has been transferred to the parent company (Air Canada, 2017, May).

Firm's Resources

For Air Canada rouge, resources can be seen through fleet management and capacity as well as its administrative and human capital. Air Canada Rouge started with a fleet of 2 Boeing 767 that supported long range flights and 2 Airbus 319 that supported economical flight in North America (Air Canada, 2013). However, Rouge has a fleet flexibility provided by the full support of the parent company by transferring fleet into its subsidiary when needed, while restricted by

labor negotiations limits of 50 aircrafts (Air Canada, 2013 February). Rouge will benefit from the fleet of 767 that is being replaced by productive 787 brought in by the parent company Air Canada (Air Canada, 2016, November).

Rouge enjoys a fleet flexibility and access to the mainline fleet as well as to existing leisure routes for its expansion (Air Canada, 2014, May). During its launch years, Air Canada equipped Air Canada Rouge with a fleet of 8 Airbus A319 and 2 Boeing 767-300 with an intention to grow the fleet mix to 50 aircraft by 2014 (Air Canada, 2013). Plus, the LCC's fleet will be supplemented during 2013 with 6 high density Boeing with the intention to reach a fleet of 45 aircraft by 2016 (Air Canada, 2014, February). Subsequently, Air Canada rouge reached a fleet mix of 45 aircraft combining 25 Airbus and 20 Boeing in 2017 (Air Canada, 2018).

Also, the vision of the group is to equip the LCC with more Wide Body airplane for their efficiency (Air Canada, 2013, February). For example, the wide body 767 helped rouge reach international market efficiently (Air Canada, 2013, May). Also, the wide body Boeing 777 benefits rouge with increased seating and long-haul reach that facilitate the international expansions (Air Canada, 2014, February). For example. Rouge received the dense 777 with 458 seats and delivered 20% efficiency compared to B777 on the mainline's fleet (Air Canada, 2014, November). This represented an increase of 100 seats on the Boeing 777 (Air Canada, 2015, May). Besides, the 767 Boeing helped Rouge to have a 30% fuel efficiency and has high competitiveness when moving to serve European leisure market (Air Canada, 2015, August). Air Canada Rouge will not focus solely on wide body aircraft but also on narrow-body aircraft such as the A319 (Air Canada, 2014, February). Air Canada Rouge enjoys a diversified fleet composed widebody and narrow body aircrafts (Air Canada, 2015, December). However, the fleet transfer from mainline to Air Canada Rouge depended also on the reception of the Dreamliner order for the mainline (Air Canada, 2014). Moreover, the LCC will not offer only economical seating, but it will also introduce Rouge Premium seating with more legroom and enhanced service (Air Canada Media Room, 2013, April).

Administrative and human capabilities are key to the airline's growth due to their detrimental support role and cost structure. Air Canada Rouge was launched by Air Canada with its own "separate brand, differentiated product and separate in-flight crews" and has the full support of the parent company (Air Canada, 2017, May). It benefits from Air Canada Vacation, which is

the group leisure travel agency (Air Canada, 2019). It profits also from total support of the parent company for the transport operating certificate, training human capital, providing routes and encouraging the launch of new routes by Rouge (Air Canada, 2013, May). Moreover, Air Canada Rouge enjoys the support of the mainline in its international endeavor through the established route network, brand name, and operational expertise and knowledge (Air Canada, 2015, September).

On the other hand, the human capital of the airline is important and detrimental in every decision undertaken by the top management. For example, the aircraft seating changes are always in negotiation with pilots and is protected by different labor agreements (Air Canada, 2017, February). Hence, labor stability and union agreements enable the LCC to operate more flights and to maintain its competitiveness (Air Canada, 2018). Lastly, Air Canada Rouge encourages the entrepreneurial spirit of the company's member with an international orientation (Air Canada, 2015, August).

Air Canada rouge resources have resulted in possessing a capacity to carry 2 million passengers within the first 2 years of operations (Air Canada, 2014, August). Also, it allowed in 2014 for a faster expansion to popular leisure markets in different continents such as Italy (Air Canada, 2015). In parallel, the LCC enabled the parent company to see 25% cost saving in comparison to the mainline with a fleet size of 53 aircrafts (Air Canada, 2018, May). Lastly, the high density of the wide body Boeing 767 & 777 has contributed to the success of the across pacific and Atlantic expansion (Air Canada, 2018, July)

Strategy

The strategy of the firm plays an important factor in determining the internationalization speed (Chetty et al., 2014). In addition to founding Air Canada rouge to serve leisure destinations in partnership with Air Canada Vacation, the low-cost subsidiary "will leverage the strengths of Air Canada's extensive network, operational expertise and frequent flyer reward program in order to offer Canadians great value for their vacation travel." (Air Canada Media Room, 2012, December). The parent company CEO Calin Rovinescu set the starting mission for "Rouge international expansion [to] will rely more on the existing routes of the mainline" (Air Canada, 2013, August). Additionally, the parent company has developed a set of priorities for its business and it started with internationalization, low cost leadership and increased revenues, enhanced

customer engagement, and the promotion of entrepreneurial mindset in the company (Air Canada, 2015, September). Furthermore, the parent company has a strategy to have 90% of their capacity expansion in international market and Air Canada Rouge represented a cornerstone of the stated strategy (Air Canada, 2015, May). Subsequently, the group's management argued that one of Rouge priorities is international market at the Credit Suisse Industrials Conference (Air Canada, 2015, December). Besides, CFO Mike Rousseau claimed that "we [Air Canada] are growing internationally and primarily through Rouge" (Air Canada, 2016, February). In fact, Air Canada rouge is a pillar in the international growth strategy of the parent company (Air Canada, 2016). For example, Air Canada Rouge and Air Canada entered 15 new international destinations that helped fuel their international growth in 2016 (Air Canada, 2017).

On the other hand, Air Canada Rouge allows the parent company to reach destinations that were no longer feasible through the mainline cost structure and operational model (Air Canada, 2013, May). Besides, Air Canada Rouge proved powerful and benefitted from the aid of mainline company to expand its network. Consequently, Air Canada rouge improved margin on leisure destination for the parent company (Air Canada, 2015).

The expansion strategy of Rouge also relies on the fleet mix's strategy. The widebody aircraft are destined to the busy routes as well as long-haul market (Air Canada, 2014, February). For example, Air Canada CEO claimed that Rouge's expansion business is helped through its fleet composition of the 777 and 787 in the Q1 2015 Air Canada Earnings Call (Air Canada, 2015, May). Lastly, the expansion strategy of Air Canada Rouge is considered to be successfully implemented and exceeded expectation in pursuing international markets (Air Canada, 2018).

Innovation

As presented in the literature review, innovation doesn't stop at digitalization and technological capabilities but extends to marketing innovative ideas. In fact, innovation touches on all the activities carried by an airline.

Air Canada Rouge proposed during the first year of operations an innovative premium seating in its narrow body fleet by modifying the front 3x3 rows into 2x2 premium seating with

legroom and enlarged overhead baggage storage (Air Canada, 2015, August). This was preceded by innovative seats that offered modern and stylish seating with inflight entertainment on its A319 fleets (Air Canada Media Room, 2013, April). Plus, Rouge in-flight entertainment system is equipped with new generation player that allows customer to wirelessly stream content from their electronic devices (Air Canada Media Room, 2014, July). This innovation has attracted customer and enhanced in-flight experience (Air Canada Media Room, 2014, July). Also, Air Canada Rouge premium customers have been offered access to the premium Lounge of the parent company (Air Canada Media Room, 2016, January).

By the third birthday of Air Canada rouge, Benjamin Smith, an executive of Air Canada, acknowledged the innovative business model of Air Canada rouge that enabled the group to enter new international markets. (Air Canada Media Room, 2016, June). For a faster check-in and reduced boarding time, the company didn't stop at the development of a mobile app but extended its innovation capabilities by offering an Apple Watch app that allowed customer a faster check-in and reduced boarding time (Air Canada Media Room, 2015, March). On the other hand, Air Canada rouge gradually introduced high speed internet on its Airbus 319 fleet (Air Canada Media Room, 2017, May). Air Canada Rouge became the first LCC and airline to offer high Speed Wifi in North America in 2017 (Air Canada Media Room, 2017, May).

To attract new customers and enlarge its global reach, Air Canada rouge engaged in the rapid development of innovative FinTech by entering an agreement with Adyen to accept the alternative payments (Air Canada Media Room, 2017, November). The focus on innovative capabilities has extended by recruiting a new Chief Information Officer with a focus on innovation in its internal and external IT development (Air Canada Media Room, 2018, September). Lastly, Air Canada rouge has not been innovative only in its operational and technological capacities, but also in its marketing ideas by offering the retail strategy of the lowest price guaranteed during its early years of internationalization (Air Canada Media Room, 2013, February).

Opportunity Development

Air Canada rouge represented a rapid and competitive internationalization strategy for the group. It developed its own opportunity identification for internationalization. Nonetheless, Air Canada rouge development was also limited by certain opportunities' constraint.

The market demand for affordable leisure destination represented an opportunity for the group to transfer and modify existing mainline fleet into Rouge fleet (Air Canada Media Room, 2014, July). Rouge offers the opportunity for the group to operate previously flown routes effectively and efficiently due to the cost structure of operation with high flexibility (Air Canada, 2013, May). For example, Air Canada rouge allowed for the only nonstop flight from Canada to Osaka, which was stopped previously by Air Canada (Air Canada Media Room, 2014, September). This has allowed the LCC to develop its intention to intensify its presence in the Asian market through Japan, China and Korea as they represent a growing opportunity (Air Canada, 2016, April). Moreover, Air Canada rouge's expansion represent an opportunity for the group to remedy to the low third quarter in 2018 by using wide body aircraft in South & Central American destinations (Air Canada, 2018, October). In fact, Air Canada rouge has reduced the cost structure on leisure market by 25% in comparison to the parent company cost structure (Air Canada, 2016).

The parent executive argued that larger narrow-bodied aircraft represent a higher performance opportunity for Rouge (Air Canada, 2014, November). The opportunity is driven by the fact the it can accommodate more passengers with its downside of mobilizing more ground members with high turn-over times. Also, the low-cost structure represents an opportunity for reinvestment to increase capacity and enhance operations (Air Canada, 2014, February). The growing popularity for international leisure destinations worldwide presented an opportunity for entry such as Barcelona and Athens for summer 2015 (Air Canada Media Room, 2014, September). On the other hand, Air Canada rouge has the opportunity to not be committed to year-round service and operates its flights around the world in accordance with leisure's destinations seasonality (Air Canada, 2014, February). Therefore, Air Canada Rouge develop and take advantage of different opportunities that contributed to its rapid international growth.

Domestic Commitment

Through the analysis of Air Canada Rouge internationalization, less attention was devoted to its domestic market. The reason for less focus on domestic market comes from the existence of Air Canada Express that is a regional airline of the parent company that serves domestic markets in addition to the mainline domestic operations. However, Air Canada rouge launched domestic flight from Toronto to Nanaimo and Kamloops and also from Montreal to Victoria, BC (Air Canada Media Room, 2017, December). In fact, Rouge has the flexibility and the network to develop

domestically without cannibalizing other brands such as Air Canada express (Air Canada, 2017, May). In this regard, Air Canada continued to develop Air Canada rouge domestic leisure network by launching flight that connects Toronto and Kamloops and Nanaimo, and between Montreal and Victoria (Air Canada Media Room, 2018, June). With the raise of Ultra Low-Cost Carriers within the Canadian market, Air Canada Rouge being deployed domestically through narrow body airplanes to protect the Canadian position against all form of competition (Air Canada, 2018, April). Lastly, the domestic development of Rouge network will consist of service Canadian leisure destination during the peak season from the 3 main Air Canada hubs that are Montreal, Toronto, and Vancouver (Air Canada, 2018, July).

Regulatory Environment and Institutional Theory

In its quest of internationalization, Air Canada rouge deals with both internal and external institutions. The internal institutions can be represented by the labor body and different unions whereas external institution represents government agencies and regulative bodies. However, Air Canada Rouge benefits from the administrative support and experience of the parent company when requesting aviation transport certificate and undertaking administrative action to operate international routes (Air Canada, 2013, May).

Air Canada Rouge faces institutional pressure for Aircraft densification. For example, the densification of Aircrafts is legally limited in a form of a ratio of cabin crew by passenger. The Canadian Aviation institution has granted Air Canada rouge the right in form of an exception to have a ratio of 1 cabin crew per 50 passengers (Air Canada, 2013, May). In fact, the Canadian Aviation Regulation enforces a ratio of 1 flight attendant for every 40 passengers, a ratio that is set for higher safety standard and is argued politically by the conservative party (Canadian Union of Public Employees, 2017). Prior to amending the law in 2017, the ratio of 1 flight attendant to 40 was enforced with exception to few Airlines that satisfies certain evacuation requirements (Dery, 2016).

Also, the institutional distances between countries represent a facilitator for higher internationalization speed. For example, the Canadian visa program for Mexican national represented a strong opportunity growth for rouge in the Mexican market (Air Canada, 2017, May).

At the Investor Day 2017 Conference, Air Canada has declared a new agreement without providing details with pilots that enables Air Canada rouge to boost its growth and efficiency (Air Canada, 2017, September; 2017, October). Also, the agreement with pilots allowed Air Canada Rouge to have the flexibility to grow domestically (Air Canada, 2017, September). In later conference calls new details have been provided on the agreement with pilots. In the Q4 2017 conference call, Air Canada has declared that change have been applied on the previous agreement with pilots that limited the fleet size of the narrow body models as well as the flexibility of Rouge to be deployed domestically (Air Canada, 2018, February). The new agreement with pilots' granted Rouge the flexibility and possibility to be deployed in a timely manner in the domestic market as well as increasing the number of the narrow body aircrafts (Air Canada, 2018, April).

Lastly, countries from around the world have signed the international Civil Aciation that provides countries with control over each country's Airspace (Government of Canada Transport Canada, 2019). The mutual agreement between countries that permits flying are negotiated under Air Transportation Agreements (ATA). Canada has introduced in 2006 the Blue-Sky policy that guides all ATAs with different countries that grants the right for Canadian Airlines to fly to countries with whom open skies are signed (Government of Canada Transport Canada, 2019). Despite the open skies' agreement, Airlines needs to file an institutional approval to operate a specific route. For example, Air Canada rouge requested an institutional approval to fly to Lima in Peru (Air Canada Media Room, 2017, May), a country with whom an ATA was signed in May 2013 (Government of Canada Transport Canada, 2019). The Blue-Sky policy is focused on a liberalized agreement that enable competition and allow for Canadian airlines to grow successfully with accordance with safety regulation and healthy economic growth (Government of Canada Transport Canada, 2017). All in all, Air Canada rouge benefits from The Blue-Sky Policy that is signed with 107 countries, 70% of which are open skies (Government of Canada Transport Canada, 2019).

Ryanair

Ryanair was founded in 1985 with a Bandeirante aircraft of 15 seats that operated the route of Waterford to London (Ryanair Corporate History, n.d.). Since 1985, the company grew into a

network of 82 bases operating throughout 40 countries with more than 2000 daily flights by the end of 2018 (Ryanair Corporate History, n.d.). (Worldwide positioning)

According to Business Overview of Ryanair 2018, the company was leader in introducing low cost model in the European region (Ryanair, 2019). During the period between 1992 and 2018, Ryanair grew its total passenger carried from 1 million to 130 million passengers in 2018 with total revenue of 5 billion Euros equivalent to $7 billion (Ryanair, 2019).

Internationalization Journey

Ryanair crossed the Irish border to serve London since its inception in 1985 by operating a small aircraft with 15 seats capacity (Ryanair Corporate History, n.d.). However, it entered the most sought route of Dublin-London that was dominated by British Airways and Aer Lingus (Ryanair Corporate History, n.d.). During the three first years of its operations, Ryanair expanded its network reach in UK and Europe by flying to Munich in Germany and Brussels in Belgium (Ryanair Corporate History, n.d.). Ryanair continued its trend of targeting regional and secondary airports throughout Europe and other nearby continents. Ryanair reached by the end of 2018 a network of 40 countries with more than 2000 daily flights (Ryanair Corporate History, n.d.). Besides, Ryanair does not only operate across border flights, but it also develops strong domestic network in host countries with probable base establishment. Ryanair has established 36 bases outsides of its home country Ireland (Ryanair, 2019).

Furthermore, Ryanair has been active in acquiring airlines for routes expansion and resources. For example, Ryanair acquired Buzz in 2003 that enabled further access to the French market by accessing 11 secondary Airports (Ryanair Corporate History, n.d.). Plus, it acquired majority stake in Laudamotion Airline that enabled access to the Austrian market (Ryanair Corporate History, n.d.). Therefore, Ryanair internationalization model follows the born global internationalization model due to the rapid internationalization since inception.

Technology

Ryanair employs technology to improve customer experience and resources, and to increase its efficiency. However, it pays little attention to inflight customer entertainment. Ryanair encourages the use of personal electronic devices as it doesn’t provide inflight entertainment

(Ryanair Inflight Experience, n.d.). Hereafter, a narrative of the technological development of Ryanair to improve customer experience, online sales, and investing in technology as part of Ryanair's efficiency quest.

Ryanair counts on technology to enhance the customer experience in the Airport and through the booking portal (Ryanair, 2006a, February). Ryanair introduced by the end of 2007 an online check-in feature for clients through the website (Ryanair Corporate History, n.d.; Ryanair, 2008b, November). In the Q4 2019 Analyst Briefing, Ryanair CEO recognized that the web check-in contributed to a reduction in boarding time and enhancing Airport's customer experience (Ryanair, 2009, June). Ryanair expanded the online check in to its newly launched app by 2015 (Ryanair, 2014, November 3). It also engaged in a monthly update of the app to ensure a bug-free and smooth online customer experience (Ryanair, 2015, September 9). Consequently, Ryanair App has become in 2016 the 8th most used app in the UK, a consequence of continuous effort and investment in Ryanair technology (Ryanair, 2016c, November 7) and became the most downloaded the airline industry by 2017 (Ryanair Corporate History, n.d.). In 2018, the app reached 23 million downloads (Ryanair, 2018a, July).

Ryanair continuously optimizes and modernizes its online booking (Ryanair, 2006a, February). Since 2001, Ryanair has been enjoying the leadership in traffic attracted by its online booking in comparison to other airlines (Ryanair Corporate History, n.d.). In its letter to shareholders of 2017, Ryanair's CEO advanced that the website has been continuously improved to facilitate the online booking journey and allowed the airline to enjoy market leadership (Ryanair, 2018). In 2005, Ryanair disclosed that 98% of its booking is generated by its online portal (Ryanair Corporate History, n.d.).

Ryanair pursues operational efficiency through technology. For example, the website enhancement, as well as its new fleet of Boeing 737 800 with winglet technology, contributed to a reduction of its unit cost by 6% (Ryanair, 2006a, February). Moreover, Ryanair reduced the outsourcing of technology handling and invested in Ryanair Lab (Ryanair, 2017, May 30). The continuous investment in technology enabled the company to reach 130 million passengers (Ryanair, 2017, May 30) and reducing distribution costs (Ryanair, 2017b, February 6).

Ryanair focuses on recruiting more IT talents to keep developing the website and its online booking, among other technological endeavors (Ryanair, 2015). While realizing the importance of technology, Ryanair's lab enabled the company to diversify and access a new pool of talents (Ryanair, 2017, May 30). For example, Ryanair realized that Bratislava and Madrid enjoyed large IT talented personnel with competitive costs compared to Dublin (Ryanair, 2018b, July). Moreover, Ryanair Labs contributes to lowering distribution costs and increasing ancillary revenues (Ryanair, 2017b, February 6). Hence, the technology employee structure proved to be competitive in the profit formula and internationalization commitment of Ryanair.

Ryanair was active in the development of reservation management system through external partnerships. Beginning 2000, it changed its older RMS, the British Airways Booking System, for an FlightSpeed RMS from Accenture Open Skies (Ryanair, 2003). The contract with Accenture Open Skies was a 10-year contract with a focus on security and on increasing the reservation capacity (Ryanair, 2006). By increasing the reservation capacity to 100 million passengers, Ryanair introduced the New Skies reservation systems (Ryanair, 2007, November; 2008, June). The introduction of the New Skies also came after Ryanair suffered a momentarily shut down of its previous RMS, which reached its capacity limits (Ryanair, 2008, June). In 2017, Ryanair acknowledged the challenge of connecting RMS between companies. However, Ryanair, Aer Lingus, and Norwegian dedicate their technological department to ensure connectivity between the airlines (Ryanair, 2017b, February 6).

Competition

In the Chief's Executive Message 2000, he expressed the intense competition in the intra-European market that is coupled with spikes in interest rate and fuel prices. During these times, major European airlines announced losses while Ryanair strived during the tense competitive market of 2000 (Ryanair, 2001). Also, Ryanair CEO argued that different state aids to airlines render Ryanair to double its low-cost effort to maintain its competitiveness (Ryanair, 2013, July). For example, in the Q1 conference call of 2014, Michael O'Leary complained about the state aid to Air France that are in the form of Public Service Obligation. Also, Michael O'Leary explained about "Lufthansa have a quasi-monopoly in Munich, which is publicly funded airport, which us another hidden subsidy to the likes of Lufthansa" in (Ryanair, 2014, February). These different

protections that are awarded from the primary airport to the flag carrier of the country makes Ryanair less competitive in targeting or serving primary airport (Ryanair, 2014, February).

On the other hand, Ryanair is competitive in the European market and claimed that the cost structure of the airline is a competitive differentiator in European Airline competition (Ryanair, 2017, b, February). The financial strength of Ryanair enabled the airline to remain profitable and competitive during different economic tense situations (Ryanair, 2004b, November). This trend has continued in 2010 as Ryanair continued to strive financially during a time when the financial crisis has phased out a many airline (Ryanair, 2011). Plus, the fuel price increase of 37% during 2010 and 2011 increased the cost of fuel consumption to 40% of Ryanair cost structure (Ryanair, 2012). This has increased in 2012 to represent 43% of Ryanair total cost (Ryanair, 2013).

Ryanair average fare is the lowest in the European airline industry (Ryanair, 2002, November). In fact, Ryanair reduced its fares by 5% in 2004 when other airlines were recording losses (Ryanair, 2004a, November). In 2008, Ryanair offered its fare on an average of 43 euros that is the half of what EasyJet proposed (Ryanair, 2008a, November). Michael O' Leary advanced in the Q2 2004 conference call that Ryanair enjoyed the highest margin in the industry (Ryanair, 2004a, November). Subsequently, Ryanair announced its leadership in the European low-cost carrier market in multiple years such as in 2004 (Ryanair, 2005) or in 2007 (Ryanair, 2007b, June 5).

Management and Knowledge

Throughout Ryanair operation and by analyzing conference calls, Michael O Leary is a key figure and decision maker of Ryanair. Ryanair CEO, Michael O'Leary, is a key figure not only for Ryanair but also for the Low-Cost industry and an influential figure (Shuk-Ching Poon & Waring, 2010). In fact, he is a charismatic leader known for his extensive media and publicity use (Shuk-Ching Poon & Waring, 2010)

After Ryanair incurred a loss in 1990, the Ryan family appointed their financial Advisor Michael O'Leary to CEO position of Ryanair (Thomas, 2015). Prior to that, Michael O'Leary was sent to benefit from Southwest Airlines experience and knowledge of the low cost model (Thomas, 2015). Michael O'Leary adopted the low cost processes and strategy of Southwest Airlines and

made Ryanair profitable in 1991, a year marked by the gulf war and spike of oil prices (Thomas, 2015). He cultivated throughout its long year of tenure since 1991 an extensive knowledge of the rapid evolving low-cost industry. As Michael O'Leary was developing the low cost processes for Ryanair, the European airline industry went into Open Skies Deregulation of 1996 (O'Gorman & Curran, 2017). Over the year, Michael O'Leary developed an "opportunistic company" that grew its network to 40 countries (Ryanair, 2011a, July; Ryanair Corporate History, n.d.). On the other hand, Ryanair places high importance of the international experience. For example, it specified in its Director's report of 2010 that the international exposure and experience are necessary assets of its directors (Ryanair, 2011). These traits are key in leading Ryanair's growth (Ryanair, 2011). For example, by the end of 2017, Ryanair recruited the CEO of Malaysia Airline as the Chief Operating Officer of Ryanair (Ryanair, 2017, October 31).

Ryanair stressed in the director report the importance of international experience and knowledge of its directors (Ryanair, 2011). Besides, Ryanair developed a specific low-cost business model at secondary airport that it has been successfully duplicated throughout the European expansion (Ryanair, 2006, June 6). Furthermore, Ryanair includes in different partnership that training for its employees. For example, it concluded a contract with CAE that provided 6 new simulators to facilitate Ryanair pilots' training (Ryanair, 2018, February).

Business Network and Knowledge

Ryanair has developed a business network that includes airports, airplane manufacturer, support contractor, and technological partner. The Airport selection is detrimental to Ryanair operational efficiency and cost structure as Michael O Leary expressed in the Q4 2004 Earnings Conference Call. Hence, Ryanair engages in continuous discussion with different Airport throughout Europe (Ryanair, 2002, August). In other words, Ryanair consider its relationship with Airport as partnership as it brings customers to the airport and airport provides adequate offering for Ryanair operation at the airports. For example, secondary airports contribute strongly to 20% margin of Ryanair (Ryanair, 2003a, January). Although Scandinavian Airport are fully owned and protected by government through increases cost for foreign airlines (Ryanair, 2011, May 23;

2012b, May 21), they have approached and opened negotiation with Ryanair on multiple occasion (Ryanair, 2012b, May 21; 2018, May 21).

In parallel, Ryanair does not limit itself to Boeing for its fleet by it has opened discussion with Airbus in 2011 (Ryanair, 2011, May 23). Furthermore, Michael O Leary also considered COMAC, Chinese Aircraft manufacturer, for a narrow body 200 seats aircrafts (Ryanair, 2011a, July). Plus, Ryanair organized a series of meeting with the Chinese aircraft maker including top management meeting (Ryanair, 2011a, July)

Ryanair partners with different technological entities for its Revenue Management System and for the Global Distribution System (GDS). For example, it has partnered with Travelport for GDS in 2014 (Ryanair, 2014, May 19). Ryanair extended its portfolio of GDS by adding Amadeus to Travelport that will give a gateway for 95% of European business booking that granted access to 95% of the European booking (Ryanair, 2014, November 3).

Ryanair partnered with General Electric for engine maintenance that will support cost efficiency (Ryanair, 2004b, January). The maintenance agreement with GE remedied to maintenance cost amortization issue (Ryanair, 2004b, January). For the maintenance of its new generation of Boeing 737, Ryanair partnered with CFM (Ryanair, 2018, February). Plus, Ryanair entered a business partnership with CAE to modernize its simulator and leverage its pilot's trainings (Ryanair, 2018, February). Lastly, the airline partnered with Erasmus Student Network for fare discounts to increase its customer rich and diversify its revenue mix (Ryanair Corporate History, n.d.).

Firm's Resources

Ryanair enjoys a fleet that started with 15-seater Aircraft in 1985 to a fleet size of 470 aircraft by the end of 2018 composed mainly of the narrow body Boeing 737-800, 737-200 Max (Ryanair Corporate History, n.d.). The introduction of the fleet of 737-800 contributed to a reduction of 6% of the unit cost (Ryanair, 2006a, February). Moreover, Ryanair is actively and continuously modernizing its fleet that it reached an average fleet age of 2 years in 2005, which is the youngest in the industry (Ryanair Corporate History, n.d.). This age has been reached through

the phasing out of its old fleet of 737-200 and the introduction of the 737-800 (Ryanair Corporate History, n.d.). However, Ryanair fleet enjoyed by the end of 2018 an average age of 6.5 years (Ryanair Fleet, n.d.). Ryanair average a daily fleet utilization of 9 hours (Ryanair, 2019) with more than 2000 daily flights (Ryanair Corporate History, n.d.).

Ryanair composes its fleet that it can reach its 25 minutes turn around and any increased seating beyond 198 seats will puts pressure on operational efficiency (Ryanair, 2011a, July). Furthermore, regulation requires 1 cabin crew per 50 passenger which discourage Ryanair to increase its seating beyond 198 seats aircraft for only extra 10~15 passenger (Ryanair, 2011a, July). The discussions are ongoing with Boeing to optimize the densification through the removal of the rear toilet cabin as well as seeing the 737-900 offering (Ryanair, 2011a, July). In parallel, Ryanair engaged with discussion with COMAC and Airbus to evaluate the best offer for a 200 seats aircraft (Ryanair, 2012, November). Michael O'Leary advance that the fleet is limited to narrow body aircraft as the wide body aircraft represent a challenge for the airline (Ryanair, 2006, August 8). The wide body aircraft can mobilize more than one gate and pressure turnaround times (Ryanair, 2006, August 8). The expansion of Ryanair with new fleet that is composed of the 737-800 contributed to an increase of 6% of its stage length (Ryanair, 2012, November).

On the other hand, the human capital represents an important resource for the LCC. In 2018, Ryanair advanced the importance of human capital to accommodate the company's growth (Ryanair, 2018, May 21). Hence, it is investing heavily in its human capital (Ryanair, 2018, May 21). After Ryanair withdrew its bid for Alitalia, it focused on training its pilots through a new program with focus on long-haul operation (Ryanair, 2017, October 31). Also, it appointed a new Human Resource Director as Chief People Office who will ensure continuous discussion with pilot (Ryanair, 2017, October 31). The latter development came after tense discussion and blockage from pilot unions. For example, in 2004, Ryanair countered pilot unionization by an open day recruitment of pilots (Ryanair, 2004b January). Hence, Ryanair reached consensus with its pilots throughout Europe with exception to the home base pilots at Dublin (Ryanair, 2006, June 6). Also, the Danish pilots reiterated their demands that closed strong opposition to Ryanair (Ryanair, 2016, July). Consequently, Ryanair closed its Danish base (Ryanair, 2016, July). In parallel, Ryanair

continued its open discussion with different pilots throughout Europe in regard to pay increase and job contract (Ryanair, 2017, October 31). These efforts were conclusive in all bases with exception to the Dublin base (Ryanair, 2018, February). Finally, Ryanair Lab enabled the company to access a new pool of talents that will accommodate the company's growth (Ryanair, 2017, May 30).

As Ryanair were replacing its 737-200 by 7373-800, it launched training program for its pilots for the new fleet, but the cost of the training remained a subject of union discussion with Ryanair (Ryanair, 2005b, August). Besides, more than half of Ryanair operational human capital became Ryanair contractor (Ryanair, 2010a, November 1). The new form of contract with its operational human capital granted Ryanair flexibility during the tense economic situations such as spikes in oil prices (Ryanair, 2012a, July).

Strategy

In the director's report of 2000, Ryanair stated that "the group operates an international airline business and plans to continue to develop this activity by replicating its successful low fares formula on new and existing routes" (Ryanair, 2001). In fact, its price offering is almost half of what is offered by major airlines (Ryanair, 2008).

In offering the lowest fare while maintaining cost leadership, Ryanair employed different strategies in regard to Airports. First, Ryanair evaluates the airport in delivering an efficient turnaround time for its aircrafts (Ryanair, 2004a, June). Secondly, Ryanair evaluates the secondary airport in offering convenience for customer as well as the offering competitive offer for Ryanair where airport charges are reduced (Ryanair, 2003a, January; 2013, May 20). Hence, the secondary airport offers Ryanair a strong margin of 20% (Ryanair, 2003a, January).

By 2014, Ryanair started serving increasingly primary airports in primary cities which is an important turn in airport strategy, according to Chief's executive report of 2014 (Ryanair, 2015). By 2017, Ryanair became increasingly attractive for primary airport that the majority of its recent opening were in primary airports (Ryanair, 2016d, November 7). Hence, Ryanair started to focus

on its effectiveness and efficiency at primary airport as the mix has yielded more primary airport than secondary for Ryanair airports portfolio (Ryanair, 2016b, November 7).

Ryanair developed a competitive entry strategy and called it as Vacuum Strategy (Ryanair, 2012b, May 21). The strategy is based on heavily entering a market through high frequency and lowest fare while balancing in reaching high load factors (Ryanair, 2012b, May 21). Besides, Ryanair's growth is dependent on new routes opening and new bases (Ryanair, 2004). The strength of network commitment in different host countries coupled with bases establishment offered Ryanair flexibility in moving capacity throughout Europe (Ryanair, 2014, February). For example, the development of a strong network of bases in Europe contributed to a reduction of 9% in costs (Ryanair, 2011).

On the other hand, Ryanair focus on short haul operations that enable volume and scale (Ryanair, 2014, November 3). Nonetheless, in the absence of good deals on long haul aircrafts, Ryanair will remain less interested in long haul flights (Ryanair, 2008, February).

Innovation

Ryanair considers innovation as a growth engine (Ryanair, 2014, November 3). For example, Ryanair created Ryanair Lab that will employ artificial intelligence and analytics under supervision of Chief Technology Officer (Ryanair, 2014, November 3). Consequently, the airline invested heavily in its Ryanair lab and the digital space as they are innovation engine (Ryanair, 2016d, November 7). The investment in Labs will be translated into opening new development center or labs in other countries in addition to Spain (2017, May 30). In 2018, Ryanair employed 600 personnel in its tech Labs (Ryanair, 2018, May 21). In Parallel, the company created a warehouse e database that will make use of analytics to innovate in enhancing customer experience and contributing to the airline's efficiency (Ryanair, 2015, May 26).

On the other hand, Ryanair invested in Always Getting Better program that aims at improving customer experience (Ryanair, 2015, May 26). The Always Getting Better program opened an interaction with customer to improve and develop the process of Ryanair (Ryanair Always Getting Better, n.d.). The program contributed to launching different innovative strategies

such as refund if cheaper fare was found, modernized app and website, and improve ground transfer (Ryanair Always Getting Better, n.d.). Also, Ryanair focused on mobile technology as a direct way of communication with customers (Ryanair, 2017, b, February).

Opportunity Development

In answering an analyst question during the Q1 2020 Conference Call, Ryanair CEO advanced that Ryanair is "an opportunistic company". The reduction of capacities by competitors represent an opportunity for the airline. In fact, Opportunities arise as competitor are cutting capacity in key European market as German, Italy, Spain, and Scandinavian countries (Ryanair, 2014, July). Also, the failing of Malev, Hungarian Airlines, represented an opportunity for Ryanair where it moved immediately to Hungarian market and within its first quarter of operation reached 80% load factor (Ryanair, 2012b, May 21). Besides, the bankruptcy of Alitalia bases and its capacity reduction represented an opportunity for Ryanair (Ryanair, 2004a, June). By 2011, the Scandinavian market represent an opportunity for Ryanair as SAS and Lufthansa cut capacity in these market (Ryanair, 2011, May 23). Furthermore, the restructuring of different airlines also represented an opportunity for Ryanair such as the restructuring of Air Berlin (Ryanair, 2017, a, February).

The tense economic situation represented an opportunity for Ryanair. For example, during the oil price spike in 2003, major competing airlines-imposed surcharge fuel fare on customer that benefitted Ryanair lowest market fare with no surcharge policy (Ryanair, 2004b, June). In pursuing cost leadership, Ryanair sees the Airport reduced charges and incentives as an opportunity to serve the corresponding market. During Q1 2012 Conference Call, Michael O Leary, Ryanair CEO, explained that the company "move wherever the airport deals encourage us to move".

Lastly, the size of the market and its pricing environment represent a key opportunity for Ryanair. For example, Ryanair deployed 2 routes in Poland but is heavily intensifying its present in Span and Italy because of the market size, high efficiency for short haul flights, and market growth (Ryanair, 2018b, July).

Domestic Commitment

Ryanair enjoys a heavy international presence outside of Ireland. Ryanair developed a network of 39 countries outside of Ireland (Ryanair Corporate History, n.d.). Besides, it internationalized since its beginning by flying into UK from Ireland and in few years after foundation it served Belgium and Germany by 1988 (Ryanair Corporate History, n.d.). Moreover, Ryanair developed 82 bases including only 3 in Ireland that are Cork, Dublin, and Shannon (Ryanair Corporate History, n.d.; Ryanair, 2019). However, according to Q3 FY18 Results Presentation of Ryanair, the airline possess leadership in its domestic market through 48% of the Irish commercial airline market followed by Aer Lingus and British Airlines. Therefore, despite the strong presence of Ryanair in the Irish market, it dedicated more capacity and focus to its international market.

Institutional environment

Ryanair faced legal challenges from regulatory bodies that impeded its expansion and operating cost but also received support from different regulatory bodies. By 1997, the European Union completed the open skies deregulation (Ryanair Corporate History, n.d.). The open skies deregulation allowed Ryanair to compete freely throughout Europe (Ryanair Corporate History, n.d.). However, the open skies deregulation is threatened by the Brexit as it raised ambiguity over future operation in the region (Ryanair, 2017b, February). The company operates 40% of its capacity on UK-EU routes, which increased its exposure to Brexit (Ryanair, 2018a, July). Therefore, Ryanair requested an Air Operation Certificate from UK to protect and hedge for its UK operations against a strict Brexit (Ryanair, 2018, February)

At its home base in Dublin, Ryanair received institutional support in 2002 for building a low-cost terminal in Dublin Airport to allow for a competitive environment with legacy airlines (Ryanair, 2002, August). After Ryanair was pressure by Irish Airport Monopoly, the Irish government ordered for breaking the airport monopoly of the 4 Irish airports (Ryanair, 2003a, August). The breaking of airport monopoly enabled for competition between airport that was translated into cost reduction for LCCs (Ryanair, 2003a, August). Nonetheless, Ryanair was faced with high charges in Irish Airports and therefore filed legal action in 2005 (Ryanair, 2005a, August)

and continued its legal battle in 2008 (Ryanair, 2008b, November). In fact, Ryanair incue higher cost in its Irish home base than elsewhere (Ryanair, 2005b, November). By 2012, Irish Airport Monopoly increased charges on Ryanair by a figure of 40% (Ryanair, 2012, January). The charges were imposed despite the decision of the court of appeal in UK for breaking the monopoly at the Irish Airports (Ryanair, 2010a, November 1). Besides, Ryanair continue its legal battle and lobbying within the European commission to break the airports monopoly (Ryanair, 2012a, July). Furthermore, Ryanair was prevented from serving Russia from Ireland due to Irish regulations (Ryanair, 2013, November).

On the other hand, Public owned airports represent a challenge for Ryanair European expansion (Ryanair, 2003a, January). In fact, Ryanair has been faced with different legal challenges and taxes that impeded its European operations. In the Chief Executive Report of 2007, Ryanair expected regulatory challenges in Europe that intends to protect the major airlines (Ryanair, 2008). For example, Ryanair has filed institutional request to allow for the Aer Lingus acquisition in 2007 (Ryanair, 2007b, June 5). However, the European Commission refuted Ryanair request to acquire the Irish LCC Aer Lingus (Ryanair, 2013, May 20). In parallel, the Belgian administrative court asked Ryanair to cease its operation out of Strasbourg and Charleroi for aggressive pricing reasons (Ryanair, 2003a, August). Also, the company was pressured by taxes from the French government in 2008 following its base opening in Marseille (Ryanair, 2008, June). The same case was repeated by the Spanish government through in the government owned airport that pressured its cost of operation (Ryanair, 2014). In brief, different European governments represent a source of ambiguity and uncertainty for Ryanair in terms of tax charges continuous modification (Ryanair, 2013, November).

The legal framework ambiguity does not only stop in Europe but also extends to other nearby regions. For example, Ryanair saw its ground contractor being changed by the Moroccan government for a high charging contractor in 2013 (Ryanair, 2013, July). The host legal framework enabled them to change the contractor for a state approved contracted, a decision that contributed to high charges and capacity reduction (Ryanair, 2013, July)

However, Ryanair benefits from institutional support in different occasion. After the legal battle in Belgian market following the administrative court decision, Ryanair won its legal battle

to stay at Charleroi and operate its routes in 2009 (Ryanair Corporate History, n.d.). Also, the Spanish government offered 100% rebates on charges for Ryanair operation by 2010 (Ryanair, 2010, June 1). The 100% rebates on charges was tied to the extent of value created by the airline in the Spanish market (Ryanair, 2010, June 1). Also, the Spanish government incentivized Ryanair to operate in and out of the Canary Island (Ryanair, 2010, February).

EasyJet

EasyJet was founded by a young entrepreneur, Stelios Hajji-Ioann aged only 28 in 1995 (BBC Interview, 2013, June 19). Stelios explained in an interview that he secured around $8 million loan from his father to launch EasyJet (Al Jazeera English, 2008, February 2). It started as a British low-cost airline that targeted primary airports and offered low fare to customer (BBC Interview, 2013, June 19). By the end of 2018, EasyJet had multiple entities throughout Europe with 29 bases in its portfolio (EasyJet, 2019) and connecting more than 35 countries (EasyJet Route Map, n.d.)

Internationalization Journey

EasyJet internationalization can be categorized as born global. EasyJet has internationalized since inception by operating the Glasgow-Edinburgh flight in 1995 (EasyJet Our Journey, n.d.). Since then and encouraged by the deregulation of skies in Europe, EasyJet developed its European network outside of the UK by serving in 1996 Amsterdam, Brussels, and Munich (EasyJet Our Journey, n.d.). First, it developed its UK presence through the establishment of bases such as its second base at Liverpool in 1997 and fifth UK bases at London Gatwick in 2001 (EasyJet Our Journey, n.d.). The development of an international network reached 29 bases (EasyJet, 2019) and more than 130 international destinations in 39 countries (EasyJet Route Map, n.d.).

Moreover, EasyJet entered foreign markets through acquisition. It acquired in 1998 a swiss charter through 40% ownership and named it EasyJet Switzerland (EasyJet Our Journey, n.d.). This acquisition granted a rapid entry for EasyJet in the Swiss air zone (EasyJet Our Journey, n.d.). Also, it acquired in 2002 Stansted, a British Airlines Low-Cost Subsidiary (EasyJet Our Journey, n.d.).

Stansted's acquisition added European routes to EasyJet Network (EasyJet Our Journey, n.d.). In 2007, EasyJet acquired another British low-cost airline named GB Airways that focused on North African and Southern European routes (EasyJet Our Journey, n.d.). Furthermore, it strengthened its position at Gatwick Airport through the acquisition of FlyBe airport slots after competing with Ryanair's bid (EasyJet, 2013, November 19). Lastly, EasyJet engaged in partly acquiring Air Berlin that strengthened EasyJet's position in Germany as well as on-site assets in the form of facilities and aircraft (Chee, 2017, December 12; EasyJet, 2019).

EasyJet's internationalization journey was also marked by the launch of an airline alliance. The alliance named as Worldwide by EasyJet gathered major airlines. Worldwide by EasyJet expanded the destination reach to include the Middle East through Emirates and North America through Norwegian Air and WestJet (Bryan & Smout, 2017, September 13; Reid, 2018, November 20).

Finally, EasyJet follows a born global model with its internationalization since its inception and creating a large international network. Also, the expansion journey of EasyJet relied on engaging in airline partnerships and creating Worldwide by EasyJet by the end of 2017. Therefore, EasyJet followed strongly the born global firm model supplemented by the network model at a later stage of internationalization.

Technology

Soon after the birth of EasyJet in 1995, the airlines launched its website in 1997 (EasyJet Our Journey, n.d.) and made its first online sale in 1997 (EasyJet, 2008). Also, the introduction of the mobile app enabled online booking in 2011 (EasyJet Our Journey, n.d.). The mobile app contributed to 29% of the online sale by 2018 (EasyJet, 2019). Also, the airline was the first LCC to access the corporate world through the Global Distribution System, which increased EasyJet’s customer reach in 2007 (EasyJet Our Journey, n.d.). EasyJet partnered with Google and Facebook to diversify its e-commerce channels (EasyJet, 2016, November 15). During the launch of EasyJet in 1996, the airline partnered with Navitaire to use the Open Skies RMS (Navitaire Inc v. EasyJet Airlines Co & BulletProof Technologies Inc, 2004). However, EasyJet changed its RMS supplier in 2001 by choosing Bulletproof for a new RMS called eRes (BulletProof Technologies, n.d.). Following this change, Navitaire filed a copyright infringement against EasyJet and Bulletproof

(EasyJet, 2006). In 2017 and after 15 years of using Bulletproof RMS, EasyJet introduced a new RMS called the Hybris platform (EasyJet, 2017, September 27). This platform includes retailing features that will contribute to ancillary revenues (EasyJet, 2017, May 16). EasyJet also uses technology for customer experience, efficiency, and promoting innovation.

EasyJet enhanced its customer experience by introducing electronic machines in Airports for a faster boarding in 2006 (EasyJet Our Journey, n.d.). Besides, EasyJet incorporated mobile boarding pass in its mobile app and Apple Watch app that reduced customer journey time in airports by the end of 2015 (EasyJet Our Journey, n.d.). Plus. The company introduced a self-service bag drop at Gatwick Airport that EasyJet claimed to be the largest in the airline industry (EasyJet Our Journey, n.d.). By the end of 2018, customers can book EasyJet's flight through Instagram pictures (Coffey, 2018, October 17). Also, EasyJet incorporated analytics and used customer data to design a competitive product and improved demand forecast (EasyJet, 2019).

To increase its efficiency, EasyJet invested and used advanced technologies. For example, it employs the latest technology for its fleet for fuel efficiency (EasyJet, 2008). EasyJet claimed it used and introduced the latest technologies or its Airbus fleet of A319 and A320 to increase efficiency and reduce delays (EasyJet Our Journey, n.d.). The company entered a partnership with Coptercrat and Bristol Robotics Laboratory to develop and deploy drones to inspect its fleet in 2014 (EasyJet Our Journey, n.d.). Also, EasyJet partnered with Epson and Vuzix to developed augmented 3D reality glasses that will connect pilots and ground engineers with the specialized engineering team to provide adequate solutions and remedy instantly to minor issues in 2015 (EasyJet Our Journey, n.d.). Also, EasyJet introduced Panasonic Toughpads for pilots to go paperless and also to facilitate communication in 2014 (EasyJet Our Journey, n.d.).

Moreover, EasyJet emphasizes the use of technology also in selecting its ground contractor. For example, it partnered for ground operations with Swissport and Menzies that prioritize the use of technology and innovation as key factors in cost management (EasyJet, 2014, September 18). Finally, EasyJet invested in data science by creating a new department dedicated to data handling with 22 new scientists (EasyJet, 2019).

Competition

EasyJet endured competitive pressure in its internationalization endeavors but constructed a strong European LCC. EasyJet differentiated itself from its LCC competition by targeting primary airport over secondary airports (EasyJet, 2011). A decision that reduced its exposure to competitive pressure from peer LCCs such as Ryanair and supported the company's European expansion (EasyJet, 2011). The European short haul market represented an opportunity for the flag carrier during tough economic times (EasyJet, 2014). The flag carriers are adapting their business model or empowering their low-cost subsidiary in the short haul European market (EasyJet, 2014). The short haul market is growing by an 8% but EasyJet built a strong low-cost structure to endure flag carrier's competitiveness (EasyJet, 2017). The increased competition in Europe have pressured fare price in 2017 (Powley, 2017, July 20).

In 12 years of operations, EasyJet became the 4th largest airline in Europe by 2007 (EasyJet, 2008) and 5th largest by 2017 carrying 74 million passengers (AirportsinEurope, 2018, February 1). EasyJet focus on top European routes as well as top European major airports. In this regard, EasyJet operated 41 routes out of the top 100 European routes and was present in 37 Airport out of the major top 50 airports in Europe (EasyJet, 2009). Also, EasyJet entered the most European competitive routes that are Milan-Linate and Rome-Fiumicino (EasyJet Our Journey, n.d.). The airline has built a market share of 8% in Europe by the end of 2012 (EasyJet, 2013), a figure that decreased to 6.3% by the end of 2018 making it the 5th largest airline in Europe (CAPA, 2019, February 1).

Management

EasyJet was founded by risk taker entrepreneur who was eager to cease the deregulation of European skies in mid 90s and also enjoyed the leadership of various CEO with extensive international exposure and various expertise.

EasyJet was founded by Stelios Haji-Ioannou, a young entrepreneur of 28 years old with fresh previous experience in the shipping industry (BBC Interview, 2013, June 19). Also, he had launched a shipping line company 3 years before EasyJet launch (BBC Interview, 2013, June 19). The operation team are in charge of developing new international routes (BBC Interview, 2013, June 19). However, Stelios and top management team decide on new routes based on the required

capital expenditure for new planes if needed and the profitability of the route (BBC Interview, 2013, June 19). At the same time, Stelios vision for the airline was influenced by the liberalization of European skies that opened competition for Airline in the mid 90s and also by the risk-taking nature of the founder (Al Jazeera English, 2008, February 2). Consequently, Stelios took EasyJet to fly into Europe soon after its founding 1995 by serving Amsterdam and other European destination outside of UK (EasyJet, 2008).

Soon after launching EasyJet, Stelios have recruited Ray Webster as the managing director and then CEO of the company until 2005 (Done, 2005, May 18). In his Financial Times Article, Done (2005, May 18) claimed that the aggressive risk taking of Stelios was complemented by the extensive aviation experience of Ray Webster contributed to the growth of the company (Done, 2005, May 18). Prior to joining EasyJet, Ray Webster had 27 years of experience with Air New Zealand (Done, 2005, May 18). Also, Ray Webster tried to launch low cost airline in his homeland New Zealand but was blocked by regulatory bodies (Done, 2005, May 18).

After Ray Webster departure in 2005, EasyJet named Andrew Harrison as its CEO (EasyJet Our Journey, n.d.). Prior to joining EasyJet, Harrison enjoyed experience in transforming companies into consumer interactive companies (EasyJet, 2006). At the same time, the company recruited a new CFO with experience in highly competitive markets (EasyJet, 2006). In 2010, Carolyn McCall replaced Andy Harrison at CEO position (EasyJet Our Journey, n.d.). Carolyn McCall held multiple executive position in advertising and media related companies (EasyJet, 2011). In 2017, EasyJet named the Swedish businessman Johan Lundgren (EasyJet, 2018). Johan Lundgren focused on developing EasyJet Holidays and the use of data (EasyJet Airline Management Board, n.d.). Johan Lundgren has extensive experience in the travel industry in various companies at different managerial layers (EasyJet Airline Management Board, n.d.).

EasyJet also empowers country's director and appoints country's director with knowledge of the subsidiary's country. For example, EasyJet named a new director of French operation with experience in French Tourism Sector by 2008 (EasyJet, 2009).

At the same time, the board members enjoyed international leadership experience. For example, Sir Michael Rake was named to the board of directors in 2009 who is acting as chairman in a number of multinational corporations (EasyJet, 2010)

Business Network and Knowledge

EasyJet engaged in different form of business network that contributed to increase its sales, efficiency, network reach, and knowledge. For in-flight support of catering services, EasyJet reviewed its partnership with Alpha Airport Service in 2007 to introduce technology and reduce packing and logistical cost (EasyJet, 2007, May 9). However, it ceased its partnership with Alpha and engaged with Gate Gourmet, a partnership that increased b 18% its catering supply performance (EasyJet, 2008, November 18). Also, EasyJet entered partnership with SRT and Lufthansa Technik for its aircraft maintenance (EasyJet, 2009, November 17). Whereas for its ground operation, EasyJet partnered with Swissport and Menzies with a focus on innovation and the use of technology (EasyJet, 2014, September 18). Besides, EasyJet partnered with innovative technological entities such as Coptercart and Bristol Robotics for fleet inspection through drones (EasyJet Our Journey, n.d.). Also, it partnered with Epson and Vuzix to develop augmented reality glasses for pilots and engineers to provide a timely manner response to different technical issues (EasyJet Our Journey, n.d.). Besides, it partnered with Wright Electric to develop and produce electric aircrafts (Monaghan, 2017, September 27).

EasyJet places high importance to engaged local responses. In that sense, it partnered with different brand marketer to promote EasyJet in each market (EasyJet, 2011, May 10). For example, they partnered with VisitBritain that target European mainland customer as well as Nectar that provide marketing boost (EasyJet, 2011, May 10). Also, it reinforced its local position through partnership with local Travel Management Companies (TMC) in 2012 (EasyJet, 2012, May 9). However, it reviewed its contract with different TMCs that led to closing 124 contracts and keeping only 70 TMCs (EasyJet, 2013, May 15).

On the other hand, EasyJet entered the Global Distribution System (GDS) to reach global booking platform and access the corporate booking world (EasyJet, 2007b, November 20). In 2011,

it reinforced its GDS by partnering with Amadeus (EasyJet, 2011, November 15). Moreover, it partnered with strong European travel brand to facilitate customer travel journey through partnership with Europcar and Booking.com (EasyJet, 2014, May 13).

To extend its network reach, EasyJet started by partnering with WestJet and Norwegian Air Shuttle to connect its European network with North America (Bryan & Smout, 2017, September 13). This was followed by creation of Worldwide Alliance by EasyJet that connected EasyJet to long-haul routes through 7 Airports (EasyJet, 2018, May 15). The Worldwide Alliance by EasyJet gathered major legacy airlines such as Norwegian Air, WestJet, Singapore Airline, and Emirates (Reid, 2018, November 20).

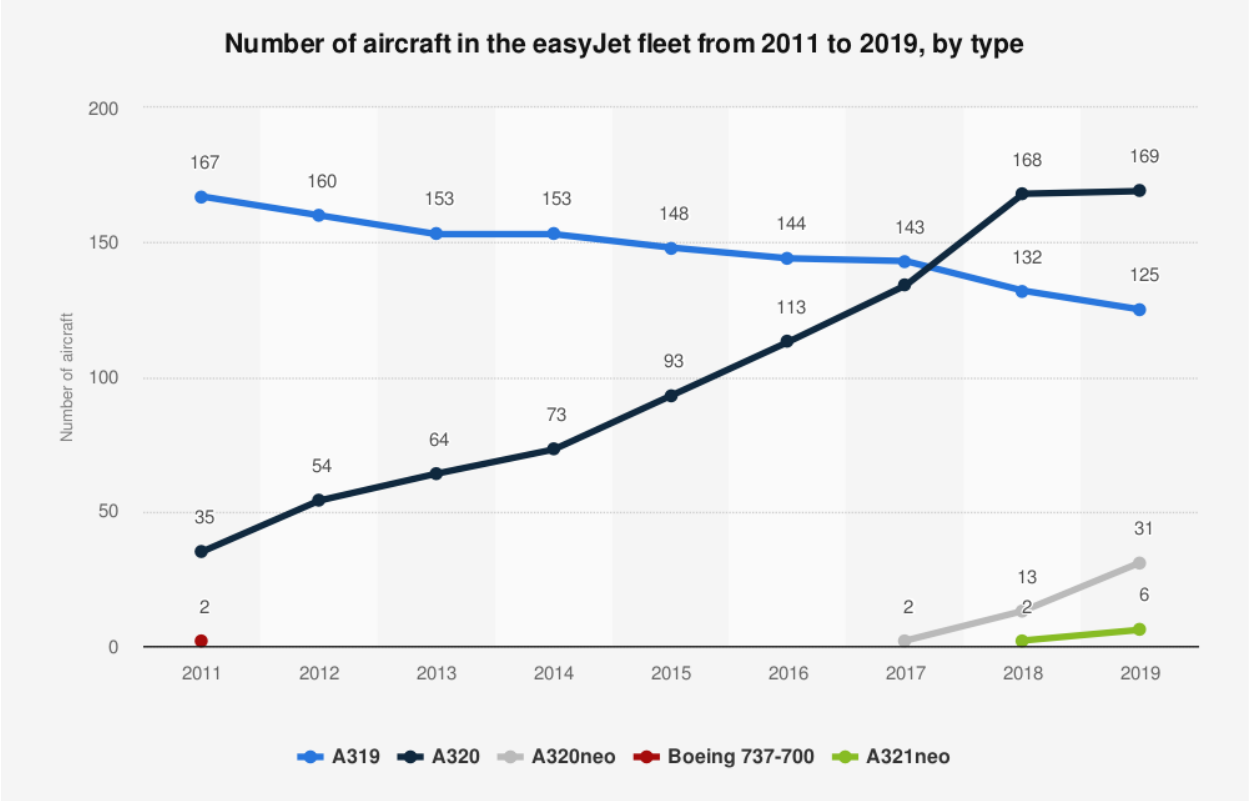
On the other hand, EasyJet partnered with different academic institution to finance studies related to aviation. For example, it engaged with International Civil Aviation Organization to study fatigue in partnership with Imperial College London and City University London (EasyJet, 2010). Besides, it created the EasyJet Academy in Luton where it provides continuous training to pilots and all employees (EasyJet, 2007)

Firm's Resources

According to Figure 6, EasyJet decreased its number of narrow body A319 and increased its A320 fleet. The rapid development of the A320 fleet is marked by the fuel efficiency and increased capacity in comparison to A319. Also, the A320 fleet provide 186 seats compared to 156 at A319 (EasyJet, 2017, September 27). Furthermore, the A320 offer 15% fuel efficiency compared to A320 (EasyJet, 2019), Furthermore, the A320 provides "the longest-range single aisle aircraft"

(Airbus A320 Family, n.d.). Therefore, the increasing fleet size of the A320, A320NEO, and A321neo equip EasyJet with flexibility to reach longer range haul with efficiency.

Figure 6: The fleet size and mix development during 2011-2019



Source: EasyJet (2019, November 18).

On the other hand, EasyJet developed grew its network of bases form 16 bases in 2005 (EasyJet, 22006) to 29 bases with 315 aircrafts in 2018 (EasyJet, 2019). Easyjet developed its bases throughout Europe by a focus on primary airports. During her tenure, Carolyn McCall CEO argued that the focus on primary airport gives the company an edge to develop a strong and competitive network in Europe (EasyJet, 2011).

Strategy

Since its beginning, EasyJet remained loyal to its strategy to focus on primary airport with efficient and low-cost structure while offering the lowest fare for customers (EasyJet, 2015). Attracting customer at major airport provide convenience and competitive landscape vis-à-vis traditional airlines with high fare (EasyJet, 2014). Besides, the airline aims at becoming the leader in the European market (EasyJet, 2009).

On the other hand, EasyJet launched EasyJet Europe and requested a UK Air Operating Certificate to protect its operation in the case of a hard Brexit (BBC News, 2017, July 14). In addition to the extensive reliance and use of the latest technologies (EasyJet, 2008), EasyJet partnered with Wright Electric for a potential electric aircraft by the end of 2020s (Monaghan, 2017, September 27).

Since 2017, Johan Lundgren developed a strategic initiative that is axed on five priorities that will deliver EasyJet's growth (EasyJet, 2019). The five priorities for EasyJet are as follow: gaining leadership position in primary airports, cultivating customer's loyalty, efficiency, investing in its human capital, and focus on data and innovative digitalization of the airline (EasyJet, 2019).

Innovation

In Chief Executive's Review of 2015, Carolyn McCall stressed on innovation a key engine for its customer's offering as well as the company's digital leadership (EasyJet, 2016). Moreover, developing innovative digital capabilities are competitive advantage for EasyJet (EasyJet, 2016). In fact, innovation enhances customer experience and operational efficiency (EasyJet, 2018). For example, it developed drones in partnership with Coptercrat and Bristol Robotics Laboratory for fleet inspection in 2014 (EasyJet Our Journey, n.d.). By 2017, EasyJet joined Wright Electric to build and develop an elective aircraft (Calder, 2017, March 23; Monaghan, 2017, September 27). Furthermore, EasyJet entered the Instagram trend and enabled customer to book flight through Instagram pictures (Coffey, 2018, October 17). Also, EasyJet invested in augmented reality 3D glasses for its pilots and ground engineer to connect with specialized team and provide timely solutions (EasyJet Our Journey, n.d.). The innovation continued to represent a detrimental element

in the growth of EasyJet that the new CEO Johan Lundgren included digital innovation a cornerstone in the airline strategy (EasyJet, 2019).

Opportunity Development

The opportunity identification and development manifest in different form for EasyJet. Despite the heavy focus on the European market, EasyJet identified the growing opportunity of serving Morocco with its different leisure destination as well as for Visiting Friend and Relatives nature (EasyJet, 2007). Besides, the rapid growth of the short haul European market represented an opportunity for the company (EasyJet, 2011). The continuous focus of EasyJet on short-haul market was accomplished by being voted as "the Best Value Short-Haul Airline by Skyscanner" (EasyJet, 2019, p. 13).

On the other hand, the opportunity identification of destination needs to be done in part by evaluating the density and the wealth of the region through GDP growth (EasyJet, 2016). Stelios in an interview with BBC has explained that the Operation Team is responsible for identifying and developing new routes (BBC Interview, 2013, June 19). However, the opportunity development needs to balance the capital expenditure on the new routes and its expected return on capital (BBC Interview, 2013, June 19).

Domestic Commitment

EasyJet has internationalized since inception by operating Glasgow-Edinburgh flight (EasyJet Our Journey, n.d.). Since then and encouraged by the deregulation of skies in Europe, EasyJet developed its European network outside of UK. By 2018, EasyJet had less than 10% of its capacity deployed in UK and around 35% of its capacity is on UK-EU routes (EasyJet, 2019). Also, EasyJet possess 9 of its 29 baes in UK and have strong presence in 8 countries where it developed at least one base (EasyJet, 2019, p.5-13). Nonetheless, UK remains a core market for EasyJet that derives more than 40% of its capacity deployed (EasyJet, 2019). The strong presence of EasyJet in UK is manifested by having 20% of UK market share and becoming the largest short haul airline in UK (EasyJet, 2016, November 15).

Regulatory Environment and Institutional Theory

EasyJet was granted institutional approval to operate flights to Moscow from Manchester by 2012 (EasyJet, 2014; EasyJet Our Journey, n.d.). Also, EasyJet was granted approval to fly to Israel (EasyJet, 2014). Shortly after Brexit referendum in 2016, EasyJet declared loyalty to UK as its main domestic market and its home of operations (EasyJet, 2017, Letter to shareholder). Following the EU referendum, EasyJet filed for Air Operator Certificate for UK and for Europe while playing an active role in lobbying for the maintaining an open sky between UK and Europe (EasyJet, 2017). EasyJet created EasyJet group with three separate entities that are in UK, Switzerland, and Austria (EasyJet, 2019, p. 20). The Europe regulation required airlines to have its capital or majority owned by EU nationals, a requirement that is gradually met by having 47% of its capital owned by EU nationals (EasyJet, 2019). Furthermore, EasyJet made its Austrian subsidiary as its main entity in Europe and named it EasyJet Europe that will request the Air Operator Certificate (EasyJet, 2018).

JetBlue

JetBlue started operation in February 2000 after being founded at JFK in New York in 1999 (JetBlue Airways, 2019) (JetBlue Airways, 2002). The airline operated more than 1000 daily flights with 22,000 crewmembers (JetBlue Fact Sheet, n.d.). JetBlue has carrier by 2018 more than 40 million passengers and served 105 destination including 21 countries outside continental US (JetBlue Airways, 2019). JetBlue grew a fleet mix of 253 aircraft that combines the Airbus 321, Airbus 320, and Embraer 190 (JetBlue Airways, 2019). It generated $7.7 in revenues in 2018 (JetBlue Airways, 2019). A figure that placed JetBlue as the 4th in terms of revenue, coming after Southwest Airlines, Ryanair, and EasyJet that generated only $7.9 million in 2018 (Flight Airline Business, 2019, May 29). JetBlue has 5% of the domestic market in 2018 (JetBlue Airways, 2019).

Internationalization Journey

JetBlue combines Network Model with Uppdala Model. In other words, JetBlue engages heavily in airlines partnerships while growing its international presence incrementally. JetBlue has accumulated 49 airlines commercial partnership by the end of 2018 (JetBlue Airways, 2019). For example, the code share agreement with Lufthansa opens the opportunity of 400 international destinations for JetBlue (JetBlue Press Releases, 2009, November 11). These partnerships have

offered international exposure for JetBlue as well as $120 million in revenues (JetBlue Airways, 2014, January).

On the other hand, JetBlue operated its own metal by flying, first, outside the continental US to San Juan in Puerto Rico in 2002 (JetBlue Press Releases, 2012, March). by investing in a large facility, JetBlue established a home base in San Juan that support its expansion plan in the near international (JetBlue Airways, 2012, April). JetBlue developed since 2002 a near international network of 21 countries by 2018 (JetBlue Airways, 2019). The internationalization journey provides 28% of JetBlue revenue by the end of 2017 (JetBlue Airways, 2018).

Technology

JetBlue expressed the importance of technology for efficiency and supporting international growth (JetBlue Airways, 2019). Technology and automated systems are vital to JetBlue's growth (JetBlue Airways, 2005, April). For example, the airline engages in high-level investment to leverage the revenue management system (JetBlue Airways, 2006, December). JetBlue engages in technological development to build operational and internationalization capabilities, enhance customer experience, and create a pipeline of technological innovation.

JetBlue has built its technological capabilities to accommodate its growth. It invested in technological capabilities to accommodate code sharing and other commercial agreements with different airlines. In that sense, JetBlue Airways built Co-Chair Lite technology to accommodate code sharing and enable customers to have an international reach through the JetBlue Airways reservation system (JetBlue Airways, 2006, December). The developed technology is flexible and scalable to accommodate different airline partnerships, such as the agreement with Aer Lingus or Lufthansa in 2008 (JetBlue Airways, 2008, September 10).

Also, the airline continuously invests in the revenue management system and RMS to accommodate market development (JetBlue Airways, 2009, December). For example, the growth of JetBlue in 2005-2007 showed the limitation of the used version of Sabre System JetBlue Airways, 2007a, February 22). JetBlue reduced its engagement with Sabre for its GDS and shifted its focus to Galileo and Amadeus for the revenue system and booking (JetBlue Press Releases, 2005, November 3; July 19). However, by 2009, JetBlue increased engagement with Sabre and

moved from Open Skies, which is a revenue and booking system provided by Navitaire (JetBlue Airways, 2009, April). Consequently, a new implementation of Sabre Technology was undertaken in 2010 to accommodate the international expansion of JetBlue (JetBlue Airways, 2011). The move to the new reservation system Sabre increased the profitability and the load factor of JetBlue with higher flexibility (JetBlue Airways, 2010, June). Due to the importance of Data in the airline industry, JetBlue recruited a data scientist as a Vice President to oversee the revenue management system (JetBlue Airways, 2006, April).

JetBlue also invested in technology to increase its sales and gain an international presence. For example, it created Company Blue, which is a booking portal for the corporate world in 2004 (JetBlue Press Release, 2014, June 28). Company Blue provides an internet platform for businesses and corporations to manage their business travel directly and efficiently with JetBlue (JetBlue Airways, 2004, February).

The online booking for JetBlue through its website represented 61.3% of its revenue in 2002 (JetBlue Airways, 2002, July). Consequently, JetBlue introduced JetBlue Gateways in its website that offers complete vacation packages for Customer (JetBlue Press Releases, 2005, November 3; July 19). Also, JetBlue focused on the conversion rate for its online booking by introducing cross-sales and employing e-commerce tactics (JetBlue Airways, 2008, September 10).

Moreover, JetBlue Airways expressed its reliance on technology to increase efficiency and rationalize its spending by reviewing all technological contracts with different partners (JetBlue Airways, 2017, July). The year of 2017 was marked by the reorganization of the airline (JetBlue Airways, 2017, April), the appointment of new Vice President of Sales & Revenue Management (JetBlue Press Releases, 2017, February 1) and a new Vice President of Technology & Integration (JetBlue Press Releases, 2017, February 6). Also, JetBlue introduced a self-tagging technology to support employee's increase in efficiency (JetBlue Airways, 2018, January).

In building capabilities to increase productivity, JetBlue engaged with the Federal Aviation Administration (FAA) to develop and test a new technology named as Automatic Dependent Surveillance-Broadcast Out (JetBlue Airways, 2012, March). The technology will support the near international routes in the Caribbean (JetBlue Airways, 2012, March). Also, JetBlue is engaged

with JFK airport authorities for the development of new technologies that will facilitate the organization of the landing fleet and improve ground radars (JetBlue Airways, 2008, September 10).

JetBlue also invested in technology to enhance the customer experience. It partnered in 2018 with Gladly, a customer service platform, to consolidate customer information and improve its customer support (JetBlue Airways, 2018, July). Also, JetBlue focused on customer airport journey. Hence, it developed in 2008 a technology to design a smooth customer flow in the airport (JetBlue Airways, 2008, September 10). The technology facilitated customer security check-in and reduced customer boarding in international gates (JetBlue Airways, 2008, September 10). The international gates are characterized by increased security and customs controls, which represented an opportunity for customer enhancement (JetBlue Airways, 2008, September 10). For example, it optimized the security checkpoint customer journey at Logan Airport to support its international growth from Boston (JetBlue Airways, 2011, May). Plus, JetBlue engaged in the paperless trends and invested in Mobile Boarding Passes that enhanced customer experience (JetBlue Press Release, 2012, February 6). In 2015, the airline introduced an automatic Check-in technology that facilitates boarding (Geller, 2015, November 16). The latest development was characterized by the development of biometrics recognition in international flying with facial recognition (JetBlue Airways, December 13; JetBlue Press Releases, 2018, November 15); a technology with 97% success rate (JetBlue Airways, December 13; JetBlue Press Releases, 2018, November 15).

The enhancement of customer experience didn't stop only at the airport journey but was extended to facilitate the online booking. For example, JetBlue Airways partnered with Datalex, Sabre, and IBM to modernize and speed customer booking (JetBlue Airways, 2013, March). The partnership with Datalex focuses on the online merchandising experience (JetBlue Airways, November 19). Plus, the IBM partnership provided Airport KIOS that delivered self-service check-in for customers (JetBlue Airways, November 19).

Furthermore, the inflight journey saw technological investment from JetBlue to enhance the customer experience. JetBlue introduced in 2004 TV entertainment (JetBlue Press Releases, 2004, January 7; June 28) and free-wifi (Fly-Fi) on board for its customer in 2017 (Singleton, 2017,

January 11). Also, it started accepting alternative payment by introducing apple pay onboard (Tweedie, 2015, February 10).

Lastly, JetBlue remains open to technological innovations by staying close to technologically innovative clusters. In 2018, JetBlue created a Venture Fund and positioned the fund in Silicon Valley at the forefront of the disturbing technologies realm (JetBlue Airways, May 17). The venture fund in Silicon Valley is part of the philosophy of JetBlue to stay agile and open to technological change and also to the art of doing things at the company (JetBlue Airways, May 22). The venture fund positioned in Silicon Valley has brought to JetBlue 2 startups, Gladly, that helped consolidate the channel for customer support, and the second Startup is ClimaCell that developed a technologically filled cell that has high accuracy in determining weather forecast (JetBlue Airways, December 13). Moreover, JetBlue invests in machining learning and artificial intelligence to optimize demand forecasts and routes (JetBlue Airways, December 13). Finally, JetBlue partnered with Boeing in investing in an elective Jet Startup (Schlangenstein and Johnsson, 2017, April 5).

Competition

Competition represents an engine for the internationalization speed (Oviatt & McDougall, 2005). Competitions were exerting competitive pressure on JetBlue for the near international market that led JetBlue to offer more legroom as differentiation in 2008 (JetBlue Airways, 2008, September 10). It offered 36-inch seats, which gives more legroom compared to competition (JetBlue Airways, 2007, January). Despite, the lack of sizeable resources for JetBlue in near international market, JetBlue managed to fly to sunny Caribbean destinations (JetBlue Airways, 2011, May). Consequently, JetBlue exceeded its competition on revenue basis in the Caribbean market (JetBlue Airways, September 3). For instance, JetBlue's revenue in Caribbean is the double of Southwest's revenue in the region (JetBlue Airways, November 19).

JetBlue differentiated itself from competition by a set of strategic moves. For example, it introduced the mint product, which is a premium class, whereas low-cost competitions do not offer premium class (JetBlue Airways, 2015, October). The premium seating is move to the nearby international routes that endure aggressive competition (JetBlue Airways, 2016, April). Also, JetBlue offers unlimited free snack, LiveTv, and radio that provide a unique customer experience

(JetBlue Airways, December 13). JetBlue focus and invest in customer experience rather than in fleet densification (JetBlue Airways, March). For example, JetBlue invested to place its domestic gates near international arrivals to enhance connectivity and gain markets through its different airlines' commercial agreements (JetBlue Airways, 2008, September 10). Nonetheless, JetBlue is less competitive on fares as its price offering is 19% more than AirTran's prices and 37% more than Southwest's prices (JetBlue Airways, 2004, April). Also, it is less competitive in term of its fare structure as it charges for baggage (Carey, 2015, June 30). Finally, JetBlue has a balanced revenue mix that combines business and leisure traveler (JetBlue Airways, 2002, July) but competes aggressively for leisure customer at main JetBlue gateways (JetBlue Airways, 2012).

Management and Knowledge

The management experience and knowledge represent a force that influence internationalization speed (Oviatt & McDougall, 2005). JetBlue places high importance on the experience and knowledge of its executive management team (JetBlue Airways, 2003). Subsequently, JetBlue started with an executive team with various extensive airlines' knowledge over 20 years (JetBlue Airways, 2003). For example, David Neeleman is a serial airline entrepreneur. David Neeleman has founded Morris Air that was acquired by Southwest Airlines in 1993 and also occupied executive management positions at Southwest Airlines (JetBlue Airways, 2002). In Addition to founding Morris Air and JetBlue (JetBlue Airways, 2003), David Neeleman founded Azul, a Brazilian LCC, and was part of the founding member of WestJet Canada (Reed, 2020, February 10). His entrepreneurial quest didn't stop at founding Airlines, but he also founded Open Skies that is a reservation system acquired by HP (Reed, 2020, February 10). Furthermore, David Neeleman founded in the beginning of 2020 an LCC called Breeze with an Embraer 190 fleet that targets small airport cities (Reed, 2020, February 10).

The board have asked David Neeleman to occupy nonexecutive chairman position in 2007 and nominated David Barger as CEO of the airline (Reiter, 2007, May 10; JetBlue Press Releases, 2007, May 10: JetBlue Airways, 2008). David Barger has extensive and long experience through various managerial position with Continental Airline from 1988 until joining JetBlue by the end of 1998 (JetBlue Airways, 2008). Due to his long presence in New York, David Barger developed strong ties and knowledge of the Port Authority at New York and New Jersey (JetBlue Airways, 2003). The company went into wide management change following the change of top management

in 2007 (JetBlue Airways, 2007, April). To accommodate its internationalization as well as the growing data, JetBlue recruited a data scientist to reinforce its revenue management system (JetBlue Airways, 2006, April).

In 2013, JetBlue named Robin Hayes as CEO of JetBlue Airways (JetBlue Airways, 2014; JetBlue Press Releases, 2013, December 12). Robin Hayes operated as Chief Commercial Officer prior to his nomination to President and CEO of JetBlue (JetBlue Press Releases, 2013, December 12). Robin Hayes has extensive experience in the international airlines industry through his various managerial position at British Airways and The Americans (JetBlue Press Releases, 2013, December 12). Barger advanced that Robin Hayes previous global experience will support the growth of the company (JetBlue Press Releases, 2013, December 12). Besides, JetBlue underwent reorganization of the company in 2017 and reduced by 10% senior manager position (JetBlue Airways, 2017, April).

Joanna Geraghty was nominated to the position of president of JetBlue as well as Chief Operating Officer in 2018 (JetBlue Airways, 2019). Joanna Geraghty joined JetBlue since 2005 and has gravitated different managerial position that targets human resource of regulatory affairs of the airline (JetBlue Airways, 2019). She had accumulated extensive experience in litigation and regulatory affairs of the airline industry (JetBlue Press Releases, 2010, September 16). Also, Joanna Geraghty hold a Master in International Relation from Syracuse University (JetBlue Press Releases, 2010, September 16).

On the other hand, Joel Peterson was named to Chairman position of JetBlue since 2008 (JetBlue Press Releases, 2008, May 21). Joel Peterson is engaged in teaching different business classes related to entrepreneurship at Stanford University and serves at the board of a number of companies from different industries as well as the management of an investment management firm called Peterson Partners (‘Joel C. Peterson’, n.d.)

JetBlue developed its knowledge through training, experiences, partnership, and proximity to innovations platforms. In fact, JetBlue focus in training personnel by focusing on “3P: People, Performance, and Prosperity” (JetBlue Airways, 2004, February). It established JetBlue University in Orlando that will train and foster its crew with the necessary knowledge (JetBlue Airways, 2003, October). In fact, the Orlando location represent a point of international expansion for JetBlue.

(JetBlue Airways, 2008, January). Furthermore, JetBlue invested in 2005 and in 2015 to expand and modernize its training facility in Orlando (JetBlue Press Releases, 2005, June 6; 2015, March 2). Besides, JetBlue created an agile and flexible to change employees by focusing on continuous training for employees (JetBlue Airways, 2007b, February 22). JetBlue employees are asked for 3 hours per month dedicated for training and software changes (JetBlue Airways, 2007b, February 22).

Also, the expansion in Caribbean provided the airline with internationalization experiences that helped building internationalization capabilities (JetBlue Airways, 2008, January). For example, the prior experience in Mexican market facilitated the Cancun routes (JetBlue Airways, 2016, April). Alternatively, the Lufthansa partnership will not only contribute by maintenance and commercial agreement but also through by the company's global expertise that serves JetBlue international long-term programs (JetBlue Airways, 2010, March).

To nurture JetBlue's innovation and knowledge capabilities, the company created a venture fund in Silicon Valley to benefit from disturbing innovation ideas and technologies (JetBlue Airways, May 22). In fact, this has led to a start-up creation ClimaCell that optimizes routes based on high accurate weather forecast (JetBlue Airways, December 13).

Business Network

JetBlue Airways participates in different form of business networks that engage technological partnership, Airline's commercial agreements, and manufacturer's partnerships. JetBlue engaged with technological partnership with the goal to increase its customer reach and enhance customer experience. For example, it partnered with IBM to develop self-service kiosk that facilitated boarding and check-in (JetBlue Airways, 2004, February). Also, it partnered with different provide of Global Distribution Systems that facilitate the booking journey for customer and enlarge the airlines' market. For example, JetBlue has partnered with Sabre, Galilo, and Amadeus (JetBlue Airways, 2006b, December). Plus, it partnered with Amazon to offer on-board video streaming service for amazon's customers for free (Luckerson, 2015, May 5).

JetBlue entered in business partnership with Aircrafts manufacturers and support companies. For example, it has partnered with Airbus for Winglet Technology program in 2010

(JetBlue Airways, 2010, March) and also for the development of a technologically advanced A220 with higher efficiency (JetBlue Airways, July 11). Also, Boeing and JetBlue formed a partnership to invest in an electric Jet Startup (Schlangenstein and Johnsson, 2017, April 5).

On the other hand, JetBlue engages in different commercial agreement with Airlines in the form of interlining agreement, code share, or allowing a major legacy airline to be an important shareholder. JetBlue benefits from its local hub at JFK Airport that is an international entry point for international career (JetBlue Airways, 2010, October). This offers JetBlue the opportunity to benefit from its commercial agreement with other airline to extend its international network and customer connectivity (JetBlue Airways, 2010, October). JetBlue expressed in the Q3 2010 conference call its preference for interlining agreement with other carrier that simplifies the commercial ties (JetBlue Airways, 2010, October). Also, JetBlue benefits from its position in the US to offer inner line for international legacy carrier (JetBlue Airways, 2010, October). JetBlue has reached 22 airlines partnerships in 2012 (JetBlue Airways, 2013) 38 airline partnerships in 2014 (JetBlue Airways, 2015), and 49 airlines partnership by the end of 2018 (JetBlue Airways, 2019). JetBlue has code share agreement with Airlines from different continent such Japan Airways in Asia (JetBlue Press Release, 2012, April 17), Royal Air Maroc in Africa (JetBlue Press Releases, 2012, October 4; 2015, March 2), and Qatar Airways and El Al in the Middle East (JetBlue Press Releases, 2011, June 30; 2013, March 2013). JetBlue starts with interlining agreement before converting into code share. For example, JetBlue and Qatar Airways entered an interlining agreement in June 2011 and concluded a codeshare agreement in March 2013 (JetBlue Press Releases, 2011, June 30; 2013, March 2013). The different Airlines partnerships have generated for JetBlue $120 million in revenue with high international exposure (JetBlue Airways, September 3).

In parallel, JetBlue was the subject of partial acquisition by Lufthansa in 2008 by acquiring 29% of JetBlue in 2008 (JetBlue Press Releases, 2008, January 22). This partial acquisition came after Lufthansa has presented a minority investment for Jetblue in 2007 (JetBlue Airways, 2007b, February 22), an investment of $300 million (JetBlue Airways, 2008). Besides, Lufthansa investment provides also international knowledge and experience to JetBlue (JetBlue Airways, 2008, September 10). Also, the partial ownership of Lufthansa provided JetBlue with visibility of

international network (JetBlue Airways, 2008, September 10). These commercial tractions have been supplemented in 2009 to formalize a code share agreement (JetBlue Airways, 2010, January).

Furthermore, JetBlue partnered with Airport authority of JFK for developing and building a security and customer border check point that facilitates and speeds JetBlue's customer boarding (JetBlue Airways, 2011, May 26). Also, JetBlue received tax breaks from the City of New York that contributed to building new HQ for the company in Long Island (Lisberg, 2010, March 23).

Firm's Resources

JetBlue fleet management is marked by a varied fleet mix and incremental growing size. JetBlue fleet strategy focus solely on narrow body aircraft and is engaged on developing facilities that accommodate only narrow body body aircrafts (JetBlue Airways, 2008, September, 10). According to JetBlue, narrow body aircraft incur less ground expenses and mobilization than the wide body aircrafts (JetBlue Airways, 2008, September 10).

Due to the load factor at the beginning of operations, JetBlue opted for the Embraer 190 that provides flexibility and efficiency (JetBlue Airways, 2003, June). However, the A320 fleet is economically sound for JetBlue when engaging medium and long-haul flights (JetBlue Airways, 2003, June). Despite the high fuel consumption of the E190 compared to the A320, the Embraer benefits from 30% taxes reduction than the A320 as well as it provides 40% less seats (JetBlue Airways, 2004, October). However, due to tax reform and the increased efficiency of the new A320 NEO, JetBlue has decreased its Embraer fleet by 25% in 2011 (JetBlue Airways, 2011, June 21). The fleet composition allowed for JetBlue to remain competitive on both short haul with the E190 and on the medium-long haul with the A320 (JetBlue Airways, 2006, April). The utilization is split between the Airbus aircraft and Embraer where A320 flies around 13 hours and the E190 around 9hrs (JetBlue Airways, 2006, July). In fact, JetBlue aimed in 2002 to reach 13 hours of fleet utilization with long-haul traits across the US (JetBlue Airways, 2002, July). Besides, the long range of JetBlue has reached 2600 miles over 50% of its deployed capacity (JetBlue Airways, 2006, June). The long-haul portion increased to occupy 62% of the capacity deployed in 2006 (JetBlue Airways, 2006, October). Finally, JetBlue CEO expressed that the long-range Airbus that will be delivered by 2019 support the company's vision of increase haul flight and reaching the European market (JetBlue Airways, 2017, March). Also, the conversion of the A320 into long range aircraft

requires only 2 years notice for Airbus to undertake the necessary changes (JetBlue Airways, 2018, April). Finally, JetBlue has the adequate resources in Boston Logan Airport and JFK Airport to accommodate the operations of the Long-Range fleet and its vision to fly to Europe (JetBlue Airways, 2018, March).

The fleet of JetBlue was a mix of Airbus and Embraer airplanes. For example, it has a fleet mix of 85 Airbus 320 and only 7 Embraer 190 in 2005 (JetBlue Airways, 2006, January). However, by 2018, JetBlue decided to replace its fleet of Embraer by the Airbus 220 and ended 2018 with a fleet size of 253 Aircrafts composed of Airbus 321 and 320 (JetBlue Airways, 2019).

The fleet efficiency was reached through the installation of winglet that contributed to 128 million gallons saved in 2011 (JetBlue Airways, 2011, February). Also, the new Airbus A320 with NEO engine helped JetBlue to reach 16% fuel saving compared to its old airbus fleet (JetBlue Airways, September 3). JetBlue varied its fleet densification throughout its times of operations. On the Airbus 320, it has decreased its seat densification from 162 to 150 in 2014 (JetBlue Airways, 2014, April), before returning to A320 with 162 seats in 2017 (JetBlue Airways, 2017, October). Also, JetBlue varied the densification on the A320 NEO to 190 seats (JetBlue Airways, 2014, January) and A321 with 200 seats (JetBlue Airways, 2018, January).

Gates and International Facilities. JetBlue engaged in developing international gates and facilities to enable its internationalization plans. For example, JetBlue focused on 3 main hubs that are JFK Airport, Logan Airport, and FT-Lauderdale Airport in Florida.

In partnership with JFK Authorities, JetBlue developed and opened a new international terminal to support its international expansion and possessed 26 gates by 2008 (JetBlue Airways, 2009). Plus, it prepared a construction plan to expand its international terminal at JFK to accommodate its growing portfolio of Airlines' partnerships and its growing number of international travelers (JetBlue Airways, 2012, April; October). Also, JetBlue developed a security and border check in partnership with the authorities to increase its connectiveness to other international carriers (JetBlue Airways, 2011, May 26).

In parallel, JetBlue focused on growing international flying from Boston Logan Airport by operating in Terminal C that accommodate international flying (JetBlue Airways, 2011, February).

In fact, its continuous investment in Boston Logan Airport fits its strategy to increase connectiveness with its international Airlines partners and also to accommodate its international travel (JetBlue Airways, 2014, July). Plus, JetBlue also contributed to the expansion of international terminal at Fort Lauderdale Hollywood in Florida that enabled JetBlue to have a competitive position and cost structure for its near-international flying (JetBlue Airways, 2014, January). Besides, the focus on Lauderdale-Hollywood International Airport led to the expansion of the international terminal and reinforced the company position as it represents 25% of the Airport traffic (JetBlue Airways, 2017). Finally, JetBlue established a home base in San Juan, Puerto Rico that further its Caribbean expansion and reinforce its position in Central America (JetBlue Press Release, 2012, March 14).

Strategy

The internationalization strategy of JetBlue is influenced by the risk factor of the host country as well as whether the international destination meets the cost structure of the company (JetBlue Airways, 2009). Also, JetBlue relies on investing in customer experience rather than continuous fleet densification (JetBlue Airways, 2016, March).

The network strategy of JetBlue is by developing core focus cities in its network (JetBlue Airways, 2009, July). In this regard, JetBlue has developed different focus cities such as San Juan as focus city in addition to JFK, Boston and Orlando (JetBlue Airways, 2012, April). The company developed six focus cities that are in other terms bases for the airline (JetBlue Airways, November 19).

The sales strategy of JetBlue was modified in 2017 by backing from selling through online travel agent and increasing its focus on its online website sales (Josephs, 2017, October 19). Also, to remedy to the seasonality of some leisure destination, JetBlue focus on Visiting Friends (JetBlue Airways, 2010, January) and Relatives market as well as attracting business travelers (JetBlue Airways, 2012). Plus, it introduced the Mint Premium class to the high-end leisure destination to attract upper class customer and increase margins (JetBlue Airways, 2016, January).

Innovation

JetBlue was innovative in enhancing customer experience, investing in external innovations and knowledge pipelines, and its sales schemes. As JetBlue places high importance on customer experience, it innovated in addressing their concerns. Hence, JetBlue developed a proactive plan that will accommodate clients during time of delays or crisis that will ameliorate customer satisfaction (JetBlue Airways, 2007, February 20). It was followed by introducing The Passenger Bill of Right will help the company be resilient and maintain high performance during time of crisis (JetBlue Airways, 2007b, February 22). Besides, the company created a special team that tracks and identify dissatisfied customer through social media and address their concern (JetBlue Airways, 2011, May 26). Moreover, JetBlue introduced and empowered its inflight LiveTv subsidiary that was approached for a contract by Continental Airlines (JetBlue Airways, 2008, April).

To facilitate and increase the speed of customer boarding, JetBlue has employed innovative techniques and strategies. It has introduced baggage online check in by 2005 (JetBlue Press Releases, 2005, November 22). Also, it enabled customer to check-in online 24 hours before his/her flight (JetBlue Airways, September 3). Plus, JetBlue Tech Venture introduced advance biometrics recognition that enabled customer to board through facial recognition (JetBlue Airways, 2018, April). In parallel, JetBlue introduced expedited security lanes that facilitated airport journey for international boarding (JetBlue Airways, 2012, January). The success of the expedited security lanes was translated into expanding its introduction in various airports (JetBlue Airways, 2012, April; 2013, January).

JetBlue placed high importance to innovation as engine for growth. Hence, it has invested in electric Jet Startup (Schlangenstein and Johnsson, 2017, April 5) as well as created a venture fund in Silicon Valley that positioned JetBlue at the forefront of innovation (JetBlue Airways, 2018, May 17).

JetBlue has reduced its exposure to the seasonality of its international leisure destinations by attracting business traveler as well as Visiting Friends and Relatives program (JetBlue Airways, 2012, January).

Opportunity Development

The opportunities for internationalization manifests in different forms. The risk factor of the host country combined with meeting the cost structure of the company represented an entry opportunity for the LCC (JetBlue Airways, 2009). Also, the capacity reduction by competitors represents an opportunity for JetBlue. For example, capacity reduction by competition in the Caribbean market represented a growth opportunity for JetBlue from Boston, New York, Orlando, and Fort Lauderdale Airport (JetBlue Airways, 2010, October). Moreover, the Caribbean growth met the low-cost structure of JetBlue and allowed for competitive offers to be placed (JetBlue Airways, 2010, March). As a result, JetBlue placed flexible order with Airbus and Embraer that is intended to accommodate any growth opportunity (JetBlue Airways, 2008, April).

The long stage length of the European market provides high return due to the long length utilization of fleet and the opportunity to include high premium fares (JetBlue Airways, 2017, March).

Domestic Commitment

The domestic operation of JetBlue remains the area of focus for JetBlue. JetBlue enters different airline partnership to provide for them an inner connecting airline for their customers. It provides for the international legacy airlines a connecting career with entry point in JFK and Boston Logan Airport (JetBlue Airways, 2008, September 10) (JetBlue Airways, 2019). In this regard, JetBlue devotes 70% of its capacity in its domestic market (JetBlue Airways, September 3). Despite its internationalization effort, JetBlue generated more than 70% of its revenue from domestic market (JetBlue Airways, 2018).

Also, JetBlue maintains its focus to growing its domestic market from its main three focus Airports that are JFK, Boston Logan, FT-Lauderdale (JetBlue Airways, 2019). Also, JetBlue developed 6 focus cities that are Boston, Los Angeles, New York, Fort Lauderdale/Hollywood, Orlando, and San Juan (JetBlue Airways, 2019). Besides, JetBlue advanced its leadership position in term of number of flights and capacity at Boston Logan Airport and Fort Lauderdale-Hollywood

(JetBlue Airways, 2019). In addition to focus cities, JetBlue developed a program of BlueCities which totaled in 2018 to 105 BlueCities (JetBlue Airways, 2019).

During its beginning, JetBlue focused on reinforcing and growing the domestic network (JetBlue Airways, 2004, October). In reinforcing its domestic network, JetBlue establish connecting flights between the served cities (JetBlue Airways, 2008). Also, JetBlue focus on high density region

Regulatory Environment and Institutional Theory

As JetBlue is a New York based airline, it is subject to regulation and approvals from different regulatory bodies based on the routes network (JetBlue Airways, 2019). For example, JetBlue operations are regulated by the Department of Transportation (DOT), Federal Aviation Administration (FAA), Transportation Security Administration (TSA), U.S. Customs and Border Protection (CBP), Local and Airport authorities, and Foreign agencies for international operations (JetBlue Airways, 2019). For example, international flying is subject to DOT approval, host country agencies approval, and also to any bilateral treaty between host and home country for air travel such us open skies. Following the restoration of diplomatic relation and the consensus between Cuba and US, JetBlue applied for the Cuban route with the DOT and Cuban agencies (JetBlue Airways, 2016, January). However, the international air regulation is heavily regulated and continuously changing (JetBlue Airways, 2019). Also, the different airlines partnerships are subject to review by the DOT for economic and competition matters (JetBlue Airways, 2013, July). For example, the code sharing with Emirates was subject to review by the DOT in 2013 (JetBlue Airways, 2013, July).

On the other hand, building airport capabilities are also subject to approval by local authorities as well as FAA for different matters including safety reasons (JetBlue Airways, 2019). For example, JetBlue was faced by local authorities' opposition for the construction of international facility in Long Beach in California, which was intended for international operations (JetBlue Airways, 2017, January). Besides, JetBlue was granted exclusivity by New York Port authorities to have exclusivity right on Terminal 6 (JetBlue Airways, 2017, July). Also, TSA and CBP were part of the expedited security lanes development by JetBlue (JetBlue Airways, 2012, January). Finally, JetBlue is engaged in continuous discussion with different US aviation authorities at the

national level and local for their different operations (JetBlue Airways, 2018, January). The opportunity of the open skies agreement between the US and Europe represent an transatlantic opportunity for JetBlue (Reiter, 2007, May 10)

Southwest Airlines

Southwest Airlines was founded in 1967 by Herb Kelleher and Rolling King (Kelley, 2019). The foundation of Southwest Airline emerged from the concept of a low-cost airline that links Dallas, Houston, and San Antonio (Southwest Airlines, 1972). The first network was drawn on a napkin in a hotel in San Antonio, Texas (Kelley, 2019). Due to the full control of federal government that was limiting competition, Southwest was faced with numerous legal challenges that halted its until 1971 (Southwest Airlines, 1972). Southwest Airlines was relieved for a true competition by the Airline Deregulation Act signed in 1978 by President Carter (Kelley, 2019). However, Southwest Airlines was limited by the Wright Amendment that limits interstate flight from Dallas Love Airport from its introduction in until 2006 (Southwest Airlines, 2006, July).

It grew a network of almost 100 destinations including 10 countries with more than 4000 departures per week by the end of 2018, which started with a network that connects 3 cities in Texas (Southwest Airlines, 2019). Also, it started with a fleet of 3 Boeing 737 (Southwest Airlines, 1972). Its fleet of 3 Boeing 737 grew into a fleet of 750 Boeing 737 that include the new 31 aircrafts of 737 the new model of 737 Max 8 (Southwest Airlines, 2019).

Internationalization Journey

Southwest Airline follows an Uppsala model in their internationalization as well as network model to support the subsequent international business. Southwest Airlines internationalized, first, through code sharing and then moved to operate its fleet on nearby international destinations. Gary Kelly expressed its internationalization strategy as a step by step internationalization by targeting near international destination (Southwest Airlines, 2008, July).

Prior to 2003, Southwest Airlines has never expressed its interest in international market. The first time Southwest Airlines discussed international market was in 2003 when its newly appointed CEO Gary Kelley expressed a future interest in international market, which was not of

the short-term agenda of the firm (Southwest Airlines, 2003, October). Starting 2005 and 2006, Southwest Airlines started expressing its interest in code sharing as a form of commercial partnership with other airlines that represent less commitment for Southwest Airlines (Southwest Airlines, 2006, January). In fact, the simplicity of code sharing reduces the risk of increased cost and the company lack of international experience (Southwest Airlines, 2007, June). Also, the code sharing agreement relieved Southwest Airlines from operating its own fleet for cross border business (Southwest Airlines, 2007, October).

Gary Kelley expressed its commitment to enter code sharing with ATA that will offer Southwest Airline access to near international destinations by 2009 (Southwest Airlines, 2006, April). Southwest Airlines also entered discussion with WestJet for the Canadian market and with Volaris for the Mexican market (Southwest Airlines, 2008, December). Although Southwest Airlines requested an approval from the Department of Transportation to operate in Canada and Mexico, the discussions with WestJet Canada were not conclusive (Southwest Airline Media, n.d.) The code sharing with ATA was a challenge to launch for multiple reasons, but Southwest Airlines remained open to other code share opportunities in the region (Southwest Airlines, 2008, April).

Despite the different effort for internationalization through code sharing since 2006, Southwest Airlines was only expected to enter international market through cooperation agreements in 2011 (Southwest Airlines, 2009, June). Also, the acquisition of AirTran allowed for an additional near international reach in 2011 (Southwest Airlines, 2011, December). This was followed by the first near international flight with its own metal in 2012 by flying to San Juan (Southwest Airlines Media, n.d.). Thereafter, Southwest Airlines grew a near international network over the period of 2012-2018 of 15 international destination in 20 nearby countries (Southwest Airlines, 2019). Lastly, Southwest Airlines remains a domestic LCC with strong domestic network of more than 100 Origin and Departure points in the US (Southwest Airlines, 2017, June).

Technology

Southwest Airlines endured a long journey of technological development that started in 1973 by consolidating all of its reservations in a center in Dallas (Southwest Airlines Media, n.d.). The technological development of Southwest Airlines has focused on developing supportive

technological platforms for domestic and international operations, enhancing customer experience, increasing sales, and making technology a cornerstone of the firm's strategy.

Technology in Support of Domestic and International Operations. Reservation systems are the backbone of an Airline in managing its complex networks and ticketing (Nysveen and Lexhagen, 2001; Mitev, 2000). The reservation system configuration dates back to 1973 by consolidating the reservation systems in the Dallas center (Southwest Airlines Media, n.d.). A system that was reinforced by opening the second center in San Antonio in 1981 (Southwest Airline Media, n.d.). Southwest Airlines renovated its system by introducing a new reservation system that accommodates the company's accelerated growth in 1986 (Southwest Airlines, 1987). However, the implementation of the new reservation system proved difficult and exceeded its expected time to accommodate operation (Southwest Airlines, 1988). Southwest Airlines overcame the implementation difficulties and enabled the company to double its processing capacity (Southwest Airlines Media, n.d.).

After expressing a future interest in internationalization by Southwest Airlines CEO in 2003 (Southwest Airlines, 2003, October), the top management announced in 2004 its investment in technology to accommodate the code-sharing operation with ATA (Southwest Airlines, 2005b, January). The airline acknowledges the need for technological enhancement to support connectedness with other airlines and the development of a potential international network (Southwest Airlines, 2006, January). The international development required technological enhancement that supports transborder currencies, taxes, and complex schedule planning (Southwest Airlines, 2006, April). The introduced technological capacity is flexible and can accommodate the different code-sharing agreements, such as the one with Volaris or with WestJet (Southwest Airlines, 2010, April). However, the development of the new reservation system technology represents a challenge to overcome for Southwest Airlines to accommodate code sharing and internationalization operations (Southwest Airlines, 2010, September). Laura Right acknowledges that the current technological development requires further assistance to be operational (Southwest Airlines, 2010, June). By the end of 2011, Southwest Airlines succeeded in replacing the old reservation system with the new system that can accommodate international destinations (Southwest Airlines, 2012). The new system replaced a system that had operated for the previous 40 years (Southwest Airlines, 2011, March).

Nonetheless, the new reservation system is still in the adaptation phase and requires extensive work (Southwest Airlines, 2011, May). As the deployment of the new reservation system proved challenging for Southwest Airline, it entered in a joint contract with Amadeus IT group to manage the international operation of the new reservation system by 2012 (Southwest Airlines Media, n.d.). As technological development is important to the internationalization of Southwest, it has transferred the international part of the new reservation system to Amadeus with the prospect of also transferring the domestic part at another stage (Southwest Airlines, 2012b, April). Although Southwest Airlines saw its technological capacities to be fully operational in 2014 to accommodate international flights, the information synergy and connectivity with AirTran will be fully operational in the first quarter of 2013 (Southwest Airlines, 2012b, July). Besides, the technological development to accommodate the transformation of Southwest to accommodate international operation has cost the company more than half-billion dollars, a figure that is subject to increase (Southwest Airlines, 2012, October). However, the capital expenditure for technology is subject to drop by 2018 as the constructed capabilities are entering the maintenance phase with a mature IT department (Southwest Airlines, 2018, January). Through a partnership with Amadeus in mid-2014, Southwest is developing a new RMS to support international operations (Southwest Airlines, 2014b, July). The partnership with Amadeus also included consolidating both domestic and international reservation systems by 2017 (Southwest Airlines, 2015, March). A task that was completed in 2017 by having Amadeus Altea IT group to officially manage the complete reservation system of Southwest Airlines for both international and domestic service (Southwest Airlines Media, n.d.). The new reservation system provides competitive cost, schedule flexibility, tax and foreign currency management, and also revenue management (Southwest Airlines, 2017, June). More importantly, the new reservation system has made the customer experience seamless (Southwest Airlines, 2017, June). Not only did the new reservation system help manage the complex network and inventory (Southwest Airlines, 2018b, July), but it also contributed to $200 million in pre-tax profit (Southwest Airlines, 2019).

On the other hand, technological development focus on efficiency and maintaining cost leadership for Southwest Airlines. In the fourth-quarter conference call of 2016, Southwest CEO expressed the importance of technology in pursuing a cost leadership position as well as flexibility for the airline (Southwest Airlines, 2007b, January). Besides, Southwest equipped its fleet of Boeing 737-700 with blended winglets that enhance performance and efficiency in 2003

(Southwest Airline Media, n.d.). Also, technology helped Southwest reducing network complexity at a time of strategy transformation (Southwest Airlines, 2007, April). In parallel, Southwest Airlines also introduced a new Enterprise Resource Planning (ERP) system, named as SWALife, to enhance productivity and improve work flexibility for employees in 2004 (Southwest Airlines Media, n.d.). The new ERP granted employees to access the company's data remotely (Southwest Airlines Media, n.d.).

Within five years period (2013-2017), the technology department saw successive nominations in key positions. This period was marked by the internationalization of Southwest Airlines as well as the deployment of the new reservation system that supports international activities. This successive management appointment started with appointing Craig Maccubbin in the position of Chief Technology Officer and Vice President of Technology Operation (Southwest Airlines Media, n.d.). (PR Newswire, 2013). Crag Maccubbin's mission will focus on mobile technology development as well as services (PR Newswire, 2013). In 2014, Southwest appointed Joe Migis as the Vice President of Product Solutions Technology (Southwest Airlines Media, n.d.) (Journal of Transportation, 2014). Joe Migis was an in-house promotion who has extensive knowledge of software development and the aviation industry.

To accompany the building of a strong technological department, Southwest benefitted from its Chief Information Technology, Randy Sloan, to run the technology department (Southwest Airlines, 2015, December). Randy Sloan was replaced by Kathleen who ensures the strategic department initiative as well as hiring Stan Alexander as Chief Technology Architect to integrate the different technological systems of the company starting 2017 (Dow Jones Institutional News, 2017)

Enhancing Customer Experience. An axis of technological development relies on enhancing Southwest's customer experience. The focus on enhancing customer experience through technology dates back to 1979 when Southwest introduced ticketing machines (Southwest Airline Media, n.d.). In 2002, Southwest invested in the automated kiosk that delivers boarding pass, hence reducing the time spent by customers in Airport before boarding (Southwest Airlines, 2003, January; Southwest Airlines Media, n.d.). The efforts continued by investing in its e-commerce and facilitating online booking as well as increasing the number of automated costs (Southwest

Airlines, 2004, January). Plus, it has enabled the option for the online check-in during the same year (Southwest Airlines, n.d.). These efforts didn't only improve customer experience but also contributed to the cost-efficiency of Southwest (Southwest Airlines, 2004, January). By 2005, Southwest Airlines has created a customer portal that allows customers to create personal profiles, which was named as MySouthwest (Southwest Airlines Media, n.d.). In order to facilitate the customer airport journey, the airline has introduced not only electronic boarding but also an automated baggage check-in (Southwest Airlines, 2008, January).

On the other hand, Southwest Airlines supplemented its traditional mode of payment by adding PayPal payments in 2007 (Southwest Airlines Media, n.d.). Also, it introduced mobile boarding passes for a fast boarding by 2014 (Southwest Airlines Media, n.d.). In parallel, the new reservation system has made the customer experience seamless for multiple flights reservation on an international itinerary in 2017 (Southwest Airlines, 2017, June)

Sales through Technology. Southwest Airlines relies on technology to derive and increase its revenues. It has announced that its online booking contributes to 45% of its revenue by 2001 (Southwest Airlines, 2002, January). A figure that increased to 63% of the total revenue by 2005 (Southwest Airlines, 2005b, April). Southwest is engaged in continuous efforts to enhance its online sales (Southwest Airlines, 2010, December). For example, it launched in 2003, an online portal that design and create complete vacation packages for customers (Southwest Airlines Media, n.d.). Plus, it has conducted a major refreshing of the website in 2007 (Southwest Airlines, 2008) and in 2009 (Southwest Airlines, 2009, July). The different website refreshments have the goal to offer a seamless booking experience, increase the online revenues, and optimize conversion rates (Southwest Airlines, 2009, July).

To diversify its distribution channels, Southwest entered partnerships with different Global Distribution System distributors to access other niche markets, such as the corporate booking niche through Galileo in 2007 (Southwest Airlines, 2007, October) and Worldspan in 2009 (Southwest Airlines, 2009, June).

The technological strategy of Southwest Airlines. Gary Kelley recognized that the major endeavor since 2000 was building technological capabilities as well as adapting to new security measures (Southwest Airlines, 2009, June). Gary Kelley's statement highlights the importance of

technology in the growth of the airline. The technological strategy has been run in different phases (Southwest Airlines, 2014, September). The first phase was market by introducing a new reservation system that supports international activities (Southwest Airlines, 2014, September). The second phase consists of replacing the old domestic reservation system with yearly updates and maintenance (Southwest Airlines, 2014, September). The third phase of the technology strategy is the sale phase, where the technology is engaged in driving up conversion rates as well as maximizing the online revenues (Southwest Airlines, 2017a, February). Finally, the final phase consisted of a maintenance phase with an IT department with new resources and mission (Southwest Airlines, 2018, January). The technological infrastructure and its resources enable Southwest to flexibly deploy capacity in the near international (Southwest Airlines, 2015, March).

Competition

Since its foundation, Southwest Airlines has endured different type of competitive pressure in its domestic market. However, Southwest Airlines has not only grew resilient to the competition, but it become the largest carrier in the US (Southwest Airlines, 2007, March). Gary Kelly has expressed that Southwest Airlines become the largest carrier in the US due to its large deployed capacity as well as the number of its passengers (PR Newswire, 2007, May 11).

Southwest Airlines endured competitive pressure in its domestic market in different forms. The competitive pressures on Southwest Airlines were exerted either through legal or political channels, recruiting its top management, and price wars.

Legal and Political Pressures. The traditional airlines were exerting legal and political pressure to prevent Southwest Airline from operating due to its competitive low-cost structure (Southwest Airlines, n.d.). For example, since its foundation in 1967, Southwest was faced with legal battle initiated by other carrier that kept Southwest from Air Certification to operate interstate flights, which was declined by the Supreme court by the end of 1970 allowing Southwest to fly by June 1971 (Southwest Airlines, 1972). The pre-operation legal struggle has cost the company more than half million dollars (Southwest Airlines, 1972). The pressure to prevent Southwest to grow has repapered in 1979 through the Wright Amendment or the International Air Transporation Act of 1979 (Farris and Pohlen, 2006). The Wright Amendment has made it illegal for Southwest to operate interstate flights from its base Love Field or even advertise for any connecting flights

(Farris and Pohlen, 2006). An act that was modified in 2006 by allowing Southwest to operate from it Love Field Airport into selected states (Southwest Airlines, 2006a, July) and was completely repealed in 2014 (Southwest Airlines, 2014b, July). Despite the strong corporate culture of Southwest Airlines (Smith, 2004), competition has deployed efforts to recruits its top talents. After Brannif was fined $100,000 in a case of using illegal tactics to drive Southwest Airlines out of the market in 1978, Brannig Airways was successful in 1981 in recruiting Southwest's President Mr.Putnam, Southwest CFO, and The Bloom Agency, which is the marketing agency of Southwest Airlines (Southwest Airlines Media, n.d.). However, Brannif ceased all its flights and declared bankruptcy in May 1982 (Salpukas, 1982, May 13).

In fact, the competition with Brannif that was also based in Texas has started long before in the beginning of 1973 when Southwest Airlines was still a small Interstate Airline operating only 3 Boeing 737 and had just started flying after long 4 years of legal battle (The New York Times, 1973, February 11, P234). Brannif had halved its flight fare on Dallas-San Antonio to 13$, a price that resulted in great losses for Southwest Airlines (The New York Times, 1973, February 11, P234). However, Southwest Airlines had innovated a counter strategy by offering customers either to pay the competition price or the full price and receiving fifth gallon of premium Whisky (The New York Times, 1973, February 11, P234). The strategy had made Southwest Airlines the biggest Whisky distributor in Texas and turning its losses into profit (The New York Times, 1973, February 11, p.234).

Southwest Airlines competitiveness. Southwest Airlines has grown into a resilient enterprise throughout its years of operations by enduring all forms of competitive pressures as well as disruptive events in the US airlines markets (Gittel, Cameron, Lim, and Rivas, 2006). The resilience of Southwest Airlines is also apparent through reaching its 46th consecutive year of profitability by the end of 2018, a record figure in the airline industry (Southwest Investor Relations, 2019, January 24).

In an era marked by deregulation and aggressive competition to Southwest, it reached $1 billion in revenues in 1989 that placed it as a major airline (Southwest Airlines, 1990). In fact, it maintained record performance in cost management by possessing the lowest operating cost per unit during time of increased fuel price (Southwest Airlines, 1991). Furthermore, Southwest

Airlines remained the only profitable airline in the US market despite the spike in fuel prices and economic recession (Southwest Airlines, 1992). Besides, Gary Kelly expressed that Southwest has the lowest cost model in the industry (Southwest Airlines, 2002, July). Plus, as a retaliation to competition who charge for baggage, Southwest has aggressively advertised that bag fly for free on its flights (Southwest Airlines, 2010). By 2012, Southwest has detained 25% of the commercial US market (Southwest Airlines, 2012, May)

Based on the above, Southwest Airlines has focused throughout its years of operations on increasing its market presence in the US. The competitive pressure exerted on Southwest in its home market pressured Southwest to develop a large US network to a point of saturating the US low fare market (Trefis Team, 2015, April 7).

Management

Southwest Airlines values its human capital as a detrimental part of its success and relies on selective attributes that are warrior's spirit, servant's heart, and a fun-loving attitude (Weber, 2015, December 2). These traits are valued for promotion to managerial position (Weber, 2015, December 2). Moreover, Southwest Airlines derives its competitive advantage, in part, from its employee's satisfaction (Hallowell, 1996, Winter). However, Oviatt and McDougall (2005) argued that the entrepreneurial and past experience of the management influence the speed of internationalization.

Since its foundation in 1967, Southwest has only internationalized in 2013 (Southwest Airlines, 2014). The management of Southwest Airlines has seen a pivotal change with the tenure of Gary Kelley as CEO during the period 2004-2017 (Southwest Airlines Media Gary Kelly, n.d.). Prior to Gary Kelley tenure, Southwest Airlines was piloted by Herb Kelleher from 1967-2004 and remained the company's Chairman until his death in 2019 (Financial Times, 2019, January 5). Herb Kelleher is a pioneer in the Low-Cost Airlines and considered as "the father of low-cost airlines" (BBC News, 2019, January 4). Herb Keller practiced successfully law in Texas and supported Southwest Airlines during its legal challenges since its foundation (Financial Times, 2019, January 5).

Southwest relies on internal promotion and promotes a Southwest citizenship that instills core values and the company's culture (Southwest Careers, n.d.). Therefore, most of top management positions are filled with employees who has more than 15 years of Southwest experience (Thomson, 2018, December 18). Nevertheless, a common trait of some top management was their accountant background. For example, the list of certified accountants in management positions has been changing throughout times. Gary Kelly CEO of Southwest Airlines (2004-2017) is a certified accountant (Southwest Airlines Media Gary Kelly, n.d.). He joined Southwest after graduating with a bachelor's degree from University of Texas System in Accounting (Southwest Airlines Media Gary Kelly, n.d.). He gravitated position in the finance department since 1986, until he became an executive VP and CFO by 2001 (Southwest Airlines Media Gary Kelly, n.d.). In 2004, he was promoted to pilot the company as a CEO (Southwest Airlines Media Gary Kelly, n.d.). Besides, Nan Berry Managing Director of Southwest Executive Office joined Southwest since 1988 as accountant (PR Newswire, 2012, March 13). Also, Michael Van de Ven, who is the Chief Operating Officer, has joined the company in 1993 with a financial audit experience and is Certified Public Accountant (Dow Jones Institutional News, 2016, September 28).

However, Southwest Airlines was marked by a shift in management change during Gary Kelley tenure of Southwest Airlines. Although Gary Kelley has started its tenure by prioritizing cutting cost (Koenig, 2004, August 5), he expressed the company's for future near internationalization (Southwest Airlines, 2003, October). Hence, the optics have changed for the management. This was accompanied by wide management change in executive positions and in the board of directors since 2006 and in different years such us in 2014 and 2018 (Southwest Airline Media, n.d.).

The change was through appointing board directors that will support the international expansion of Southwest. For example, Southwest named a new board member Dr. Dr.Gilligan in 2015 (Airline Industry Information, 2015, September 25). Southwest maintained the nomination on its board of Dr.Gilligan for multiple reasons and especially due to his "extensive knowledge of political and international affairs, which is valuable to the board as the Company explores additional international opportunities" (News Bites Finance, 2018, November 25). Plus, Grace D.Lieblein was appointed in 2016 as a Director to support the international vision of Southwest Airlines due to his extensive engineering skills, quality control capacity, and more importantly his

“global leadership experience … in connection with the company’s international operations” (News Bites Finance, 2019, February, 2) (Acquisdata Inc, 2016, June 3). Besides, Southwest named to its board Mr.Brooks, who held CEO position for US multinationals companies, in 2010 (Dow Jones & Company, Inc, 2010, February 3). Southwest considers Mr.Brooks is a valuable asset to the company’s strategy “in connection with the Company's international operations and its exploration of additional international opportunities” (Acquisdata Inc, 2016, June 3).

From the operational perspective, Bob Jordan and Mike Van de Ven have developed the research capabilities of the international market in term of market capacity and market prices (Southwest Airlines, 2012b, July). Bob Jordan occupied during these times the Executive Vice President and Chief Commercial Officer between 2011 and 2017, before being promoted from the position of Executive Vice President of Strategy and Planning (Jordan, n.d.). Plus, he was responsible for closing the acquisition deal of $3.4 billion of AirTran that opened the door for international market (Jordan, n.d.). He was later promoted in 2017 to head over the SWAUniversity as well as occupying the Executive Vice President Corporate Services (Jordan, n.d.). Furthermore, Gary Kelly acknowledged the added value of Bob Jordan and Mike Van de Ven for facilitating the internationalization vision of Southwest (Southwest Airlines, 2007, June).

Andrew Watterson has joined Southwest as Vice President of Network Planning and Performance in 2013 and was part of the internationalization team (Watterson, n.d.). Prior to joining Southwest, Andrew Watterson was part of Hawaiian Airlines and led negotiation of different code sharing with international perspective (Watterson, n.d.). Also, has an extensive experience in supply chain and consulting with a focus on global transportation practice (Watterson, n.d.). Gary Kelley has valued the work of Andrew Watterson and his team in developing the international portfolio in coordination with Michael G. Van de Ven and his planning team (Southwest Airlines, 2017b, October). Due to Watterson development of network background and Michael G. Van de Ven cost management background, the combination of these backgrounds develops and pursues international opportunities while considering revenues and profitability in accordance with the set of route guidelines developed by Southwest Airlines.

Knowledge learning. In an Analyst meeting conference call in 2007, Southwest CEO has acknowledged the lack of international expertise and knowledge of the top management, but they are developing this axis. (Southwest Airlines, 2007, June).

The complexity remains in the novelty of the long-haul flight to Southwest. For example, Southwest advanced that its network scheduling gets challenging as the company goes for longer range routes (Southwest Airlines, 2002, January). Plus, Gary Kelly has expressed his concern of negative effect of the long-haul flights (Southwest Airlines, 2003, October). Southwest Airlines is known by its frequent short haul low cost flights and also its fleet of 737 that is designed more for the short haul flights. However, Southwest Airlines developed its knowledge of the long-haul flight. Nonetheless, by 2015, the longer-range flights and international market have driven the yearly growth in capacity increase of 7% while gaining slowly market share in the long-term market (Southwest Airlines, 2015, October).

Southwest has recognized that it reached a saturation phase back in 2010 in its domestic market and it was necessary for the company to grow through acquisition and investing in capabilities (Southwest Airlines, 2014, December). Prior to this announcement, Gary Kelley expressed the willing of the airline to learn and invest in technology as well as they are expanding through code sharing (Southwest Airlines, 2005b, January). In fact, the codeshare with ATA has helped SA open up for opportunities to connect with other carriers (Southwest Airlines, 2006, January). In fact, the internationalization represents not only a source of revenue growth for Southwest but also a learning experience (Southwest Airlines, 2010, September)

On the other hand, Southwest Airlines was firm on assuring a full training of its personnel before moving international with their own metal (Southwest Airlines, 2012b, July). In fact, it had launched back in 2004 "Go Where We're Growing" that aimed at providing training and increasing personnel productivity. (Southwest Airlines, 2004, October). Plus, the first baby steps in internationalization has equipped Southwest management with better optics and experience to plan for its future internationalization (Southwest Airlines, 2015, April). Furthermore, Southwest has provided in 2016 training on new technology to 20,000 employees (Southwest Airlines, 2016a, October).

Also, different industry events that exerted pressures on Airlines in the US market represented a learning experience for Southwest to lessen its exposure by diversifying its markets. For example, the 9/11 pressured Southwest to develop their flexibility and diversify its pool of opportunities (Southwest Airlines, 2007, May). Hence, capabilities have been built to support Southwest internationalization (Southwest Airlines, 2007, May).

Last but not least, Southwest Airlines has its proper university named as SWA University that train future employees through offering training path as associate business analyst, associate software engineer, and also college internships (Southwest Careers Campus Reach, n.d.)

Business Networks

Southwest Airlines has entered throughout its years of operations in different forms of business networks. it has developed partnerships with other airlines, multinational technological firms, and marketing agencies.

Southwest Airlines has engaged in different commercial agreement with other airlines. These commercial agreements didn't always result in business gain but also in failures. These failures are limited to acquiring Muse Air and code share negotiation with WestJet Canada. For example, after acquiring Muse Air in 1985 and renaming it as Transtart, Southwest was pressured to shut it down due its lack of profitability in 1987 (Southwest Airlines, 1988). On the other hand, Southwest Airlines reached an understanding for code share with WestJet that will enable access to Canadian market in 2008 (Southwest Airlines, 2008, December). The code sharing with WestJet was not conclusive, which led Southwest to pull back from the agreement with WestJet in 2010 (Southwest Airline Media, n.d.).

Nonetheless, Southwest Airlines was successful in other commercial agreements. For example, it acquired Morris Air's in 1993 in a $130 million deal as well as naming Morris Air's Chairman to Southwest's board (Southwest Airlines, 1994). The Morris Air acquisition granted Southwest a larger capacity and market share in the west coast (Brooks and Sanchez, 1993, December 14). This acquisition has increased Southwest capacity by 30% (Southwest Airlines, 1995). Plus, Southwest was also successful in its code share understanding with Volaris for the

Mexican market in 2008 (Southwest Airlines, 2008, December). The understanding translated into launching connecting flights in 2010 (Southwest Airlines, 2011).

In Parallel, the commercial tractions with ATA were the most important to Southwest for its internationalization Journey. Southwest Airlines concluded a code share agreement with ATA airlines in 2004 (Southwest Airlines, 2005). The code sharing started by connecting Southwest Customer through Chicago in February 2005 (Southwest Investor Relations, 2005, June 28). Besides, Southwest expected to derive $50 million in revenue from its code share with ATA (Southwest Investor Relations, 2005, June 28) (Southwest Airlines, 2005a, April). However, ATA has entered bankruptcy protection, but Southwest is committed to support ATA until it emerges from bankruptcy (Southwest Airlines, 2005b, July). Nonetheless, the bankruptcy has caused restructuring of ATA as well as decreasing the destinations number by 3 (Southwest Airlines, 2005, October). In the meantime, a decrease in capacity deployed by ATA represent a growth opportunity for Southwest in the west coast of the US (Southwest Airlines, 2005, October).

In the effort to support ATA to bounce from bankruptcy, Southwest structured a deal for ATA that include a loan of $40 million to ATA that will allow acquisition of ATA gates at Chicago Airport, which grants Southwest control of a total of 25 gates out of 43 (Southwest Airlines, 2006, January) (Koenig, 2004, December 10) . The engagement of Southwest has contributed in part to help ATA emerge from Bankruptcy in 2006 (Southwest Airlines, 2006, May) (Meher, 2006, February 27). At Bear, Stearns & Co. 2006 Global Transportation Conference, Southwest expressed that the code share agreement offered the opportunity for Southwest to envision future near international service (2006, May). Gary Kelly detailed that ATA code share will support international routes by 2009 (Southwest Airlines, 2006, April). Consequently, Southwest acquired AirTran for a deal $1.4 billion that will not only increase Southwest Capacity through the new fleet but also by offering the first international destinations in the Mexico and Caribbean (Mouawad, 2010, September 27). In fact, the ATA acquisition will deliver 8 new international destinations for Southwest (Southwest Airlines, 2011, May).

In brief, code sharing offers flexibility for Southwest to partner with different local and leader carrier to provide connectivity on routes (Southwest Airlines, 2007, October). It gives

immediate access to different routes and destinations, which increase the company flexibility reach (Southwest Airlines, 2007, October). Nevertheless, Southwest considers that major alliances do not represent a fir for Southwest Business model, according to Southwest CEO in the Q1 2008 Conference call (2018, April). More importantly, Southwest remains open for discussion with different carrier for code share opportunities for near international destinations (Southwest Airlines, 2008, April).

Technological partnerships. The business network for Southwest is not limited to Airlines but also to different technology actors. For example, Southwest partnered with IBM in 2002 to offer fast self-service check-in points in its different terminals and in 2005 with Movielink to enhance in-flight entertainment (Southwest Airline Media, n.d.). However, the partnership with Amadeus IT group remains the critical one as it contributed to launch a new reservation system for Southwest to support its internationalization (Southwest Airlines, 2012b, April). Amadeus operates with multiple airlines and carries operations that cover more than 190 countries (Southwest Investor Relations, 2012, April 19).

Also, Southwest Airlines relies on partnering with marketing agencies to support its customer reach. In 2009, Southwest partnered with Wunderman, which has presence in more than 70 countries, to take in charge the company's communication (PR Newswire, 2009, February 3). Also, Southwest has been active in marketing business network by partnering with the multinational Spark Foundry to take in charge its media communication (Coffee, 2017, September 27). Southwest Airlines business network also reached media through a partnership with A&E Network to produce a real-life series of the life at Southwest starting 2003 (Southwest Airline Media, n.d.).

On the other hand, Southwest entered the sport realm by sponsoring major events in the US. For example, it become the official airline of National Basketball Association (NBA), National Hockey League (NHL), and Major League Baseball (MLB) (Southwest Airline Media, n.d.).

Firm's Resources

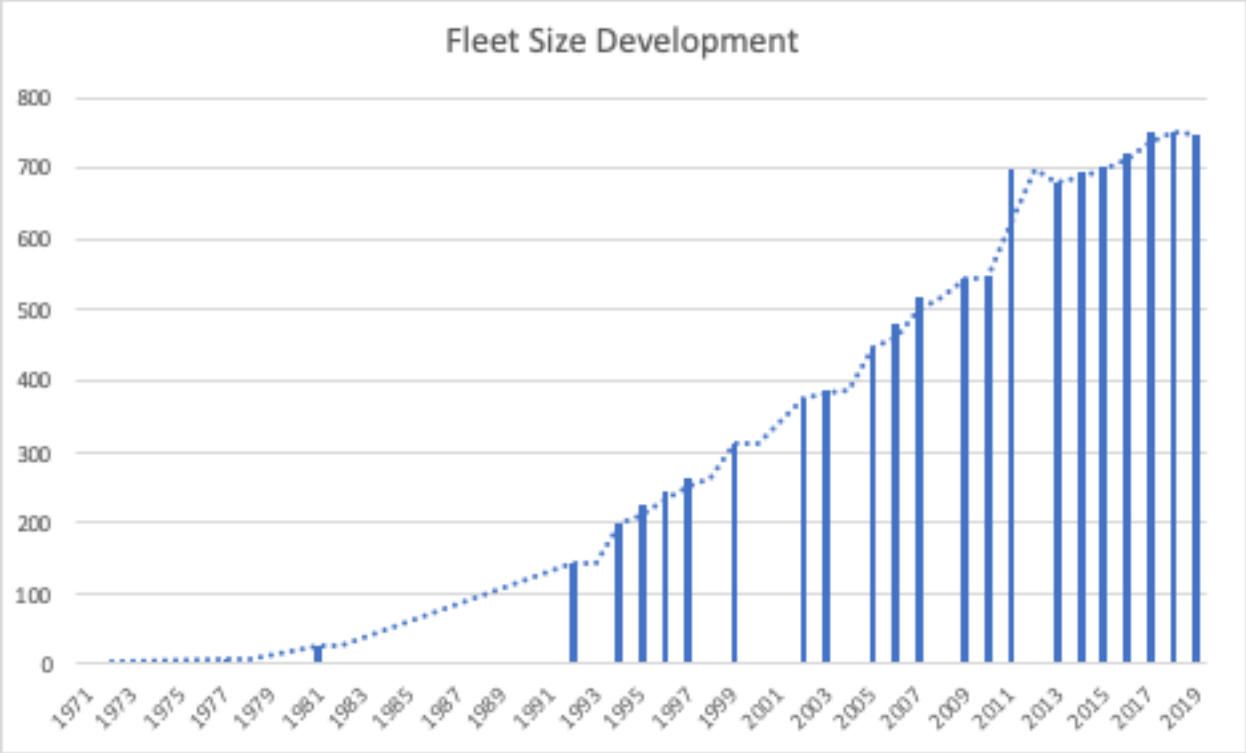
Southwest Airlines resources can be seen through its fleet, human capital, and gates. These elements, in addition to technology that is developed at the beginning of the case, represent the

capabilities for firm's internationalization. For example, Gary Kelly argued that Southwest focus in its international expansion is on airport international facilities, commercial and technological infrastructure, and fleet efficiency to expands its domestic operational excellences to international undertakings (Southwest Airlines, 2015, October)

Fleet management. Southwest has started with a fleet of 3 Boeing 737 in 1971 (Southwest Airlines, 1972) and relied throughout its years of operation on the 737 model from different generations. Based on Figure 7, the fleet size development has saw an increase as the fleet size has moved 312 in 1999 to 548 in 2010, an increase of 236 Aircrafts of the same Boeing model. This increase of fleet size in 10 years is comparable to the fleet size of its US competitor JetBlue by 2019 (Figure 8). A second phase that saw an exponential increase in fleet size is between 2010-2019, which saw the fleet size go from 548 to 750 aircrafts in 2018 (Figure 7). This increase was in part influenced by ATA acquisition that supplemented a fleet of 140 aircrafts in 2011 (Southwest Airlines, 2012). By 2019, southwest had the 4th largest fleet of 719 Aircraft coming after American Airlines, Delta Air Lines, and United Airlines (Blue Swan Daily, 2019, April 18)

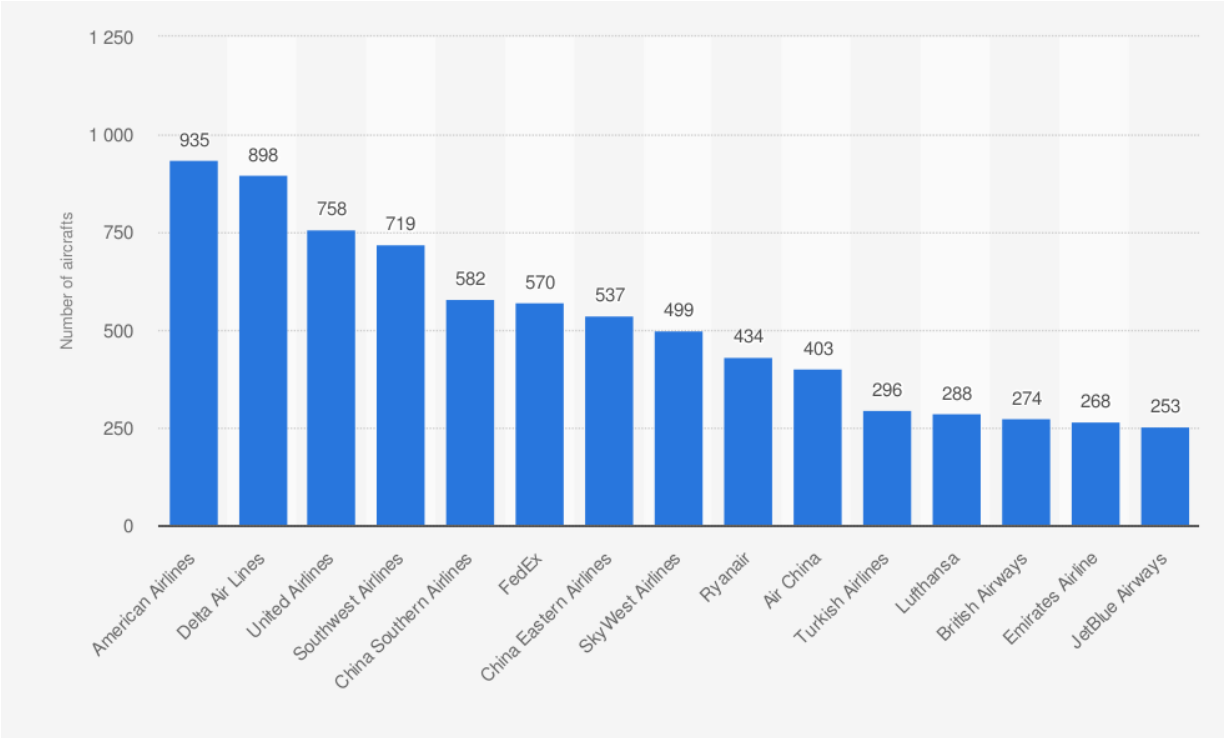
Southwest Airlines limits its fleet increase to its productivity and adequate training of its human capital to accommodate any added capacity (Southwest Airlines, 2003, October). Also, the company has diversified its 737 Model by adding 737-700 and 737-800 to its fleet mix that provide flexibility and the increase of stage length (Southwest Airlines, 2013, March). However, Extended Operation (ETOPS) certification is required for its 737-800 fleet to have the flexibility to operate cross border and long-range flights (Southwest Airlines, 2012, May). Subsequently, Southwest is expecting to have 28 of the 737-800s to be ETOPS certified (Southwest Airlines, 2012, May). Gary Kelly expressed the fit of the Boeing 800 for long haul flight and serves the mission to serve international market (Southwest Airlines, 2011, March). Southwest Airlines is capable to serve near international destination in 2014 by its own fleet (Southwest Airlines, 2014b, July). Southwest Airlines has kept modernizing its fleet through the reception of the 737 Max (Southwest Airlines, 2018b, October). The first operation of the 737 Max 8 started in the Q4 2017 while ensuring an average age of 11 years for its fleet (Southwest Corporate Fact Sheet, n.d.).

Figure 7: Southwest Airlines fleet growth -Boeing 737- during 1971-2019



Source (Own Elaboration)

Figure 8: Fleet size of the major worldwide airlines in 2019



Source (Blue Swan Daily, 2019, June 20)

Gates and terminals represent the gateway for passenger to the aircraft as well as its design and preclearance may or not give the opportunity for international flights. Hence, possessing international gates and gaining presence in international terminals benefits the airline in its international endeavors. In this regard, Southwest built in 2013 an international facility at Hobby Airport Texas to accommodate the international growth opportunity of the airline (Southwest Airlines, 2013, April). Also, Southwest developed international facilities in form of terminals at Dallas and Houston Airports to serve its internationalization operations (Southwest Airlines, 2013, July). The development of the international terminal at Houston Airport was completed in 2015 (Southwest Airlines, 2015, April). Moreover, the opening of international terminal of 5 gates allowed Southwest to drive strong booking as well as for Schedule planning team to launch new international destinations such as Liberia in Costa Rica (Southwest Airlines, 2015, July). The new facility provides the capacity of 25 daily international and domestic departures (Southwest Airlines, 2015, July). Also, Southwest Airlines bided to acquire new slots for its international flying from LaGuardia New York Airport and Reagan Washington (Southwest Airlines, 2014, September). To

strengthen its international departure from the east coast, Southwest built an international facility in Fort Lauderdale in Florida to accommodate its internationalization to Caribbean and Central America (Southwest Airlines, 2015, October). The Fort Lauderdale international facility is expected to be operational by 2017 (Southwest Airlines, 2016b, October). Furthermore, Gary Kelley considered the international terminal construction in Ft.Lauderdale as a strategic move for the company's internationalization plan (Southwest Airlines, 2016a, October). Gary Kelly has acknowledged the importance of Airport international facilities in terms of terminals and gates in 2015 (Southwest Airlines, 2015, October), but the focus has shifted to the fleet mix management and modernization by introducing and launching the new 737 Max 8 in 2017 (Southwest Airlines, 2017a, October). The investment in new gates and slots contributes to increased growth of Southwest domestically and internationally (Southwest Airlines, 2015, March).

Human capital. Since its beginning, Southwest has acknowledged the importance of the human capital. In fact, the more than 2/3 of the cost structure is dominated by labor and oil (Southwest Airlines Media, n.d.). Therefore, Southwest puts in place rigorous selection that value the personality more than the attributes or skills of the interviewee (Southwest Airlines, 2005, February). Moreover, the expansion of Southwest for near international rely on success of negotiation and consent from pilots due the different nature of the flight haul (Southwest Airlines, 2007, June). In brief, Southwest is people-oriented company that value its employees while giving them stability. This is apparent through its mission statement:

We are committed to provide our Employees a stable work environment with equal opportunity for learning and personal growth. Creativity and innovation are encouraged for improving the effectiveness of Southwest Airlines. Above all, Employees will be provided the same concern, respect, and caring attitude within the organization that they are expected to share externally with every Southwest Customer. ("The Mission of Southwest Airlines", 1998, January)

As Southwest founder Herb Kelleher had argued "if employees are treated right, they treat the outside world right, the outside world used the company's product again, and that makes shareholders happy." (as cited in Hyken, 2017, May 27). Besides, Gary Kelly Southwest CEO advanced that the strength and company's long-term competitive advantage rely in its people ("The

Mission of Southwest Airlines", 1998, January). Finally, adequate human capital is necessary to accommodate the added capacity (Southwest Airlines, 2003, October).

Strategy

Southwest Airlines started as domestic low-cost airline that service three cities in Texas with only 3 Boeing 737 (Southwest Airlines, 1972). It focused on convenient Airport (Southwest Airlines, 1975). Their fleet strategy focused on maximizing the use of aircraft while reaching record turnover at gates (Southwest Airlines, 1979). The company strategy focused on simplicity, high productivity, business travelers, and short-haul market (Southwest Airlines, 1981). Hence, they framed their initial vision as "low fare, lots of flights, with loads of fun" (Southwest Airlines, 1989). However, the company has changed their market vision with Gary Kelly tenure as CEO in 2004. He has expressed the openness of the airline to serve near international destinations at Raymond Airline Conference (Southwest Airlines, 2006, January). In 2011, Southwest launched a strategic 5 years plan that aims at ensuring full AirTran integration, Rapid Rewards frequents flyer program, fleet modernization, incorporating Boeing 737-800 into Southwest operations, implementation the new reservation system, and building international capabilities (Southwest Airlines, 2012). The strategic initiative of modernizing the fleet through the new 737-800 enable the company to increase its flight stage length (Southwest Airlines, 2012). By 2015, Southwest announced strong result of its strategic 5-year plan with 32.7 ROIC (Southwest Airlines, 2016). However, the company argued that it will undergo "slow and measure pace" internationalization (Southwest Airlines, 2015, April). Finally, the strength of domestic presence of Southwest combined with its internationalization serve its new vision to be "the world's most loved, most flown and most profitable airline" (Southwest Airlines, 2015, March)

Innovation

Southwest Airlines has been innovative in undergoing price wars and defying competition. During its beginning and after coming out of long legal battles, Southwest was faced with aggressive competition from Brannif Airlines in 1973 (The New York Times, 1973, February 11,

P234). Brannif had cut the price in half, which was a loss-making fare (The New York Times, 1973, February 11, P234). Southwest has responded by giving the customer the choice to either pay the competition price or pay the full fare and receive a premium Whisky (The New York Times, 1973, February 11, P234). This innovative response has stopped loss making for Southwest and made it profit from the price war to $40,000 profit (The New York Times, 1973, February 11, P234).

Southwest also employed innovative action to enhance customer experience either in Airport (Southwest Airlines, 2004, July) or in-flight. Southwest invested in innovative check-in technologies that reduce lead time to board the aircraft for customers (Southwest Airlines, 2003, January). Also, Southwest Wifi-enabled aircraft offers customer the possibility since 2013 to use personal electronic devices through Wifi to benefit from free movies, music, and live TV ("Southwest Corporate Fact Sheet", n.d.).

The innovation also contributes to increase aircraft efficiency through the use of Blended winglet that is mounted on 90 of Southwest aircrafts since 2006 (Southwest Airlines, 2006b, October). The winglet innovation has been replaced in 2017 by the new Split Scimitar Winglets that increase the fleet's fuel efficiency ("Southwest Corporate Fact Sheet", n.d.).

Innovation is important to Southwest Airlines that it is joined to the Strategy department under directorship of Tom Nealon who was named as the executive Vice President of Strategy and Innovation in 2015 (Carey and Steele, 2017, January 10) (Southwest Airline Media, n.d.). Tom Nealon was later promoted to president of Southwest Airlines (Carey and Steele, 2017, January 10).

Opportunity Development

By 2017, Southwest realized the benefit of internationalization by remedying to seasonality of the industry (Southwest Airlines, 2018, January). In 2009, Gary Kelly saw the opportunity for Southwest to take enormous growth through its near international market as well as the improving economy that will provide a strong demand (Southwest Airlines, 2009, October). However, the majority of opportunities are within the domestic market (Southwest Airlines, 2006, April).

The international operational opportunity identification is carried by the Schedule and Planning Department in 2003 (Southwest Airlines, 2004, January). The pursuit of identified opportunities is undertaken by the Network Planning Team under Andrew Watterson management and Operational team under Mike Van de Ven management (Southwest Airlines, 2014b, July). The network team developed a list of 50 potential opportunities of near international destinations (Southwest Airlines, 2014b, July). Besides, Gary Kelly has expressed the opportunities that are offered by code share agreement and acquisition at the Southwest Airlines 2007 Analyst Meeting (2007, June). Consequently, the code share generated $40 million in revenue for Southwest with the opportunity to reach near international market (Southwest Airlines, 2007, July). In parallel, Southwest engaged in launching international marketing campaign to act on the international opportunity (Southwest Airlines, 2010). Moreover, Southwest enjoys a strong domestic network that offer strong positioning for Southwest to act on the near international opportunity with multiple departure origins (Southwest Airlines, 2014, September). For example, Southwest enjoyed international gates at 3 main airports that are Hobby Airport (Southwest Airlines, 2014, April), Ft. Lauderdale (Southwest Airlines, 2016a, October) Washington Reagan Airport (Southwest Airlines, 2015, July). Also, Southwest identified the growing market of the medium stage length flights, marked by high load factors and low frequencies (Southwest Airlines, 2006b, July). Besides, the reduction in capacity by competition represents an opportunity for Southwest (Southwest Airlines, 2004, January).

On the other hand, international opportunity identification is limited by the market capacity and the market price (Southwest Airlines, 2012b, July). Also, Southwest Airlines developed a list of requirements to act on any international route opportunity. For example, in addition to adequate capacities, Southwest requires 15% of ROIC on the new launched routes (Southwest Airlines, 2014b, July).

Domestic Commitment

Gary Kelly considers Southwest as an "all domestic carrier" (Southwest Airlines, 2003, January). Plus, Gary Kelly considers that the majority of opportunities for the airlines exists in the US Market (Southwest Airlines, 2006, April). In 2018, Southwest dominated the US market by carrying more passengers than any other US airlines in the US market in 2018 (United States Department of Transportation, 2019, March 21). Southwest deployed its capacity in the US market

as follow “"northeast 15%, Southeast, 15%, Southwest 13%, Midwest 19% And 38% for West” (Southwest Airlines, 2006a, October). As we can see, the west coast represents the focus market for Southwest Airlines in the US. Moreover, Southwest enjoys leadership position in more than 90% of its top 100 markets in the US (Southwest Airlines, 2007, February). Nonetheless, Southwest is agile in managing and restructuring its routes network by cancelling low performing routes. For example, in 2008 during the economic crisis, Southwest cancelled 56 of its low performing routes while at the same time introducing new 40 flights (Southwest Airline Media, n.d.). The domestic network of Southwest Airlines has covered 85 destinations by 2012 (Southwest Airline Media, n.d.). The domestic US market represented 95% of available Seat per Miles despite the internationalization in the near market (Southwest Airlines, 2019). The strong domestic presence has provided Southwest with 23 port from the US to the international market (Southwest Airlines, 2019).

Regulatory Environment and Institutional Theory

After its foundation in 1967, Southwest endured legal battle that prevented the airline from flying until a ruling in the US supreme court in 1971 (Southwest Airlines, 1972). The legal battles incurred the airline $530,000 (Southwest Airlines, 1972). At that time, federal government and the Civil Aeronautics Board (CAB) were controlling the market through strict monitoring of fare prices, routes, and the airlines market entry (Douglas & Miller, 1974). The strict control had delayed the expansion of Southwest from its original 3 cities network (Southwest Airlines, 1975).

The airline market was liberated by the Airline Deregulation Act in 1978 signed by President of the United States Carter (Brown, 1987). The Airlines Deregulation Act in 1978 represented the starting point for the Low-Cost Carrier industry (Azadian & Vasigh, 2019). This act has liberated the airline market from the control of the Federal Government (Brown, 1987). Prior to this act, the Airline market was subject to the control of the Federal Government (Brown, 1987). The Federal government used to control the routes, fares, and also limiting market entry of new airlines (Brown, 1987).

The deregulation had enabled Southwest to pursue growth by flying interstate from its base of Love Field, which threatened the competitiveness of Dallas Forth Airport (Grantham, 2007). Hence, Texas politician lobbied the passing of an amendment, later called Wright Amendment of

1979, that prevented airlines to fly intra-state out of Love Field Airport to the neighboring states (Grantham, 2007). The Wright Amendment of 1979 continued to restrain Southwest from serving adjacent state of Texas even in 2005 (Southwest Airlines, 2005, November). A situation that has been partially corrected by a reform law allowing Southwest to fly from Dallas Love Field to adjacent states as well as offering connecting services in 2006 (Southwest Airlines, 2007). A final repeal of the Wright amendment that completely liberated Southwest at its Dallas Love Field has been enacted in 2014 (Southwest Airlines, 2014b, July).

In 2007, the United States and Europe entered an open skies agreement that will be effective in 2008 (Southwest Airlines, 2007, June). This open the airlines European market for the US careers. In fact, politics and diplomatic relations shape the global airlines market. Before the United States and Cuba formally restored their diplomatic relations in 2015 (Trotta and Wroughton, 2015, July 1), Southwest expressed its interest in the Cuban market following US-Cuba discussions (Southwest Airlines, 2015, March). Hence, Southwest was approved to serve Havannah, Cuba from Florida in 2016 after requesting an approval from the US Department of Transportation (Southwest Airline Media, n.d.).

Also, Ron Ricks, Regulatory officer at Southwest, expressed the company's interest in the continuous discussion between US-Mexico to liberalize the bilateral agreement (Southwest Airlines, 2014b, July). In 2017, the United States and Mexico reached a bilateral agreement that liberalized the skies between the two countries allowing for increased capacity and frequency for Southwest Airlines during its internationalization times (Southwest Airlines, 2017, May). Prior to this agreement, Southwest Airlines submitted institution request to allow AirTran to fly to Mexico in 2011, which was approved in 2012 (Southwest Airline Media, n.d.). Also, Southwest Applied with the Department of Transportation for the route of Denver International Airport and Lic. Gustavo Diaz Ordaz International Airport in Puerto Vallarta, Mexico (Southwest Airline Media, n.d.).

In parallel, long range and cross border operation requires special certified aircrafts. Southwest Airlines was limited in its fleet in 2006 by not having the Extended Operations Certificate for its aircrafts to undertake long range trans-border flights (Southwest Airlines, 2006, April). ETOPS certification is required for Southwest to fly its own metal cross border (Southwest

Airlines, 2014b, July). This was resolved by purchasing 28 Boeing 737-800 that are ETOPS certified in 2012 (Southwest Airlines, 2014b, July). Also, Southwest Airlines continued working with Federal Aviation Administration (FAA) for the ETOPS certification of the long-range fleet (Southwest Airlines, 2017a, October).

The institutional approvals are also present in different capabilities construction. For example, in 2012, Southwest Airlines has reached consent with institutional stakeholder to build its 5 internationals gates terminal at William P.Hobby Airport in Houston (Southwest Airline Media, n.d.). Also, Southwest received full support from the City Council of Houston for building the mentioned facility at Hobby Airport (Southwest Airlines, 2012b, July). After 3 years, Southwest was granted approval to open its international terminal of 5 gates at William P.Hobby Airport in Houston by 2015 (Southwest Airline Media, n.d.). Furthermore, Southwest airlines received the green light for the use of ATA assets that resulted from the acquisition (Southwest Airline Media, n.d.).

On another note, the different labor union are forms of internal institution that influences the company's operations. Southwest Airlines is known by its open communication with all employees as well as its labor unions as well as being the only Airline that makes the top 10 best companies to work for (Hallowell, 1996). Southwest endures frequent pressure from its labor unions for pay increase, but it has less exposure to pay increase because of its competitive low-cost structure (Southwest Airlines, 2002, January). Also, in 2007, Southwest Airlines enterred negotiation with Pilots to receive their consent for the company's internationalization (Southwest Airlines, 2007, June). The consent of Pilots is necessary due to the change and extension of flights' haul and geography (Southwest Airlines, 2007, June)

Chapter 5: Measurement of LCCs' Internationalization Speed

To answer the core of our research question, why LCCs internationalize at different speed, the thesis needed to determine a speed comparison basis. A basis that is not commonly observed in the LCC research. To differentiate between the LCCs, the literature proposed different measurements and conceptualization of internationalization speed. The different measurements allowed for different approaches to measure and conceptualize internationalization's speed either with multidimensional methods (Lin, 2012; Chang & Rhee, 2011; Casillas & Acedo, 2013) or unidimensional methods (Casillas & Moreno-Menendez, 2014) with different periods of focus that are pre-entry (Musteen, et al., 2010; Oviatt & McDougall, 2005) and post-entry (Zhou, 2007).

The study hereafter will apply different measurements on the studied LCCs and yield a summary (Table 3). The summary allows to differentiate and compare between LCCs' internationalization speed. The section will start with key findings, followed by the multidimensional measurement of each LCC, then unidimensional measurements, and concluding with results.

Table 3: Summary table of key findings of internationalization speed measurements of LCCs

	Multidimensional Measurements					Unidimensional Measurements	
	CAGE Comparator Details	**International Destination**	**Number Countries**	**Average of entry per foreign country**	**Speed**	**Pre-Entry: Time to internationalize**	**Post-Entry: % of capacity deployed internationally**
Air Canada Rouge	- CAGE Total Distance: 238,883 - CAGE Speed: 39,814 - Range of CAGE: (813;16,678) - - Years of International operations 7 - Average 5,972	60	27	2.2	88,475.19 (High)	0	More than 90%
Ryanair	- CAGE Total Distance: 69,829 - CAGE Speed: 2,182 - Range of CAGE: (62;4,512) - Years of International operations 32 - Average 1,940	200	37	5.4	11,795.44 (High)	2	More than 90%
EasyJet	- CAGE Total Distance: 67,314 - CAGE Speed: 2,927 - Range of CAGE: (627; 3,781) - Years of International operations 23 - Average 1,870	130	39	3.3	9,755.65 (Moderate)	1	More than 50%
JetBlue	- CAGE Total Distance: 105,422 - CAGE Speed: 6,201 - Range of CAGE: (818;12,310) - Years of International operations 17 - Average 4,393	36	24	1.5	9,301.94 (Moderate)	4	More than 30%
Southwest	- CAGE Total Distance: 38,646 - CAGE Speed: 6,441 - Range of CAGE: (818; 12,310) - Average 3,865 - Years of International operations: 7	15	10	1.5	8,281.29 (Slow)	47	Less than 5%

Multidimensional Measurement

The objective of this section is to present a series of multidimensional measurements of the internationalization speed of LCCs. As presented in the methodology chapter, the proposed formula (see **Error! Reference source not found.**) of internationalization speed suggests a combination of factors. For example, reaching a farther point, in term of CAGE Distance, with high commitment per year expresses a fast internationalizing LCC in comparison to the others. We present the current state of internationalization of each LCC by measuring the average of international destinations per foreign country, followed by an analysis and calculation of the CAGE distance (Aygoren & Kadakal, 2018; Ghemawat, 2001).

Air Canada Rouge:

Air Canada Rouge was founded by its parent company Air Canada as a strategy to enhance the group's efficiency and grow its international presence (Air Canada, 2013). For example, Air Canada CEO Mike Rousseau has said "we are growing internationally and primarily through Rouge" in Q4 2015 Air Canada Earnings Call (Air Canada, 2016, February).

Internationalization and commitment calculation. Air Canada Rouge has developed 60 international destinations in 27 countries (Figure 9). Based on the proposed formula presented in the methodology, the measurement takes the number of international destinations while ensuring the importance of entering different countries. The average destination per foreign country has yielded a number of 2.2 that takes into account the number of international destinations (60 international destinations) that are in the Rouge portfolio over the number of different countries (27 countries). Hence, Air Canada Rouge has an average of 2.2 entries per foreign country over six years of internationalization.

Figure 9: Air Canada Rouge network of international destination by 2018.

Source: (Air Canada Rouge, n.d); Retrieved from: https://flyrouge.com/ca/en/index.html

CAGE distances Measurement. For Air Canada Rouge, the CAGE distance comparator lacked 6 countries in the Caribbean and South America that are Guadeloupe, Jamaica, Martinique, Saint Maarten, Turks and Caicos Islands, Cuba, and Curacao. To remedy to the lack of information of the stated countries, the analysis took the average of CAGE distances of the surrounding countries in the region. Hence, we took the average of CAGE distances of Bahamans, Barbados, Belize, Grenada, Haiti, Panama, Saint Kitts and Nevis, St. Lucia, St. Lucia, St. Vincent & the Grenadines, Dominican Republic and Trinidad and Tobago. The average of the selected countries yielded a cage distance of 4,163 that was attributed to the missing countries in the targeted region.

As proposed in methodology, we measure the speed of internationalization through the total of CAGE distances of Air Canada Rouge's host countries (Table 4), which yielded a total of 238,883. This total distance takes into account Cultural, Administrative, Geographical, and Economical Distances. Also, the CAGE Distance was calibrated by choosing the type of service trade to Transportation and based on the period of 2000-2016.

Table 4: CAGE Distance for Air Canada Rouge between host countries and Canada (*Continued****)***

Country Destination	**CAGE Distance**	**Cage Destination Reference**	**Entrance Destination Reference**
Algeria	6,219	Ghemawat CAGE Comparator™ Distance Analysis Selections	Air Canada Media Room, 2017, June
Bahamas	3,497		Air Canada Media Room, 2013, June
Barbados	5,395		Air Canada Media Room, 2014, January
Belize	2,979		Air Canada Media Room, 2017, May
Grenada	4,743		Air Canada Media Room, 2013, June
Guadeloupe	4,117	Average Calculation	Air Canada Media Room, 2014, January
Haiti	1,928	Ghemawat CAGE Comparator™ Distance Analysis Selections	Air Canada Media Room, 2014, January
Hungary	9,342		Air Canada Media Room, 2016, June
Iceland	6,373		Air Canada Media Room, 2017, February
Ireland	7,308		Air Canada Media Room, 2014, January
Italy	11,317		Air Canada Media Room, 2014, January
Jamaica	4,117	Average Calculation	Air Canada Media Room, 2013, June
Japan	16,678	Ghemawat CAGE Comparator™ Distance Analysis Selections	Air Canada Media Room, 2016, September
Martinique	4,117	Average Calculation	Air Canada Media Room, 2014, December
Mexico	2,857	Ghemawat CAGE Comparator™ Distance Analysis Selections	Air Canada Media Room, 2013, June
Morocco	5,366		Air Canada Media Room, 2015, September
Panama	4,333		Air Canada Media Room, 2014, December

Table 4: CAGE Distance for Air Canada Rouge between host countries and Canada (*Continued****)***

Country Destination	**CAGE Distance**	**Cage Destination Reference**	**Entrance Destination Reference**
Peru	5,568		Air Canada Media Room, 2017, December
Poland	8,757		Air Canada Media Room, 2016, June
Portugal	8,432		Air Canada Media Room, 2014, January
Romania	9,277		Air Canada Media Room, 2017, September
Saint Kitts and Nevis	4,951		Air Canada Media Room, 2013, June
Sint Maarten	4,117	Average Calculation	Air Canada Media Room, 2014, May
Spain	9,687	Ghemawat CAGE Comparator™ Distance Analysis Selections	Air Canada Media Room, 2014, January
St. Lucia	4,521		Air Canada Media Room
St. Vincent & the Grenadines	4,285		Air Canada Media Room, 2018, July
Trinidad and Tobago	5,581		Air Canada Media Room, 2016, April
Turks and Caicos Islands	4,117	Average Calculation	Air Canada Media Room, 2017, December
United Kingdom	3,449	Ghemawat CAGE Comparator™ Distance Analysis Selections	Air Canada Media Room2014, January
Colombia	3,833		Air Canada Media Room, 2013, June
Costa Rica	3,987		Air Canada Media Room2014, January
Croatia	9,188		Air Canada Media Room, 2017, September
Cuba	4,117	Average Calculation	Air Canada Media Room, 2014, January

Table 4: CAGE Distance for Air Canada Rouge between host countries and Canada (*Continued****)***

Country Destination	**CAGE Distance**	**Cage Destination Reference**	**Entrance Destination Reference**
Curaçao	4,117	Average Calculation	Air Canada Media Room, 2013, June
Czech Republic	9,534	Ghemawat CAGE Comparator™ Distance Analysis Selections	Air Canada Media Room, 2016, May
Dominican Republic	3,703		Air Canada Media Room, 2014, January
France	3,799		Air Canada Media Room, 2014, January
Germany	10,845		Air Canada Media Room, 2016, September
Greece	11,519		Air Canada Media Room, 2014, January
United States	813		Air Canada Media Room, 2014, January

Source: (Own Elaboration)

Multidimensional Speed Measurement. Based on the proposed formula, the calculation yielded a speed of 88,476.19. The measurement took into consideration the average of entries per foreign country, which is 2.2, multiplied by the total CAGE Distances, which is 238,883, divided by the internationalization period that is 6 years.

Ryanair

Internationalization & commitment calculation. Ryanair started its internationalization in 1987 by flying across the Irish border and serving London, UK (Ryanair Corporate History, n.d.). Since then, Ryanair has grown its network to around 200 international destinations across 37 countries (Ryanair, 2018, October). Theses variables have yielded an average of 5.4 international entry per foreign country during 32 years of internationalization.

CAGE distance speed measurement. As proposed in methodology, we measure the speed of internationalization by accounting for the total CAGE distances of Ryanair host countries, which yielded a total of 69,829. This total takes into account Cultural, Administrative, Geographical, and Economical Distances. Also, the CAGE Distance was calibrated by choosing the type of service trade to Transportation and based on the period of 2000-2016. We lacked data for Serbia and Montenegro. To remedy to this problem, we took the average CAGE distances of the surrounding countries (Table 5).

Table 5: CAGE Distances for Ryanair between host countries and Ireland

Countries	**Cage Distance**	**Cage Reference**
Austria	2017	Ghemawat CAGE Comparator™ Distance Analysis Selections
Belgium	885	
Bosnia and Herzegovina	1483	
Bulgaria	2144	
Croatia	1724	
Cyprus	4484	
Czech Republic	1,562	
Denmark	1371	
Estonia	2028	
Finland	2607	
France	1135	
Georgia	3596	
Germany	1328	
Greece	3133	
Hungary	1783	
Israel	4512	
Italy	2079	
Jordan	3171	
Latvia	1829	
Lithuania	1840	
Luxembourg	925	

(Continued)

Table 6: CAGE Distances for Ryanair between host countries and Ireland

(Continued)

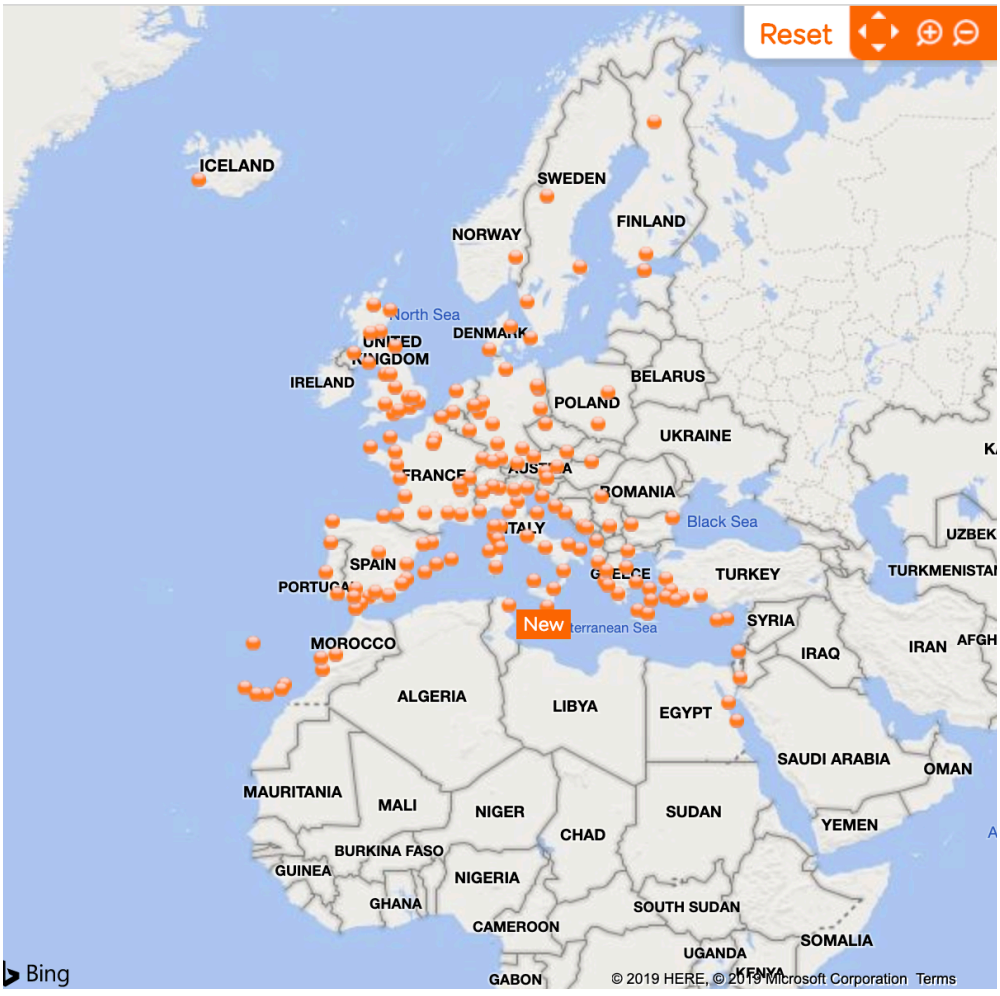
Countries	Cage Distance	Cage Reference
Montenegro	1907	Average CAGE of Romania, Bulgaria, Bosnia and Herzegovina
Morocco	1406	Ghemawat CAGE Comparator™ Distance Analysis Selections
Netherlands	913	
Norway	1320	
Poland	1599	
Portugal	1562	
Republic of Malta	2,426	
Romania	2093	
Serbia	1907	Average CAGE of Romania Bulgaria Bosnia And Herzegovina
Slovakia	1806	Ghemawat CAGE Comparator™ Distance Analysis Selections
Spain	1630	
Sweden	1812	
Switzerland	1289	
Ukraine	2462	
United Kingdom	62	

Multidimensional speed measurement. Based on the proposed formula, the calculation yielded a speed of 11,795.44. This measurement took into consideration the average of entries per foreign country, which is 5.4, multiplied by the total CAGE Distance, which is 69,829, divided by the internationalization period of 32 years.

EasyJet

Internationalization & commitment calculation. EasyJet undertook its first internationalization in 1996 by flying into Amsterdam (EasyJet, 2008). Since its first international flight and according to EasyJet Route Map (Figure 10), the airline grew into 39 countries through 130 international destinations by the end of 2018. These variables have yielded an average of 3.3 international destination per foreign country over an internationalization period of 23 years.

Figure 10: EasyJet international destinations



Source (EasyJet, n.d.). Retrieved from: http://www.easyjet.com/en/routemap

CAGE Distance Measurement. As proposed in methodology, a key variable in internationalization speed is total CAGE Distance. The total of CAGE distances of EasyJet's host countries yielded a total of 67,314. The CAGE Distance was calibrated by choosing the type of service trade to transportation and based on the period of 2000-2016. Also, we lacked data for Kosovo and Montenegro. To remedy to this problem, we took the average CAGE distances of the surrounding countries as detailed in the methodology protocol (Table 7).

Table 7: Table of the CAGE distance of EasyJet host countries and UK

Countries	**CAGE Distance**	**Reference**
Albania	2013	Ghemawat CAGE Comparator™ Distance Analysis Selections
Austria	2021	
Belgium	627	
Bulgaria	2573	
Croatia	1874	
Cyprus	2142	
Czech Republic	1,608	
Denmark	1323	
Egypt	1511	
Estonia	2512	
Finland	3051	
France	1107	
Germany	1211	
Greece	3554	
Hungary	1993	
Iceland	2643	
Israel	2410	
Italy	2270	
Jordan	1731	

(Continued)

Table 7: Table of the CAGE distance of EasyJet host countries and UK

(Continued)

Countries	CAGE Distance	Reference
Kosovo	2268	Average CAGE of Romania Bulgaria, Bosnia and Herzegovina
Luxembourg	730	Ghemawat CAGE Comparator™ Distance Analysis Selections
Malta	1245	
Montenegro	2268	Average CAGE of Romania Bulgaria, Bosnia and Herzegovina
Morocco	1999	Ghemawat CAGE Comparator™ Distance Analysis Selections
Netherlands	643	
Norway	1557	
Poland	1747	
Portugal	2257	
Slovenia	1905	
Spain	2111	
Sweden	1958	
Switzerland	1176	
France	1107	
Germany	1211	
Switzerland	1176	
Turkey	3781	

Multidimensional speed measurement. Based on the proposed formula, the calculation yielded a speed of 9,755.65. This measurement took into consideration the average of entries per foreign country, which is 3.3, multiplied by the total CAGE Distance, which is 67,314, divided by the internationalization period of 23 years.

JetBlue

Internationalization & commitment calculation. JetBlue has developed a network portfolio of 24 countries with 36 international destinations (JetBlue Airways, 2019). On the other hand, JetBlue undertook its first internationalization in 2002 to San Juan in Puerto Rico (JetBlue Media Room, 2012, March). These variables have yielded an average of 1.5 entry per foreign country during 17 years of internationalization.

CAGE Distance measurements. ***As proposed in methodology, we measure the speed of internationalization through the total of CAGE distances of JetBlue's host countries, which yielded a total of 105,422. The CAGE Distance was calibrated by choosing the type of service trade to Transportation and based on the period of 2000-2018. We lacked data for some JetBlue's host countries. We remedied to the lack of data through the protocol detailed in methodology. The lack of data was corrected by either taking the CAGE Distance of the countries with whom there is colonial ties or the average CAGE Distances of the surrounding countries such as for the case of Cuba and Curacao (***

Table 8).

Table 8: CAGE Distances for JetBlue Airways between host countries and the US

Countries	CAGE Distance	Reference
Antigua and Barbuda	4,358	Ghemawat CAGE Comparator™ Distance Analysis Selections
Aruba	12,310	Netherland Overseas Territory, Netherland CAGE Distance
Bahamas	2,911	Ghemawat CAGE Comparator™ Distance Analysis Selections
Barbados	5,061	
Bermuda	4,195	British Overseas Territory, UK Cage Distance
Cayman Islands	4,195	
Colombia	3,288	Ghemawat CAGE Comparator™ Distance Analysis Selections
Costa Rica	3,127	
Cuba	3,866	Average CAGE Distance of Caribbean Countries
Curaçao	3,866	
Dominican Republic	2,555	Ghemawat CAGE Comparator™ Distance Analysis Selections
Ecuador	4,837	
Guadeloupe	4,889	French Overseas Territory, Netherland CAGE Distance
Grenada	4,338	Ghemawat CAGE Comparator™ Distance Analysis Selections
Guyana	4,237	
Haiti	1,875	
Jamaica	2,467	
Mexico	818	
Peru	4,789	
Puerto Rico	1,439	
Saint Lucia	4,224	
Sint Maarten	12,310	Netherland Overseas Territory, Netherland CAGE Distance
Trinidad and Tobago	5,273	Ghemawat CAGE Comparator™ Distance Analysis Selections
Turks and Caicos Islands	4,195	British Overseas Territory, UK Cage Distance

Multidimensional speed measurement. Based on the proposed formula, the calculation yielded a speed of 9,301.94. This measurement took into consideration the average of entries per foreign country, which is 1.5, multiplied by the total CAGE Distance, which is 105,422, divided by the internationalization period of 17 years.

Southwest Airlines

Internationalization & commitment calculation. Southwest Airline inaugurated its first international flight by flying to San Juan in April 2013 (Southwest Airline, 2014) after requesting an institutional approval in 2012 (Southwest Airline, 2013). Hence, Southwest Airline has undertaken its first internationalization in 2013 to reach a total of 15 international destination in 10 countries by 2018 (Southwest Airline, 2019). This has yielded an average of 1.5 international entry per foreign country.

CAGE distance measurement. As proposed in methodology, CAGE Distance is a key component in speed's measurement. The total CAGE distances of Southwest Airlines' host countries have totaled 38,646. The CAGE Distance was calibrated by choosing the type of service trade to transportation and based on the period of 2000-2016. However, the data lacked measurements of Aruba, the Cayman Islands, and Turks and Caicos. As described in the table (Table 9) and due to being part of overseas territories of other countries, we took the number of their sovereign countries.

Table 9: CAGE Distances for Southwest Airlines between host countries and US

Country Destination	CAGE Distance	Cage Destination Reference
Mexico	818	Ghemawat CAGE Comparator™ Distance Analysis Selections
Jamaica	2,467	
Bahamas	2,911	
Aruba	12,310	Netherland Overseas Territory, Netherland CAGE Distance
Dominican Republic	2,555	Ghemawat CAGE Comparator™ Distance Analysis Selections
Costa Rica	3,127	
Belize	2,202	
Cuba	3,866	Average CAGE Distance of Caribbean Countries
Cayman Islands	4,195	British Overseas Territory, UK Cage Distance
Turks and Caicos	4,195	

Multidimensional Speed Measurement. Based on the proposed formula, the calculation yielded a speed of 8,281.29. This measurement took into consideration the average of entries per foreign country, which is 1.5, multiplied by the total CAGE Distance, which is 38,646, divided by the internationalization period of 7 years.

Unidimensional Measurement:

The unidimensional measurements have been split into two streams. Some scholar conceptualizes the internationalization's speed based on pre-entry (Musteen, et al., 2010; Oviatt & McDougall, 2005) whereas others are interested in the post-entry (Casillas and Moreno-Menendez, 2014; Chen & Yeh, 2012; Zhou, 2007). The following sections will propose unidimensional measurement of each studied LCCs through pre-entry and post-entry measurements.

Pre-Entry Measurement

As we studied the time to internationalize in accordance to Musteen et al. (2010) definition, we projected the calculation on studied LCCs.

Air Canada Rouge. Air Canada Rouge internationalized during its first year of operation by launching its first flight as an international flight to Venice and Edinburgh in July 2013 (Air Canada, 2013, February). The foundation of the airline was in December 2012 (Air Canada Media Room, 2012, December). Therefore, Air Canada Rouge took less than 8 months to internationalize.

Ryanair was founded in 1985 and carried its first international flight in 1987, taking Ryanair 2 years to internationalize.

EasyJet. As we studied the time to internationalize in accordance to Musteen et al. (2010) measurement, we projected the calculation on EasyJet. Hence, EasyJet was founded in 1995 (EasyJet Corporate, n.d) and undertook its first international flight in 1996 to Amsterdam (EasyJet, 2008), taking only 1 year to internationalize.

JetBlue. JetBlue. JetBlue was founded in 1999 ('JetBlue Our Company', n.d.) and undertook its 1st internationalization in 2002 (JetBlue Media Room, 2012, March). Hence, it took JetBlue only 4 years to internationalize.

Southwest Airline was founded in 1967 and flown its own metal by 2013 to San Juan. In fact, Southwest Airline had expressed no interest in international market prior to 2002 and Gary Kelley advanced that Southwest Airline is an "all domestic carrier" (Southwest Airline, 2003, January). The early internationalization's move by southwest airline was in the form of code sharing with other airlines such as AirTran (Southwest Airline, 2005), Volaris, and WestJet

(Southwest Airlines, 2008, December). This has represented a learning ground for southwest to build adequate capabilities to support its internationalization in 2013. This date was reached after many postponements due to technological development. All in all, Southwest Airline took 45 years to internationalize. Southwest Airline has the longest pre-entry time to internationalize.

Post Entry measurement

For the post Entry measurement, Casillas and Moreno-Menendez (2014) have measured the internationalization's speed as the period in days between international operation since the first internationalization. In parallel, Chen and Yeh (2012) have proposed as a measure "the time span between two successive investments". Based on these measurements, the following will present each LCC with its unidimensional measurement that separate the firm's international behavior in form of different FDIs since its first internationalization activity. The measurement will focus on the post entry period of LCC in their internationalization journey. However, due to the nature of the heavy capital investment of the industry and due to the internationalization frequency of LCCs, which takes more than couple of days or months to complete, the following measurement will be based on the yearly activity of the firm.

Air Canada Rouge. Since its first internationalization in 2012 (Air Canada, 2013, February), Air Canada Rouge internationalized through either year-round international flight or seasonal international flight. Air Canada CEO Calin Rovinescu argued that Air Canada Rouge is the competitive arm on international leisure market (Air Canada, 2013, August). This has been translated into an aggressive internationalization of Air Canada rouge since its first international flight and developed an international network on a yearly basis as shown in the event data table.

For instance, and in addition to 2012 and 2013, Rouge has requested an institutional approval to fly to Peru on a year-round service (Air Canada media room, 2014, September) as well expanding the original point of flight for Rouge not only from Montreal and Toronto but also from Vancouver and Calgary (Air Canada, 2014, May). In 2015, it introduced 11 new international flights that served Europe, Mexico, and North Africa through Casablanca, Morocco (Air Canada Media Room, 2015, September). Rouge has continued to launch new service flight on a yearly basis as seen in the event table under the internationalization type of events.

To satisfy Zhou (2007) criteria of accounting for internationalization's speed only when foreign sales exceed 20%, the study analyzed the case for Air Canada Rouge. Air Canada Rouge does not communicate its international sales as the parent company provide aggregate sales figures of all of its subsidiaries. However, Air Canada Rouge has more than 50% of its destinations outside of Canada. For example, Air Canada CEO advanced that rouge supported their internationalization strategy of having 90% of capacity deployed internationally (Air Canada, 2015, May). As advanced in Air Canada Credit Suisse Industrials Conference, International market is a priority for Air Canada Rouge (2015, December). Therefore, the study assumes that Air Canada Rouge foreign activities exceeds Zhou's (2007) criterion for accounting for internationalization's speed.

Ryanair. The following will try to understand the time that separates international behavior of Ryanair since its first internationalization. Ryanair engaged in different form of international behavior. The international behavior of Ryanair can be categorized in term of acquisition, launch of new international routes, bases and subsidiary establishments.

Ryanair submitted a bid to acquire either partly or completely other Airlines since its foundation in 1986 (Ryanair Corporate History, n.d.). Ryanair acquisition journey started by acquiring Buzz, British low-cost airline of KLM in 2004 (Ryanair Corporate History, n.d.). In 2006 and after 2 years of the previous acquisition of Buzz, Ryanair presented a bid to acquire Aer Lingus in 2006, which was blocked by the Irish government (Ryanair, 2006, November).

On the other hand, Ryanair placed a bid to acquire FlyBe slots at Gatwick in 2013 (Ryanair, 2013, May), but these slots were acquired by EasyJet in the same year thanks to a competitive bid (EasyJet, 2013, November). Michael O'leary has expressed Ryanair's reluctance to acquire these slots at high prices (Ryanair, 2014, May).

The acquisition activity of Ryanair returned in 2018 after the failing bid for FlyBe slots by bidding for Alitalia in 2017 that was nonconclusive (Ryanair, 2017, September). During the same year, Ryanair acquired 25% of the Austrian airline Laudamotion (Ryanair, 2018, May). The acquisition activity of Ryanair can be seen as discontinuous and depends on the nature of the market and the presented opportunity.

On the other hand, Ryanair engaged actively and on a yearly basis in bases establishments since 1998 (see event history data table). Ryanair network of bases have reached 45 bases by Q1 2012 (Ryanair, 2012, July) a number that doubled in 6 years by reaching 82 bases in 2018 (Ryanair Corporate History, n.d.). All in all, Ryanair has averaged an opening of 3 bases per year since its first foreign base establishment in London Stansted Airport in Essex in 1991 (Ryanair Corporate History, n.d.). The bases development and strategic commitment are developed in the company's case presentation.

Ryanair has a total of 82 bases including the 3 bases in Ireland (Ryanair, 2018, October). We can see that more than 95% of its bases are in foreign countries. The heavy international presence is apparent through more than 200 international destination across 82 bases outside of Ireland, and a presence in 37 countries (Ryanair, 2018, October). Moreover, Ryanair carried more than 11 million international customers, making it the first airline to have this important international customer base in 2017 (Ryanair, 2017, November). Due to the heavy presence of Ryanair outside of Ireland, the study can assume that Ryanair generates more than 20% of its revenue from international sector. Hence, it satisfies Zhou's (2007) criterion of exceeding 20% to be accounted for internationalization's speed.

EasyJet. Easyjet has served international market in 1996 by flying to Amsterdam (EasyJet, 2008). The year of 1996 has seen the launch of 3 international flights (EasyJet Our Journey, n.d.). Besides, it took only 2 years for EasyJet to acquire 40% of a swiss charter and renaming it as EasyJet Switzerland, a move that marked EasyJet entry into the swiss market by 1998 (EasyJet Our Journey, n.d.). The same operation was run after 4 years by acquiring Stansted that is the British Airline Low Cost Subsidiary by 2002 (EasyJet Our Journey, n.d.). The acquisition activity was reactivated after 5 years by acquiring a London Base low-cost airline named as GB Airways (EasyJet Our Journey, n.d.). The acquisition of GB airways grants access to Southern European and North African destinations starting 2007 (EasyJet Our Journey, n.d.). The acquisition activity of EasyJet will only be relaunched after 6 years in 2013 by placing a bid to acquire FlyBe slots at Gatwick Airport to increase its presence in the Scottish market (EasyJet, 2013, November). After a competing bid from Ryanair for FlyBe Slots at Gatwick Airport, Easyjet won the acquisition of the slots marking a 40% capacity increase in Easyjet overall capacity increase of 3.5% (EasyJet, 2013, November). After the Flybe slots' acquisition in 2014, EasyJet engage in partial acquisition

of Air Berlin assets in 2017 (Chee, 2017) to be finalized in 2018 (EasyJet, 2019). As described above, the acquisition activity that aims at increasing the international behavior of EasyJet is run every 4-7 years.

On the other hand, EasyJet engages in bases establishments as a reinforcing activity of its internationalization endeavors. Based on the event data table, EasyJet is active on a yearly basis in bases establishments. For example, EasyJet established its 5th base in London Gatwick in 2001 (EasyJet Corporate, n.d) and its 17th base in Madrid by 2007 (EasyJet Our Journey, n.d.). Hence, EasyJet established 13 bases within 7 years. In 2008, EasyJet made its Paris Charles De Gaulle base as its new European base (EasyJet Our Journey, n.d.). Plus, EasyJet is engaged in bases establishments throughout Europe, with a focus on adding new bases to its existing markets such as Hamburg 2nd base in Germany by 2014 and 3 new bases in France (Lyon 2008, Nice and Toulouse in 2011) (EasyJet Our Journey, n.d.). The bases efforts translated into a network of 29 bases throughout Europe where EasyJet enjoyed leadership position in 24 of these bases, according to its CEO (EasyJet, 2018, November). Also, Johan Lundgren EasyJet CEO (2018) argued that the investment in bases network drove 20% contribution in revenues (EasyJet, 2018, November). Taking into consideration the calculation of average FDIs per new year, we can see that for 29 bases across Europe within 23 years of operations expresses the yearly efforts in bases establishments as a core strategy to expand its European presence.

Last but not least, EasyJet satisfied Zhou's (2007) condition of exceeding 20% of total revenue from international stream. In fact, EasyJet has expressed that non-UK passengers take up more than 50% of revenue in 2009 (EasyJet, 2009, May).

JetBlue. JetBlue and Southwest Airline share the same first international destination that is San Juan, Puerto Rico, but JetBlue has been first to fly to San Juan in 2002 (JetBlue Media Room, 2012, March). Since 2002, JetBlue has increased its stage length to accommodate and gain expertise in the long-haul flights (JetBlue Airways, 2004, January). Based on the event table for the event type of internationalization, JetBlue has been engaged in a yearly effort to increase its international activities and revenues. For example, the growth of stage length will equip the company to consider long haul flights (JetBlue Airways, 2004, October). This was followed by increasing its deployed Caribbean capacity from 6% (JetBlue Airways, 2006, February) to 8% in

less than a year (JetBlue Airways, 2006, April). In 2007, JetBlue was not only present in the American continent but also in mid-Atlantic (JetBlue, 2007, March). In fact, the Caribbean region represented 11.5% of the JetBlue capacity with a yearly growth of 36% through new routes to Mexico and multiplying its origin cities that fly to Puerto Rico and Dominican Republic (JetBlue Airways, 2007, October). On the other hand, JetBlue has engaged in different forms of alliances with Lufthansa in the form of acquisition (JetBlue Airways, 2010, March). These efforts have been run on a yearly basis since 2008 with frequent introduction of new routes and destinations as well as new interlining agreement. These efforts manifested into 23 commercial agreement with international airlines (JetBlue Airways, 2013, April). For example, JetBlue entered commercial agreement with Icelandair in 2011 (JetBlue Airways, 2011, July) and Royal Air Maroc in 2012 (JetBlue Airways, 2012, October). To show the yearly engagement in international market, JetBlue estimated that they are growing in nearby international market at 30% on a yearly basis (JetBlue Airways, 2014, July).

In 2008, JetBlue has derived more than 10% of revenues from international markets (JetBlue Airways, 2009). The international revenue was supported by a 30% of JetBlue capacity that is deployed for international activity (JetBlue Airways, 2013, January). The different partnership and the company international presence contributed by $120 million in 2014 to $515 million total revenues (JetBlue Airways, 2014, September). Accounting for the international revenue based on its own operation and the international revenue generated through commercial agreement with other airline yield a ratio of a little north of 20%. A number that was reached by JetBlue in 2016 and 2017 by reaching 28% of revenue from international markets (JetBlue Airways, 2017; 2018). The international revenue portion surpassed 20% making JetBlue eligible for Internationalization’s speed measurement according to Zhou (2007).

Southwest Airline was founded in 1967 and only expressed its international openness for the nearby international market in 2003, according to its CEO Gary Kelly (Southwest Airlines, 2003, October). However, its first internationalization through its own metal was inaugurated in 2013 by flying to San Juan according to its CEO in its letter to shareholders (Southwest Airlines, 2014). In the meantime, Southwest Airlines placed a bid to acquire ATA Airlines that had a nearby international presence under its activities (Southwest Airline Media, n.d). By 2012, Gary Kelly, Southwest Airline CEO, advanced that AirTran acquisition is "a unique opportunity to grow

Southwest Airlines' presence in key markets we don't yet serve and takes a significant step towards positioning us for future growth." (Southwest Airline Media, n.d.). The period that run between 2006 and 2013 was marked by code sharing discussion with different airlines such as Volaris, Mexico and WestJet Canada (Southwest Airlines, 2008, December). During the period that precedes Southwest Airline internationalization, the company was learning international expansion through code sharing and through AirTran acquisition in 2014 (Southwest Airlines, 2015, December). Despite the different efforts, the internationalization of Southwest Airlines through its own metal has only reached 10 countries by 2018 (Southwest Airline, 2019). This network was developed due in part to the acquisition of AirTran (Southwest Airlines, 2015). Also, the international development was in part limited by the set of requirements such as 15% of ROIC of the potential international routes during the first quarters of operations (Southwest Airline, 2014, July).

Southwest Airlines saw its portion of international revenue to grow from 1% to 3% of the total revenue within the period of 2014-2016 (Southwest Airlines, 2017, January). Gary Kelley has expressed that Southwest Airlines has 4% of its capacity deployed internationally that supported 14 near international destination (Southwest Airlines, 2018, May). This signals that according to Zhou (2007) definition, Southwest Airline is not eligible to be accounted for internationalization's speed as it didn't exceed 20% of total sales.

Internationalization's Speed Comparison

Multidimensional Analysis

Based on different measurements that are rooted in the international business scholarship, the following discusses and ranks the studied LCCs from the fastest to the slowest internationalizing LCC.

As presented in table below (Table 10), Air Canada Rouge ranked as the fasted LCC in its internationalization journey, followed by Ryanair and EasyJet, then JetBlue by having a moderate internationalization speed, and finally Southwest Airlines comes as having the lowest internationalizing speed.

For multidimensional internationalization speed quantification, Air Canada rouge has yielded a speed of 88,475.19 that is more than 7 times to Ryanair's speed of 11,795.44. This calculation was based on Air Canada Rouge having a network of 27 countries with 60 international destination, which was developed within 7 years period. However, Air Canada Rouge has the largest total cage distance of 238,883. This is derived from the fact of Air Canada Rouge serve different continents from Canada. Air Canada Rouge has travelled this total cage distance in only 6 years of operations. Ryanair and EasyJet followed Air Canada Rouge in their internationalizing speed due to their high focus on European expansion. Ryanair has developed a network of 37 countries with approximately 200 international destinations within 32 years, whereas, EasyJet developed an international network of 130 international destination across 39 countries within 23 years period. Although EasyJet has entered more foreign countries than Ryanair, Ryanair travelled to more distant countries according to CAGE calculation and with high commitment with an average of 5.4 destinations per foreign country.

On the other hand, Southwest Airlines ranks as having low speed internationalization in comparison to the other studied LCCs. However, JetBlue has a high internationalization's speed in comparison to Southwest Airlines. For example, JetBlue has developed a network of 24 countries with 36 international destination in comparison to Southwest developing 10 countries with 15 international destinations. This is translated into an equal average of entry per foreign country of 1.5. While Southwest Airline totaled 38,646 in its CAGE Total distance, JetBlue has reached a total of 105,422. Despite the relatively young age of JetBlue in the US market, it has carried its first flight 10 years before the first international flight of Southwest Airlines in 2013.

Therefore, the multidimensional calculation ranks the studied LCCs as follow: Air Canada Rouge and Ryanair as the fastest internationalizing LCC followed by EasyJet and JetBlue with moderate internationalization speed, and finally Southwest Airlines with the slowest speed of internationalization (Table 10).

Table 10: Multidimensional Summary Table Calculation

	CAGE Comparator Details	International Destination	Number Countries	Average of entry per foreign country	Speed
Air Canada Rouge	- CAGE Total Distance: 238,883 - CAGE Speed: 39,814 - Range of CAGE: (813;16,678) - - Years of International operations 7 - Average 5,972	60	27	2.2	88,475.19 (High)
Ryanair	- CAGE Total Distance: 69,829 - CAGE Speed: 2,182 - Range of CAGE: (62;4,512) - Years of International operations 32 - Average 1,940	200	37	5.4	11,795.44 (High)
EasyJet	- CAGE Total Distance: 67,314 - CAGE Speed: 2,927 - Range of CAGE: (627; 3,781) - Years of International operations 23 - Average 1,870	130	39	3.3	9,755.65 (Moderate)
JetBlue	- CAGE Total Distance: 105,422 - CAGE Speed: 6,201 - Range of CAGE: (818;12,310) - Years of International operations 17 - Average 4,393	36	24	1.5	9,301.94 (Moderate)
Southwest	- CAGE Total Distance: 38,646 - CAGE Speed: 6,441 - Range of CAGE: (818; 12,310) - Average 3,865 - Years of International operations: 7	15	10	1.5	8,281.29 (Slow)

Unidimensional Analysis

The unidimensional analysis is rooted in the conceptualization in different contribution of unidimensional measurement with different period of focus, pre-entry period vs post entry-period. In that sense, Air Canada rouge internationalized not only during the 1 year of operation, but the first flights were transatlantic that served Venice and Edinburgh from Canada. EasyJet also internationalized in less than a year after foundation in 1995. Plus, Ryanair comes as third by operating its first international flight only 2 years after foundation. On the other hand, JetBlue undertook its first international flight 4 years after foundation. Finally, it took 47 years for Southwest Airlines to operate its first international flights (Table 11).

The unidimensional analysis is also rooted in Zhou (2007) argument that internationalization speed needs only to be accounted when international revenues exceed 20% of total revenue. All the studied LCCs satisfy Zhou's (2007) condition with the exception of Southwest Airlines.

Hence the unidimensional measurement aligns with multidimensional measurement in proposing that Air Canada Rouge, EasyJet, Ryanair, JetBlue as having accelerated speed in comparison to Southwest Airlines.

Table 11: Unidimensional Speed Measurement Summary

	Unidimensional Measurements	
	Pre-Entry: Time to internationalize	**Post-Entry: % of capacity deployed internationally**
Air Canada Rouge	0	More than 90%
Ryanair	2	More than 90%
EasyJet	1	More than 50%
JetBlue	4	More than 30%
Southwest	47	Less than 5%

Conclusion

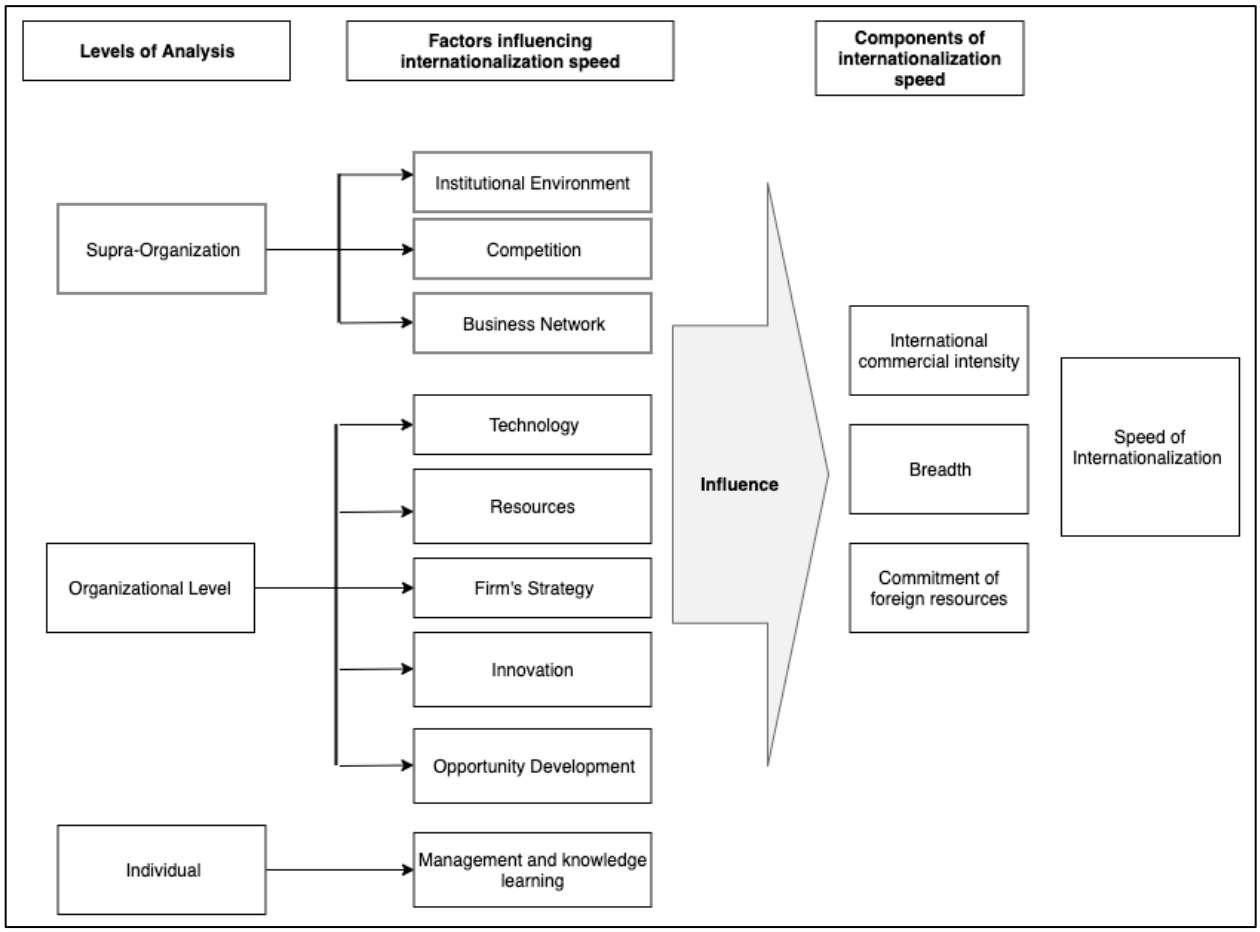
Based on different analysis that are multidimensional and unidimensional, they all converge that Air Canada Rouge, Ryanair, and EasyJet as having high speed of internationalization. In contrast, JetBlue has a moderate speed of internationalization and Southwest Airlines yields low speed of internationalization. All in all, Air Canada rouge is the fasted studied LCC, followed by Ryanair, EasyJet, JetBlue, and finally Southwest Airlines.

Chapter 6: Analysis and Discussion

As the current chapter examines key findings emerging from each level of analysis in light of theory, all level of analysis confirms the positive influence on internationalization speed of LCCs (Figure 12). However, not all forces within each level of analysis are of equal influence on internationalization speed. While all forces at supra-organizational and individual have high level of impact, the forces at the organizational level are not equally impacting the internationalization speed of LCCs.

The previous chapter consisted of measuring the speed of internationalization for major LCCs using both unidimensional and multidimensional methods. Findings indicate that the LCC with the highest speed is Air Canada Rouge, followed by Ryanair. EasyJet and JetBlue are considered to have a moderate speed of internationalization, while Southwest has a low speed of internationalization. For the purpose of this study, the following chapter assesses the link between the findings of chapter 4 and chapter 5 in order to identify the most significant forces or factors that influence the speed of internationalization. The analysis will be presented as show in Figure 12, that is, by presenting findings at the supra-organizational level, the organizational level and the individual level.

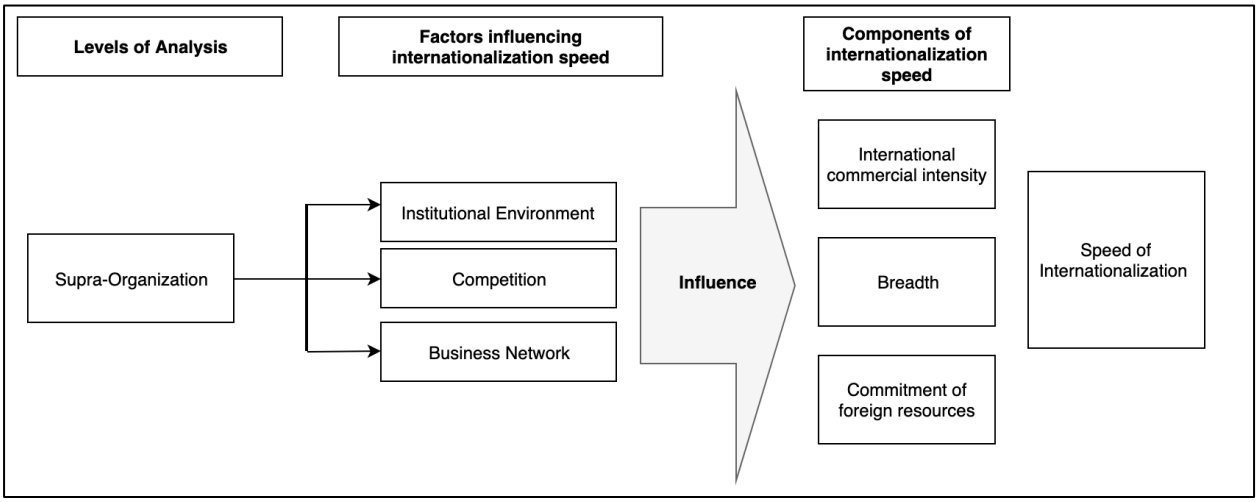
Figure 11: Theoretical framework that assesses factors that influence firms' speed of internationalization



Supra-Organization level

The supra-organization level is composed of the influencing factors outside of the LCC. This level of analysis is composed of institutional environment, competition, and business network in studying the influence on internationalization speed of LCCs (Figure 13).

Figure 12: Supra-organization level of analysis on internationalization speed of LCCs



Institutional Environment

Based on the cases presentation, the most significant and recurring elements within the institutional environment are the home institutional environment, the host institutional environment, and labor unions.

The home institutional environment represents a source of influence on the internationalization speed. According to the cases presented, it became obvious that the higher the number of open skies agreements a country has with foreign countries, the higher is the flexibility of the airline to have opportunities to internationalize. The deregulation of skies proven to be the main factor that enabled fast internationalization to new countries. It is also important to note that the home institutional environment plays an important role in applying taxes, having control over airports and charges, and facilitating flights connections for a domestic company that willing to enter international market. Also, being part of a regional agreement, such as European Union offers the advantage for LCCs to access a high number of countries and to have access to a larger foreign market. However, subsidies to other carrier represent a challenge to established LCCs.

The Visa program leniency also represents an opportunity for internationalization as observed among the fast internationalizing LCCs. In the US, JetBlue internationalized faster than Southwest, and contrary to Southwest, it endured the support of regulatory authorities of New York in the form of international slots and gates, among other incentives. Also, an understanding between governments might facilitate the international entry for domestic LCCs to foreign countries. Examples can be the openness in the Cuban-US diplomatic relationships and the openness in the US-Canada relationship that has more than 107 blue sky programs including 75 open skies agreements.

The home institutional environment factor is proven in this research to have a significant impact on the speed of internationalization. That is, if a given LCC have a favorable home institutional environment, it increases the international commercial intensity, the breadth of market, and the commitment in foreign resources.

Concerning the case of the host institutional environment, it also represents a source of influence on internationalization speed. Incentives such as lowered airport charges and taxes represent an opportunity for LCCs, such as the case of the Scandinavian and Canary Islands institutions vis-à-vis Ryanair. However, it was noticeable through the cases analysis that the Brexit and changes in the macro-economic environment can represent a threat for LCCs that might include increased transactional costs and taxes as well as a reduction of capacity.

This leads to concluding that a favorable host institutional environment also leads to impacting the three components of speed significantly. However, in the case of unfavorable host institutional environment, LCCs might incur significant losses that lead to a significant low speed of internationalization. This is through significantly decreasing the commitment in foreign resources, decreasing the breadth of market, and decreasing the international commercial intensity.

Finally, and with regards to the human capital factor within the institutional environment, it represents an important part of LCCs. In the case of Air Canada Rouge, the company could not have the expansions of fleets, network, and flexibility of moving capacities without a successful negotiation with labors. But at the same time, Ryanair employed another tactic that relies mainly on job contractor and benefits from the European status. However, Southwest places high importance on negotiation with labor union in regard to the company's direction. The

management's discussions and negotiations with labor union represent a facilitator for LCCs international expansion. Thus, it can be concluded that the speed of internationalization is impacted by the labor union through the support or non-support of international growth.

The following findings align with the contribution of Shirokova and Tsukanova (2013). These latter authors indicated that the domestic institutional environment plays an important role in the internationalization of companies. Also, Descotes et al (2007), Cieslik and Kaciak (2009) suggested that the domestic or home institutional environment leads to either the increase of decrease of the speed of internationalization, according to its conditions. For Kiss and Danis (2008), they have put an emphasis on developing the link between domestic and host institutional environment as being a significant factor that impact the internationalization speed. For Forsgren (2002), the author indicated that a favorable host institutional environment reduces the ambiguity of internationalization, and hence the speed of internationalization. The findings indicate that also in the institutional environment is an important source of influence on internationalization speed in LCCs. However, the literature review is limited in terms of the human capital as part of the institutional environment in influencing internationalization speed.

Competition

Table 12: Key findings of competition faced by each studied LCC

Fast		Moderate		Slow
Air Canada Rouge (Born Global)	**Ryanair (Born Global)**	**EasyJet (Born Global)**	**JetBlue (Network Model and Born Global)**	**Southwest Airlines (Traditional Model)**
- Competitive pressure on parent company on leisure and some international routes. - The revenue decreased by CAD$ 2 million on Australian routes as well as Central and South America, which led to the creation of Air Canada Rouge - Air Canada rouge with its low-cost structure is competitive on seasonal and leisure destination. - Air Canada Rouge is the competitive arm of the parent company on wherever it faces competition from LCCs. - Lowest price guaranteed for customer on Air Canada rouge.	- High fuel prices, interest rate spikes in 2000 created a tense competitive European market. - State aid to full-service airline in Europe represents a competitive pressure. - The financial strength and cost structure of Ryanair contributed to the competitiveness of the airline. - Ryanair reduced its fares by 5% in 2004 when other airlines were recording losses. Reduced capacity of competitors represents a trigger for market entry. - In 2008, Ryanair offered its fare on an average of 43 euros that is the half of what EasyJet proposed. Also, the company has the highest margin in the industry.	- Deregulation of European Air skies in 1995 created tense competition in the European airline market. - Competes on Primary airports that create leverage in comparison to Ryanair. - Pressure from flag carriers in the short haul market. - Focus on most competitive top European routes and airports	- Offering more legroom as differentiation to defy competition for the near international destination. - Aggressive competition in the near leisure international destinations. - Offering unlimited snacks, in-flight live tv and radio and limiting fleet densification. - Moving its airport terminal and gates near international carriers' arrivals and departure to enhance connectivity.	- Legal and political pressure to limit Southwest Airlines growth in the US from 1970s to early 2000. (Wright Amendment). - Southwest Airlines grew resilient to all competitive pressure in the US and become the largest carrier in 2007. - Southwest Airlines has a strong financial capability and by recording continuous profitability since its foundation, by the end of 2018 it had completed its 46th consecutive year of profitability, and only internationalized in 2013.

The fast and moderate internationalizing LCCs were internationalizing in reaction to varying level of competition. As competition increases, the fast and moderate LCCs internationalized to grow the regional market share (Table 12). Also, the fast LCC internationalized as retaliation to competitive pressures on different routes (Table 12).

This is consistent with the fact that increased competitiveness of the industry directly influences internationalization speed (Oviatt & McDougall, 2005). Also, Langseth et al. (2016) argued that rapid internationalization is used to counter competitive pressures. The growing competitiveness of an industry leads to a rapid internationalization to secure market (Oviatt & McDougall, 2005).

Low competition or reduced competition also influences internationalization speed of LCCs through international commercial intensity and change of breadth. Ryanair and EasyJet grew their international presence as they observe reduced competition in a potential or existing market (Figure 13, Figure 14). Ryanair sees the company as an opportunistic company that intends to growth in detriment to reduced capacity of competitors. Due to the low-cost structure and competitivity of LCCs, reduced competition represents a source of increased international revenues. Also, LCCs gain first mover advantage in a market where local competitors free up market shares. Moreover, Southwest Airlines (slow speed & traditional model) considered growing international presence only after perceiving reduced competition in its domestic market. This aligns with Langseth et al., (2016) findings that as growth opportunities are limited in domestic market, the traditional model internationalizes incrementally in controlled pace. Hence, low competition influences international commercial intensity and breadth, and subsequently, the internationalization speed.

All in all, all the different levels of competition influence internationalization speed. High level and low level of competition directly influence international commercial intensity and breadth of LCCs.

Figure 13: Timeline of capacity reduction of competitors and increased internationalization of the fast and moderate speed LCCs

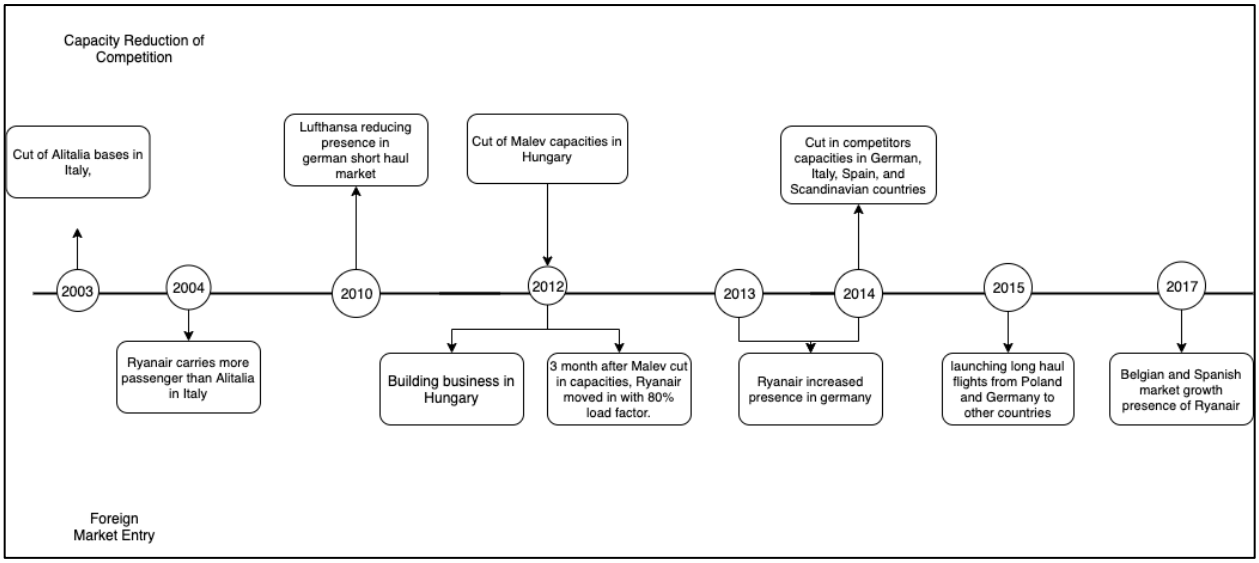
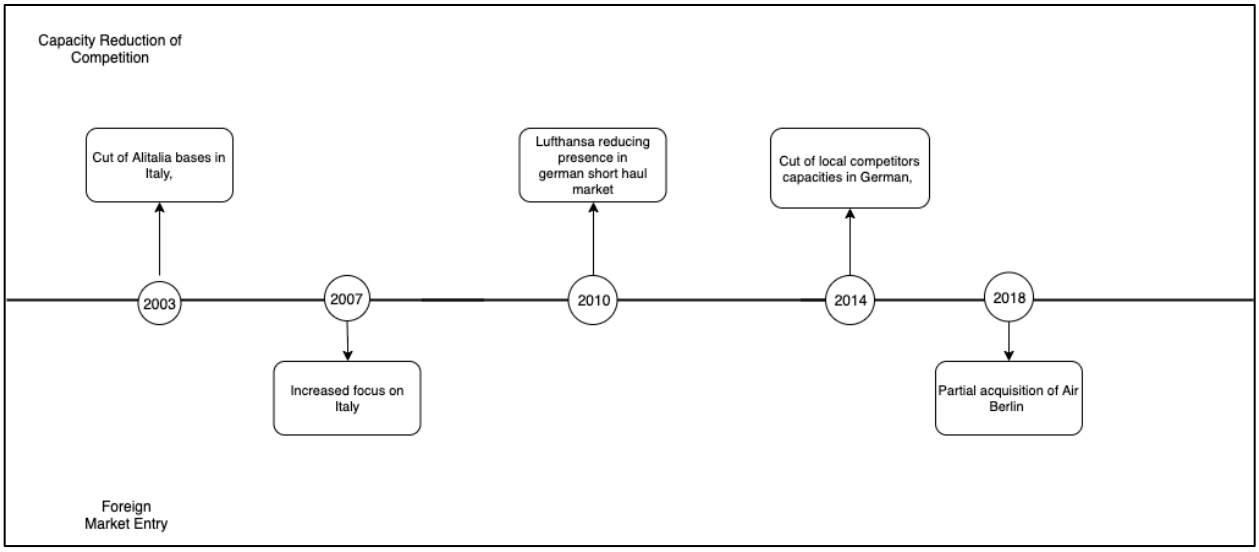


Figure 14: Capacity reduction of competition and international growth of EasyJet



Business Networks

Table 13: Key findings of LCCs business network

	Fast speed of internationalization		Moderate speed of internationalization		Low Speed of Internationalization
	Air Canada Rouge	**Ryanair**	**EasyJet**	**JetBlue**	**Southwest Airlines**
Airlines Business Network	Benefiting from Star Alliances, one of the major airlines business network	Discussion at later stage with long haul airlines for code share	Created its own Airlines business network called Worldwide by EasyJet	Engaging in airlines partnership and reaching 49 airlines agreement by 2018	Limited airlines partnership.
Technological Business Network	Multiple technological partnership for international booking and alternative payments	Partnering with IT provider for RMS	Partnering with RMS IT provider and emphasizing innovation in its partnerships	Partnering with Tech companies to increase sales, customer experience, and efficiency.	Partnering with RMS provider to support International development and other tech companies to improve customer experience
Manufacture and Supportive Business Networks	Benefiting from the purchasing power of the parent company	long partner to Boeing but opening discussion with COMAC China, also partnering with General electric and CFM for engine and maintenance	Varying partnership with the catering service agency for customer experience/ ground and maintenance service, highlighting the innovation of its supportive business partners	Partnerships with Boeing, Airbus, and Embraer	Strong relation with Boeing,
Marketing and Travel Agencies	Benefiting from the group travel agency Air Canada Vacation	Not observed	partnering with strong brand marketer and Travel Management Companies	Varying engagement with travel agencies	Partnering with marketing agencies with international presence

Through cross-case analysis of the business networks of LCCs, different types of business relationships were observed that are airlines partnerships, manufacturers and support business network, and technological business network.

Airlines partnership business networks:

By focusing on international business cooperation between airlines, it is noticeable that fast and moderate speed internationalizing LCCs have engaged differently in airlines business network compared to the slow speed LCCs. While Air Canada Rouge and EasyJet engaged in alliances and code share, Ryanair engaged in code share at a later stage of rapid internationalization. Nonetheless, Ryanair envision that airlines partnership offers the LCC long haul reach. In contrary, JetBlue engaged since inception in enlarging its airlines business network that grew to 49 airlines agreements by 2018, mostly outside of the US. For the slow internationalizing LCCs, Southwest engaged in airlines partnership only after expressing international interest in 2004 as a way to internationalize and grow international market rapidly.

The airlines business network contributes to increased international reach and exposure. These partnerships provide airlines not only with reduced ambiguity and low barriers to new routes, but also with increased international revenue. Thus, this factor is proven to impact all the three components of the internationalization speed.

This aligns with Johanson and Vahlne (2009) in relating the role of business network to reducing internationalization ambiguity. The absence of these partnerships would translate into reduced reach and revenues. The higher the engagement in the network leads to increased international revenue. This aligns with Casillas and Acedo (2013) in advancing the level of commitment to business network affect internationalization speed. As a result, these business networks contribute to increased international commercial intensity and market breadth, and hence, the internationalization speed of LCCs.

Technological business network

According to chapter 5, LCCs are observed to engage in technological partnerships with international exposure and experience. While technology is a source of influence on internationalization speed, LCCs have engaged in different technological business relationships. The commonality is that these partnerships have provided the fast and moderate LCCs with RMS, market internationally, and innovative technologies that improve efficiency (Business Networks

Table 13) international expansion. For the slow internationalizing LCC, technological partnership has helped reduce technological challenges to support international operations (Table 13). Having developed technological business networks lead LCCs to increase their international market intensity.

Support business network

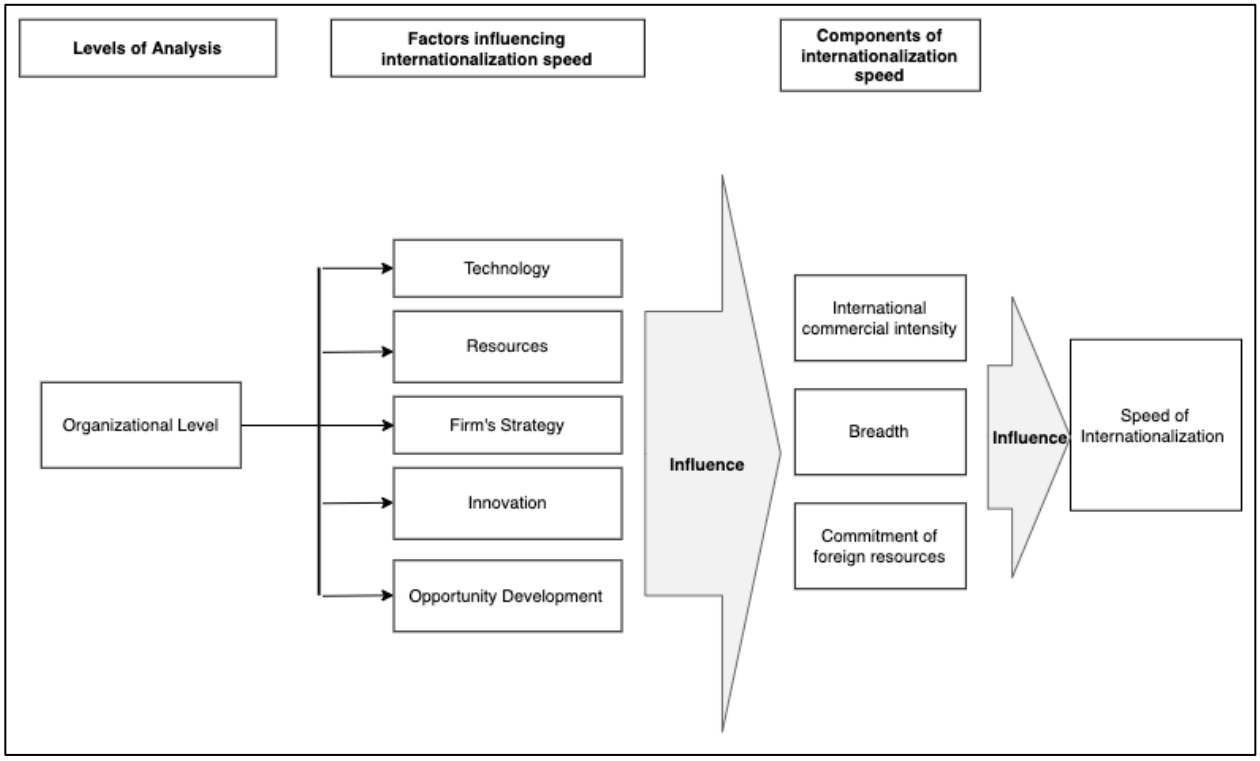
The support business network for LCCs is composed, in part, of aircraft manufacturer and maintenance contractors. While the fast and moderate internationalizing LCCs are open to all aircraft makers, Southwest Airlines have been operating a single type model of Boeing, which is the 737 model. Ryanair is adopting the southwest model in using a single type of aircraft, but later on changed their stance on this strategy. Ryanair is not only open to the European aircraft manufacturers but engaged in discussion with Chinese aircraft manufacturer COMAC. While developing manufacturers and support networks is important for LCCs, there is no obvious relationship between them and the speed of internationalization.

To sum up, while airlines and technological business networks appeared to directly influence internationalization speed, the support and manufacturers business networks have no direct impact on internationalization speed. More importantly, business networks offer to LCCs the support for international operations as well as international exposure and reach. By studying LCCs, the thesis aligns with Langseth et al. (2016) and Oviatt and McDougall (2005) who argued the role of business network in influencing internationalization speed

Organizational Level

The organizational level concerns all factors related to LCCs internal factors (Figure 15). As proposed by the theoretical framework, the organizational level influences internationalization speed through technology, opportunity development, firm's strategy, resources, and innovation. Hereafter, the section will analyze and discuss each factor link to internationalization speed.

Figure 15: Organizational level of analysis on internationalization speed of LCCs



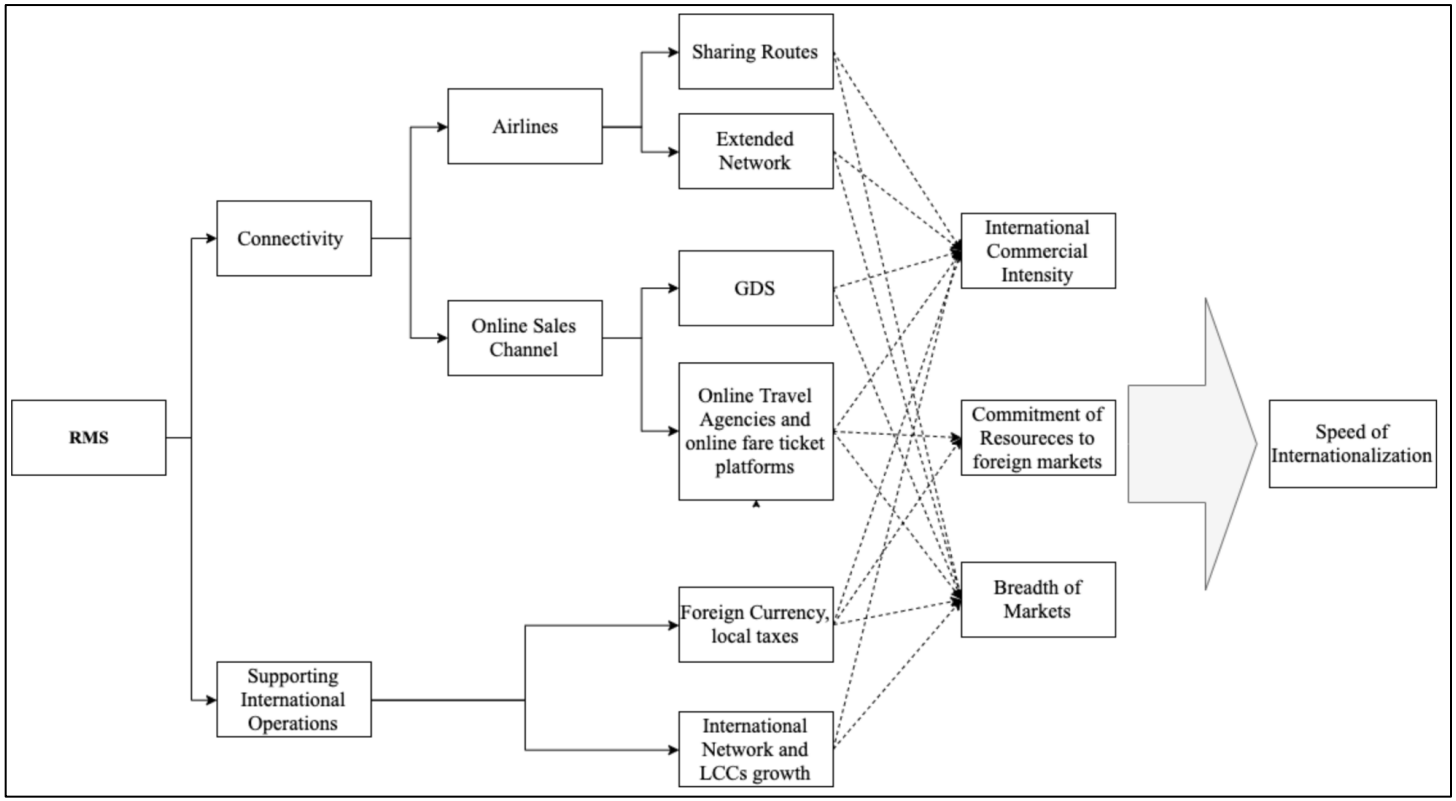
Technology

The study investigates the role of technology in influencing the internationalization speed of LCCs. Through the analysis of data and cases presentations, the RMS and online sales frequently appeared in link to rapid international growth of LCCs. The following section starts by defining the role of these themes across the presented LCCs. This is followed by a description of how LCCs used the RMS technology, the role of influence in internationalization speed, and finally, a discussion that links the findings to current literature.

The cross-case analysis shows that technological sales capabilities appear more frequently with links to the internationalization of LCCs. The technological sales capabilities and channels can be divided into direct and indirect channels (Fiig et al., 2015). Airline's technological sales process is divided into the revenue management platform and distribution, which is composed of retailing and aggregator platforms (Fiig et al., 2015). Findings suggest that technological sales capabilities are built and deployed for the commercialization and management of flight tickets using RMS and online sales channels. The revenue management of airlines involves the RMS and distributions platforms such as Online Travel Agencies (OTA), global distribution systems (GDS), partner Airlines, or price comparator websites (Fiig et al., 2015).

Reservation Management Systems

Figure 16: RMS Role in influencing internationalization speed

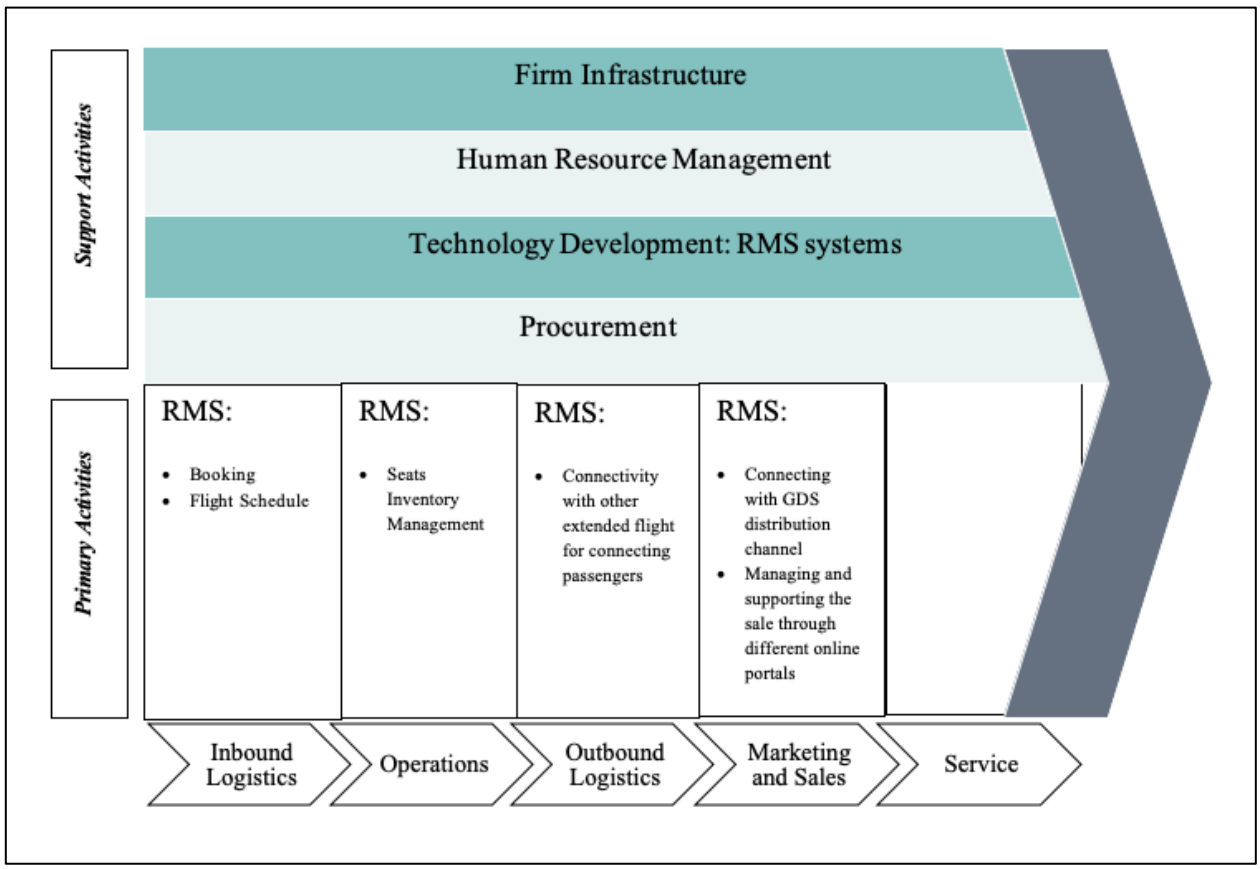


Definition of Reservation Management Systems (RMS).

The cases have commonly expressed the importance and support of the RMS technology to internationalization. The RMS is considered the backbone of an Airline in managing its complex networks and ticketing (Nysveen & Lexhagen, 2001; Mitev, 2000). RMS is a technology that enables airlines to manage ticketing, fare prices and bids, booking class, and inventory management of seats (Fiig, et al., 2015). For cross border operations, RMS provides foreign currency management as well as bid pricing.

For LCCs, the RMS importance is also explained by different intervention in different parts of the value chain (Figure 18). The RMS is core of technological development in the support activities. It is critical to different primary activities through booking and scheduling in inbound logistics, and inventory seat management for operations activities. The RMS also has a role in facilitating connectivity with other airlines for the outbound logistics, and connectivity with different GDS and online sale portals in marketing and sales activities (Figure 18).

Figure 17: RMS positioning in the LCCs value chain activities.



Connectivity to partner airlines

The easiness of fast LCCs to engage and execute cooperation-based[1] internationalization is facilitated by the ease of connecting RMS with partner airlines. The fast and moderate speed internationalizing LCCs (Air Canada Rouge, Ryanair, EasyJet, and JetBlue) have continuously invested and updated their RMS in partnership with different IT aviation leaders such as Amadeus, Sabre, or Navitaire (Figure 18, Figure 19, Figure 20). Ramos et al (2011) suggest that external technological resources facilitate internationalization speed in a study of Spanish SME. Despite Air Canada group's experience with computerized reservation system that dates back to 1963, it remained active in modernizing the system. According to the CEO of Air Canada group at JPMorgan Aviation, Transportation & Industrials Conference in 2018:

> "The new reservation system scheduled to be fully implemented in 2019 will provide richer functionality, greater flexibility and will allow for better integration with our partners. It will also provide us with a robust full retailing platform to allow for dynamic distribution, which we believe is necessary in today's current selling environment. We estimate annual incremental benefits of at least CAD 100 million from this investment."

This signals the importance of continuously updating the RMS as it allows for commercial synergies between LCCs and other market players. On the other hand, Southwest Airlines have been facing difficulties introducing the system to connect with partner airlines through code share and for international operations (Figure 22). Despite launching the code share initiative in 2007 and entering agreements in 2008, and despite major technological installations in 2008, 2009, and 2010, the code share was only possible by the end of 2010 and fully operational by the end of 2011. Also, a delayed international entry represents a missed opportunity for international revenues. This led to a limited international commercial intensity, which impacts internationalization speed. The degree of connectivity of RMS with various Airlines' RMS, through cooperation-based

[1] Such as "code share and block space agreements" (Albers et al., 2010, p.243).

internationalization, provides LCCs with the advantage of executing code share and interlining partnership rapidly.

The level of RMS connectivity, for cooperation-based internationalization, influences internationalization speed. The code share partnership offers the engaged airlines either extended network or the chance to collectively commercialize a shared route (Du, McMullen, & Kerkvliet, 2008). **When the network extension or the shared route falls beyond home country, it contributes to increased international commercial intensity and breadth.** The failure of connecting the RMS platform between airlines results in challenges to commercializing tickets through Airlines partnerships. The full benefit of code share agreement can be reached through smooth connectivity and sales of tickets through airlines partnerships. For example, JetBlue engaged in more than 40 cooperation-based internationalization without experiencing technological challenges. These partnerships contributed to an increase of $120 million international revenues in 2014 for JetBlue. **Hence, the connectivity of RMS to other airlines contributes to increased international commercial intensity and breadth of market**, which is experienced by fast LCCs. According to Casillas and Acedo (2013), international commercial intensity and change in market breadth are components of internationalization speed. As RMS connectivity influences these components, the RMS connectivity influences internationalization speed. This is consistent with the findings of Oviatt and McDougall (2005) that have indicated that technology facilitates the organization of the business internationally and influences the internationalization speed. A smooth connectivity allows for a direct access to customers to the extent allowed or limited by the RMS connectivity. The direct access to customer across border is a source of influence for internationalization speed (Chetty & Campbell-Hunt, 2004; Oviatt & McDougall, 2005). Also, Luo et al. (2005) suggest that network connectivity influence internationalization speed of e-commerce companies.

Figure 18: Air Canada Rouge RMS development vs internationalization activities

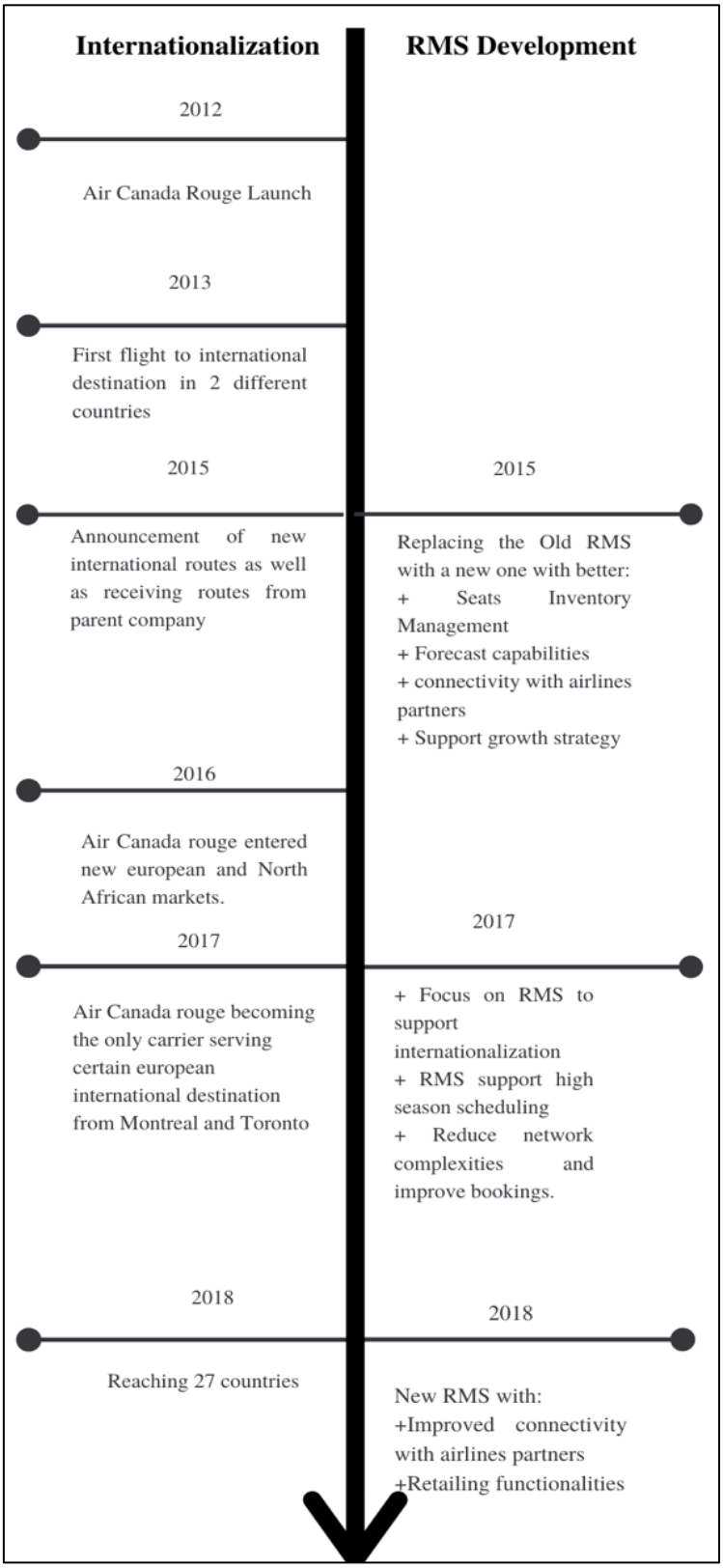


Figure 19: Ryanair RMS development vs internationalization activities.

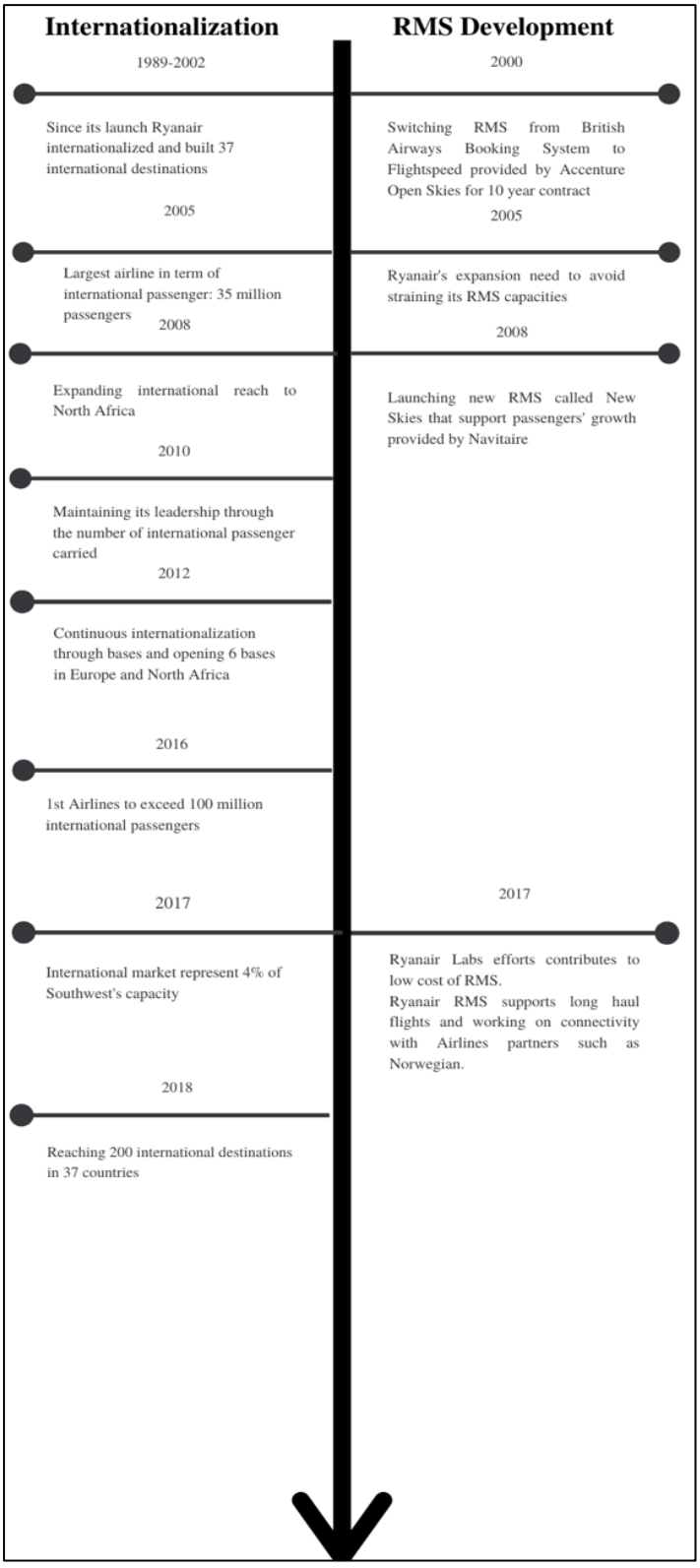
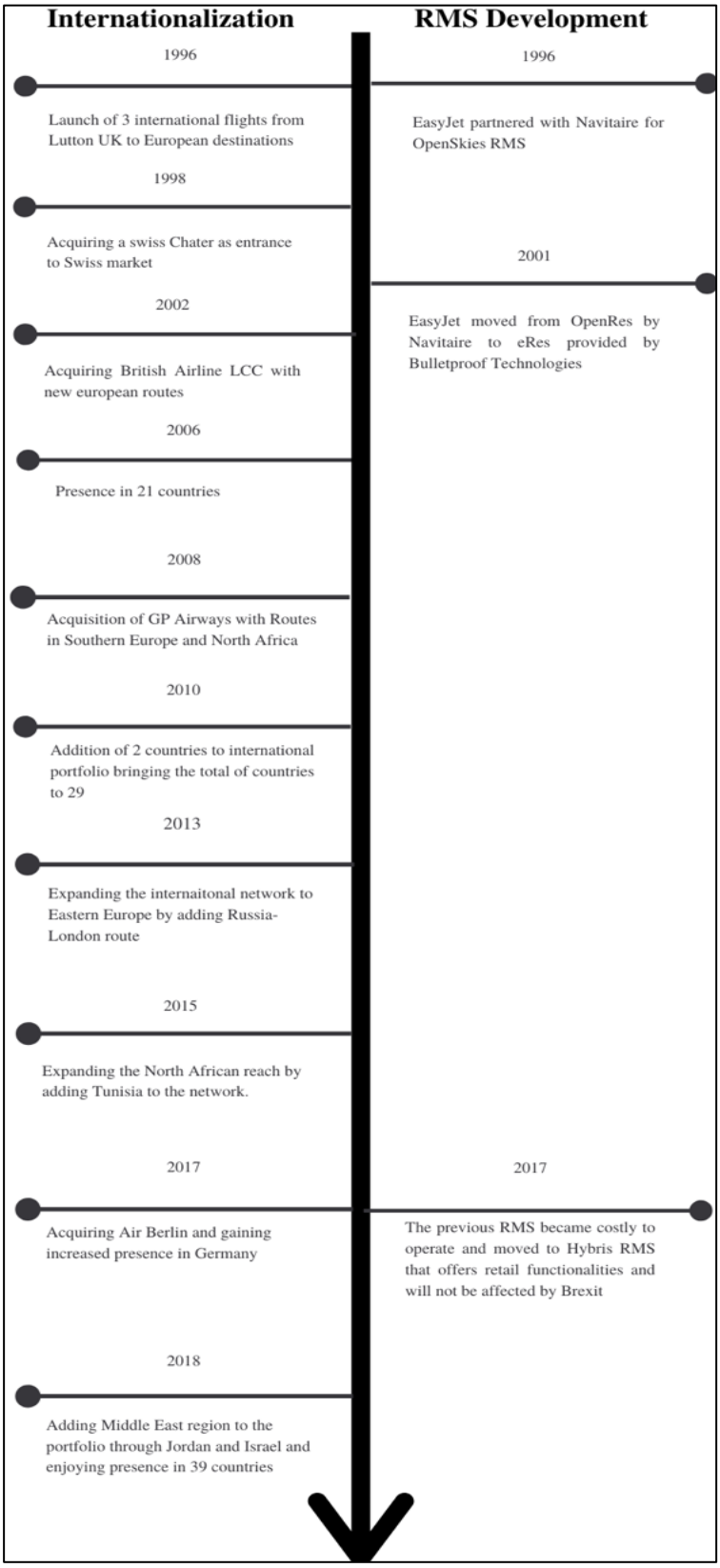


Figure 20: EasyJet RMS development vs internationalization activities



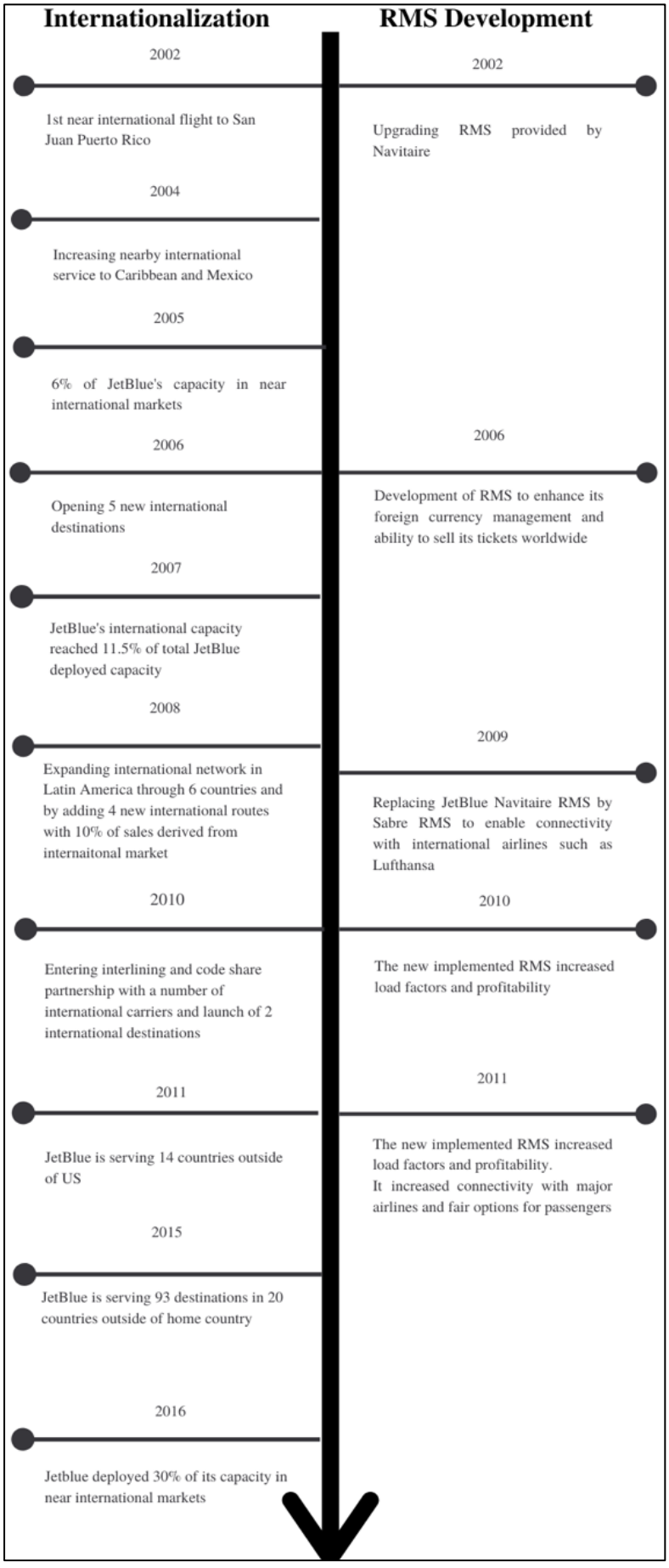
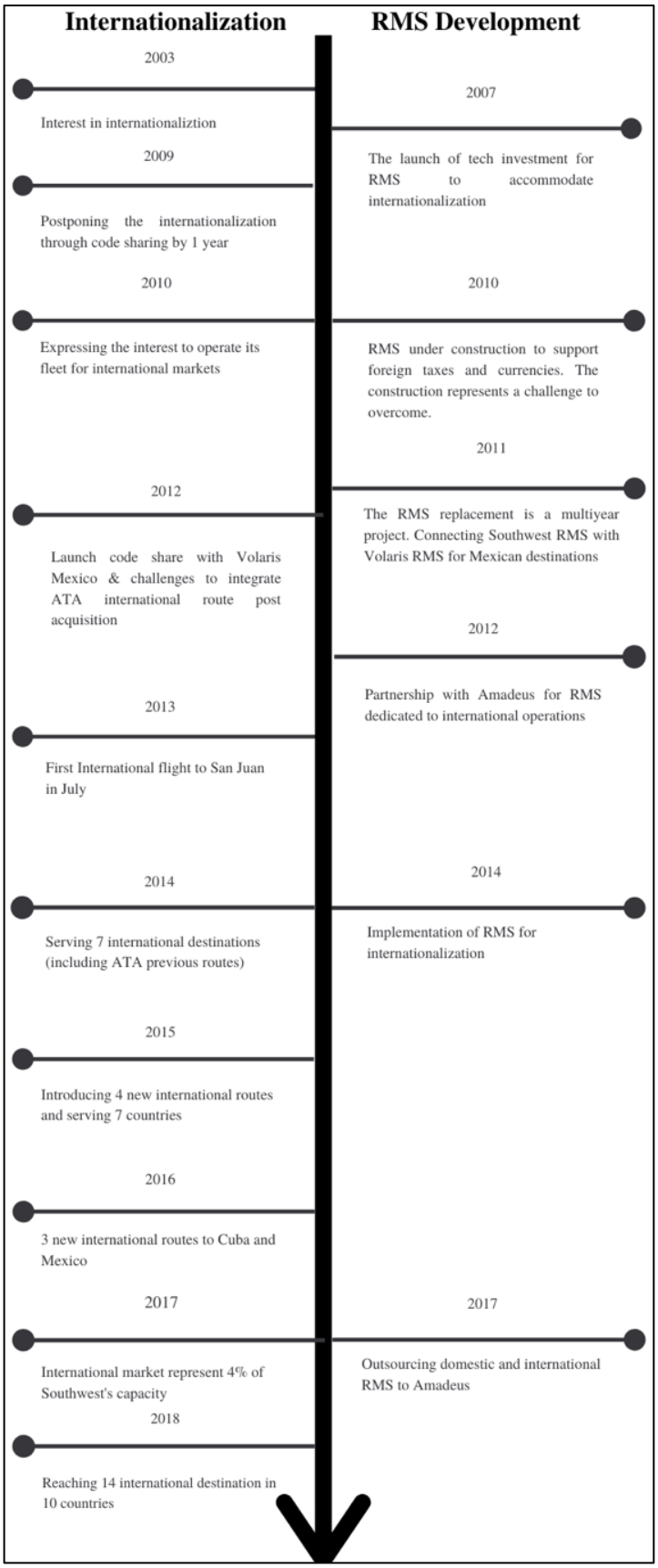


Figure 21: JetBlue RMS development vs internationalization

Figure 22: Southwest Airline RMS development vs internationalization activities



Connectivity to online distribution and retailing platforms

The connectivity of RMS to online distribution and retailing platforms has an impact on the internationalization speed of LCCs. Despite the expensive cost, LCC were observed to be increasingly entering the GDS platforms (Fiig et al., 2015; Sabre Air Solution, 2010). In the case of this study, fast internationalizing LCCs have enjoyed presence in GDS. While Southwest Airlines entered GDS only in 2008 and 2009 in partnership with Galileo and Worldspan. EasyJet extends its channels to travel management agencies that also requires an ease of booking from the travel agencies on EasyJet RMS. Ryanair connected its RMS to GDS of Travelport in 2014 and Amadeus in 2015 that offered 95% of European corporate booking. Ryanair evaluated the ability of GDS connectivity to facilitate connection between Ryanair network and other long-haul flights.

Online distribution and retailing platforms offer Airlines direct access to customers (Fiig et al., 2015). The less connectivity of an RMS to the online distribution and retailing platforms translates into limited LCCs' customer reach. These platforms have international exposure and market reach. The RMS ease of connectivity to these platforms offer LCCs a rapid access to customer in the different markets served or subject to entry. Fiig et al., (2015) conceptualized the "RMS as solving the business functions and executing (control) the [Revenue Management] strategy, while distribution solves the business functions of retailing and content aggregation" (p.132).

The connectivity between the RMS and online channels is key to international growth and facilitates the sales in different host countries. The interdependency of these platforms provides large pool of customer with price, information, and instant booking (Fiig et al., 2015). Modern technologies increased the importance of this connectivity as passenger easily can buy "tickets either via the direct channel (an airline's website) or online travel agencies (OTAs)" (Fiig et al., 2015, p.130).

As the level of RMS connectivity to online distribution and retailing platforms are important to reach customer across borders, the connectivity contributes to the companies' international commercial intensity. The international commercial intensity is derived from the

ability to have increased international sales through performing online platforms. The international reach of these online retailing and distribution platforms contribute to increased internationali commercial intensity. The direct access to customer across border has been facilitated by technology and contribute to rapid internationalization (Chetty & Campbell-Hunt, 2004; Oviatt & McDougall, 2005). Moreover, the online sales channels positively influence the internationalization speed (Arenius et al., 2005). Hence, the literature and findings agree on the ability of direct customer access and online sales to influence internationalization speed.

Supporting International Operations

The RMS also influences internationalization speed of LCCs by supporting international operations and LCCs international growth. The difference between the fast and slow internationalizing LCCs is the RMS ability in managing across border transactions. Despite the interest in internationalization in 2004, Southwest Airlines launched major RMS transformation to accommodate international network complexities, taxes, and foreign currency management. In the letter to shareholders of 2010, Gary Kelly expressed the "decision to replace our reservations system that, among other benefits, will allow us to serve international destinations". Air Canada Rouge, Ryanair, and EasyJet have grown and internationalized with limited challenges from RMS. Among the challenges expressed was the capacity limit of the Ryanair's RMS. This capacity limit caused Ryanair booking system to be disturbed in 2008 due to Ryanair's growth. Hence, Ryanair launched a new reservation system, called New Skies in 2008 to accommodate growth (Figure 19). However, Ryanair, as a fast LCC, changed and remedied to the problem in less than year. On the other hand, Southwest faced challenges implementing a new international RMS for more than 3 years. This has an impact on the level of international commercial intensity.

The international commercial intensity of LCCs is facilitated by the RMS in its ability to reduce transactional cost emerging from the complexity of international network, foreign currency management, foreign local taxes, and the ability to support online point of sales at the international level. Also, it represents a commitment of resources to international opportunities. The fast and moderate speed LCCs have high level of commitment of resources to foreign market in comparison to LCC with slow speed of internationalization. As a result, the fast and moderate commit their

technological development to facilitate foreign market growth, and hence internationalization speed.

The level of international transaction management of RMS contributes to LCCs having an increased breadth. As the international commercial intensity, foreign resources commitment, and breadth of market are components of internationalization speed, the RMS capacity in managing and supporting across border transaction and LCCs international growth represent a source of influence on internationalization speed of LCC

Online Sales Channels

Table 14: Key findings of online sales of LCCs

Fast Speed		Moderate Speed		Slow Speed
Air Canada Rouge (born global)	**Ryanair (Born Global)**	**EasyJet (Born Global)**	**JetBlue (Born global/Network model)**	**Southwest Airlines (Traditional model)**
- IT head with sales and distribution orientation and the online sales are part of the customer engagement strategy. - Enhanced online services in 2012 and accepting alternative payment. - Air Canada Rouge benefits from the online exposure sales of Air Canada Vacation, which is part of the strategy of digital sales, and have access to GDS of the parent company	- Faster check-in through website and app 2015. Ryanair app by being the most downloaded in the industry - 98% of Ryanair booking is through its online portal by 2005. Presence in 3 GDS (Sabre, Amadeus, Travelport) -Investing in Ryanair Lab for Data to leverage online sales and customized offering	- Launching of website soon after foundation in 1997. mobile boarding pass and also on Apple Watch app Self Service bag drop in 2015 - Focus on mobile app sales which contributed to 29% of the online sales in 2018 - Partnering with Google and Facebook for ecommerce 2016 and enabling sales through Instagram in 2018. The first LCC to join GDS sales channel in 2007.	- Partnership with IBM, Datalex, and Sabre to speed online customer booking and self-service check-in 2013 Company Blue or Wide for business portal reservation. JetBlue gateways for complete travel package for customers 2014 - focus on e-commerce technique to increase online sales 2008. Engaged in the 3 GDS by 2016	- Investing in website to increase booking in 2003. - Refreshment of website prior to internationalization with the objective of increasing online sales in 2008. - Engaged in 2 GDS by 2009.

The fast internationalizing LCCs were active in developing the online sales not only through website but also through LCCs Apps. This has led Ryanair app to be the most downloaded in the industry and for EasyJet to derive 29% of online sales through the app. Moreover, the efforts for online sales were also in recruiting IT talents with online sales and distribution skills. As Ryanair recruited in mass IT personnel for Ryanair lab, Air Canada Rouge recruited an IT executive with sales and distribution expertise. For EasyJet, it has engaged in social media sales through Facebook and Google in 2016 and allowing customer a faster booking through leisure destinations pictures on Instagram. The online and digital sales represent a priority for the fast LCCs.

The online sales channels can be seen as through Google, Facebook, Instagram, fare flight comparator, online travel agencies, and GDS. The fast internationalizing LCCs have high presence in GDS (Table 14) in spite of the high cost. Despite the relative young age of JetBlue to Southwest Airlines, JetBlue engaged innovative practices to increase online presence. In this regard, JetBlue engaged in online sales through the focus on e-commerce and partnering with tech companies to ameliorate the booking speed and conversion rate on websites. Southwest also refreshed its website with the aim of increasing online presence in 2009, prior to internationalization. The online sales represent a source of influence on internationalization speed of LCCs. On one hand, deploying online sales for foreign markets represent an increased commitment of resource for foreign countries. On another hand, it contributes to both increased international commercial intensity and enables market breadths.

The contributions of online sales to the above components of internationalization speed are numerous. The online sales channels facilitate the direct access to customer domestically or internationally. It reduces over time the distance between countries (OECD, 2019) and promotes faster access to customers (Arenius et al., 2005). Also, it represents an efficient medium for establishing with flexibility a point of sale in foreign markets. This is in line with Chetty and Campbell-Hunt (2004), and Oviatt and McDougall (2005) who argued the influencing role of technology and direct access to customer on internationalization speed.

A limited focus and development of online sales increase the barriers to learning and growing international commercial intensity. Subsequently, the international commercial intensity is influenced by the level of engagement in online sales. Benefitting from the growth of the online sales and the growing importance of online platforms in the consumers habits for travel tickets (Agag & El-Masry, 2017), these platforms represents an effective channel to market fare tickets in multiple markets with less difficulties.

The e-commerce social channels growth such as Facebook, Instagram, and Google do not only represent a sales channel, but its added value derives from the importance of customer interaction and the data emerging from these interactions. These data enable the airlines to know which niche market to approach and adapt accordingly the product offering. Part of EasyJet customer's engagement is providing the ability for customer to purchase flight ticket through Instagram posts. The other fast internationalizing LCC, Air Canada Rouge, places high importance on digital channels as a pillar of customer engagements. Hence, benefitting from the growth importance of these platform contributed to increased international commercial intensity and an effective way to learn about different market and sell accordingly (Market Breadth). Hence, the growth of the online sales in the travel industry represents a source of influence on internationalization speed.

In addition to online sales through websites, other channels are involved in the LCCs online channel such as online travel agencies, GDS, and fare flights online comparators (Fiig et al., 2015). The engagement in GDS allows LCCs to access different niche market with geographical diversity. Also, the LCCs content in GDS enables an effective way to market fare tickets to passengers. The ability of marketing low fare tickets through GDS represents a viable online channel for LCCs to increased international commercial intensity.

The above analysis and discussion suggest the role of online sales channel in influencing internationalization speed as proposed by (Arenius et al., 2005). Neubert (2018) argued that thehigh digitalization facilitates decision making and lead to a rapid internationalization.

Resources

Table 15: Key findings of Resources of the studied LCCs in relation to internationalization speed

	Fast		Moderate		Slow
	Air Canada Rouge (Born Global)	**Ryanair (Born Global)**	**EasyJet (Born Global)**	**JetBlue (Network Model and Born Global)**	**Southwest Airlines (Traditional Model)**
Fleet Management	Fleet mix of narrow body and wide body: Airbus 319, Boeing 767, Boeing 777, wide body used for long haul.	Unified fleet of B737 but with open negotiation in 2012 with Airbus and COMAC / high densification seating of 198.	Varied airbus fleet of narrow body single aisle aircrafts of the model A319, A320, A320NEO, A321NEO.	varied fleet mix of Embraer 195, A320, A321/ Seating densification variation	Narrow body unified fleet of 737 Boeing/ Large size fleet/ focusing on turnaround time while increasing the stage length of flights/ certifying part of the fleet by the ETOPS certification for cross-border flights
Human Capital	Labor stability and union support.	An increase in IT personnel recruitment. Encouraging contractual status for labors. Hiring pilot and cabin crews from different countries.	Establishing bases in foreign markets with country managers with moderate autonomy from the host market. Recruiting from different countries.	Interest in commitment in foreign markets through CSRs and subsidiary establishment.	A trend of wide management change accompanied the LCCs' internationalization. Strong working culture that empower employees.
Bases	Benefitting from parent company experience and international presence.	High frequency of bases establishment in foreign markets.	High frequency of bases establishments in foreign markets.	Establishement of one foreign base	No foreign bases establishment.
International Facilities	Parent company has an extensive international presences, slots, and network within domestic and international markets.	Benefiting from regional open skies and targeting secondary airports with limited focus on primary airports and international slots at primary airports.	Focus on international facilities in international and primary airports.	Benefitting from international facilities and gates.	With strong domestic network, it has access to international facilities and have limited international slots.

During the analysis, the most recurring resources among all LCCs can be categorized such as: fleet, human capital, and foreign bases and international facilities. With regards to the fleet management, it influences both the revenues and reach of LCCs. While fleet densification enables increased revenues, a mix of long and short haul aircrafts enables increased reach for LCCs. It is noticeable that fast LCCs have a fleet composition of narrow body and wide body aircrafts that can be deployed internationally with flexibility. However, LCC with slow speed needed to have the ETOPS certification for their fleet to operate cross-border and long-haul flights. Having a fleet with international reach facilitates the international growth in distant countries, which contributes to changing LCCs breadth.

According to chapter 4, fast and slow LCCs opted for unified fleet models such as the case of Ryanair and Southwest Airlines. However, some LCCs have a diversified fleet mix such as JetBlue, Air Canada Rouge, and EasyJet. A fleet mix of narrow body and wide body aircraft contributes to increased revenues and market reach for LCCs. As a result, fleet management is proven to have a strong impact on both the breadth of market and the international commercial intensity, and hence, on the internationalization speed.

Concerning human capital, they represent an important component of the cost structure of LCCs and operational excellence. Through the analysis, human resources of LCCs support the incremental international revenue through flexibility and efficiency. While Air Canada Rouge counts on and consent with employees to increase fleet size and international growth, Ryanair engages in efficient contract with employees from different markets. Moreover, the human resources of LCCs are not only limited to cabin crew and pilots but extends to realize the importance of IT personnel. In parallel to the online sales growth, IT personnel represent a source of optimization for online sales, which translated into increased international commercial intensity.

With regards to the international facilities and foreign bases, they allow for flexible international reach for LCCs. International facilities of LCCs enables securing international gates and slots from airports. However, high charges and barriers to entry to these resources limit

internationalization growth of LCCs. International facilities and bases allow strengthening the network by establishing a point of origin in different host countries to new international markets. This was experienced by the fast and moderate speed LCCs (Table 15).

Consequently, LCCs that have access to international facilities and foreign bases positively impact the international commercial intensity, increase the breadth of the market, and positively increase the commitment of resources to foreign markets. Thus, the speed of internationalization is influenced by LCCs resources (Fleet, human capital, and international facilities). This is consistent with the contributions of Chetty et al. (2014) and Zhang et al. (2010) that indicate that adapting resource to international growth represent a direct source of influence on the speed of internationalization.

Firm's Strategy

Table 16: Strategies implemented by the studied LCCs

Fast		Moderate		Slow
Air Canada Rouge (Born Global)	**Ryanair (Born Global)**	**EasyJet (Born Global)**	**JetBlue (Network Model and Born Global)**	**Southwest Airlines (Traditional Model)**
The strategy of the parent company and Air Canada Rouge is to grow its international network and to enable reaching leisure international destination that were no longer viable for the parent company due to cost-effectiveness.	- Ryanair strategy is to operate "an international airline business"[2] by offering low fares with a strong competitive structure. - A focus first on secondary and regional airport with attractive offer and by 2014 Ryanair started including primary airports. - Vacuum Strategy[3] in growing international presence.	- Focus on short haul European market and on primary airports. - Developing leadership position in targeted primary airports. - Extending its reach to Easter Europe and Middle East.	- Focusing on connectivity with international airlines to serve domestic or international market. - Focus on near international market through a base establishment (Focus city) outside US.	- Founding strategy to focus on domestic market. Starting 2004, the company expressed its openness for serving near international destination "slow and measured pace" internationalization (Southwest Airlines, 2015, April). - Change of vision to "the world's most loved, most flown and most profitable airline" (Southwest Airlines, 2015, March).

[2] (Ryanair, 2001; 2008).

[3] Detailed in chapter 4, Ryanair. The vacuum strategy consists on high frequency with competitive low fares.

Through data analysis, it is noticeable that the LCCs' strategies impacted the direction of their internationalization speed. For the LCC with the lowest internationalization speed – Southwest-, the company was not considering internationalization until early 2000s. However, LCCs with rapid speed of internationalization considered internationalization as part of their strategy. While Air Canada Rouge targeted new customer segments and long-haul flights, Southwest have still focused on domestic market.

Thus, strategies that include internationalization as part of the mission lead to an increased international commercial intensity, and higher market breadth. Yet, no evidence is found related to the impact on the commitment of foreign resources. This aligns with Chetty and Campbell-Hunt (2004) who also argued the influence of firm's strategy on internationalization speed.

Innovation

Table 17: Innovations of the different studied LCCs

Fast Speed of Internationalization		Moderate Internationalization Speed		Slow Speed
Air Canada Rouge	**Ryanair**	**EasyJet**	**JetBlue**	**Southwest Airlines**
- Marketing innovation in the market by offering the lowest fare guaranteed or reimbursed on occasions. - In-flight entertainment system that enables to wirelessly play movies on electronic devices of customers and introducing Speed internet becoming the first LCC to offer it in North America by 2017. - Increasing check-in efficiency through apple watch app, app, and websites and accepting alternative payments - Making innovation a key mission of the new Chief Information Officer in 2018	- Innovation is a growth engine for Ryanair. - Ryanair labs developing digitalization and innovation of the company through latest technologies with 600 IT employees in different countries. - Creating a warehouse database which will employ analytics to innovate in customers' experience. - Ryanair launched the "Always Getting Better Program" to increase customers' interaction and innovate in customer's experience.	- High focus on innovation to contribute to the growth of the company as part of the company strategic plan - Investing in drones for fleet inspection and developing augmented 3d reality glasses for pilots and ground engineers for faster connectivity with specialized engineering teams for increased operational efficiency.	- Investing in innovation to enhance customer experience during in-flight or during airport customer journey. - Creating a venture fund in Silicon Valley to fund innovative technologies that will contribute to the company's growth. -Investing to develop electric jet in partnership with start-ups	-Southwest was innovative in its marketing and competitive tactics during price wars for its domestic market. - Enabled Wi-Fi on aircraft for a fee but with limited bandwidth. - Continuous investment in winglet to increase fleet fuel efficiency. - Continuous investment in winglet to increase fleet fuel efficiency. - Creating a department that oversee Strategy and Innovation in 2015 under the directorship of Tom Nealon.

Air Canada Rouge and Southwest Airlines have used innovative marketing tactics to gain market share. Through cases presentation, innovation was perceived as a core engine for LCCs growth. This can be illustrated by the case of Southwest that focused on innovation by creating a department with innovation as a mission in parallel to internationalization. For LCCs, Innovation contributes to the simplification of process, increasing the efficiency, and offering competitive products (Table 17).

Despite the role of innovation in internationalization speed as presented in theory, findings indicate that the impact of innovation on the speed of internationalization is not as important as the other factors. Innovative marketing campaign and operational efficiency represented a facilitator for increased revenues. However, no strong evidence or findings indicated the direct influence of innovation on any of the internationalization speed components. While innovation contributes to increased efficiency and product offering, data analysis suggests no direct impact on internationalization speed in comparison to other factors.

In Contrary, the existing literature indicates that innovation influence the internationalization speed of firms (e.g. Luo, et al., 2005; Weerawardena et al., 2007; Ramos et al., 2011; Langseth et al., 2016). Some authors confirmed that leveraging innovative technologies or establishing innovative processes increase internationalization speed (Julien & Ramangalahy, 2003; Teixeira & Coimbra, 2014). However, this contribution did not observe a direct impact.

Opportunity Development

Table 18: Key findings of opportunity identification and development of LCCs in regard to internationalization.

Fast		Moderate		Slow
Air Canada Rouge	**Ryanair**	**EasyJet**	**JetBlue**	**Southwest Airlines**
- The LCCs was founded as a result of high competition on the parent company in international market. - Capacity reduction of competitors in targeted countries is an opportunity for Air Canada Rouge to enter or intensify its presence. - Densification of wide body aircraft enabled to benefit from the opportunity of long-haul market efficiently with high capacity. - Flexibility to move Rouge capacity around destination based on seasonality of the destinations	-Reduction of competitors' capacities and restructuring of competing LCCs in key European market represents an opportunity for Ryanair. -Tense economic conditions represent a growth opportunity for Ryanair. - Airport reduced charges also represent an opportunity for Ryanair. - The market size and growth are part of opportunities identification for the LCC. - CEO explicitly advances the opportunistic approach of the LCCs in growing in Central & Eastern Europe.	- Visiting Friend and Relatives market represent an opportunity for EasyJet. - The growth of the short haul European market GDP growth is key opportunity identifier. - Operation Team is responsible for opportunity development and top management acts on the opportunity based on the capital expenditure and the ROIC.	-Opportunities development is limited by risk factor of host countries. -Reduction of competition capacity is an opportunity for the Airline in near international destinations. - Flexible fleet combined by Embraer and Airbus offered the opportunity to flexibly move capacities in near international market and growth opportunities. - Long haul market such Europe represent an opportunity for JetBlue for high margins and high fleet utilization.	- Majority of opportunities for southwest are in its domestic market US. - Opportunity development is the task of the Schedule and Planning Department. - The opportunity development is binned by a strict profitability of 15%. 50 international opportunity proposed in 2014 with limited development. - Code sharing agreement represents an opportunity for Southwest for increased revenue and nearby international reach. - The strong domestic network and having a strong position in international airport represent an opportunity for internationalization.

It was noticeable that all LCCs identify continuously opportunities to increase their international reach. These opportunities are identified based on the market conditions, competitors' financial health, and institutional changes (Table 18). According to the findings of chapter 4, the difference between LCCs with slow speed and high speed of internationalization remains in the willingness to undertake risk. While all LCCs are active in opportunities identification, the opportunity development is what differentiate between an increased or slow speed of internationalization.

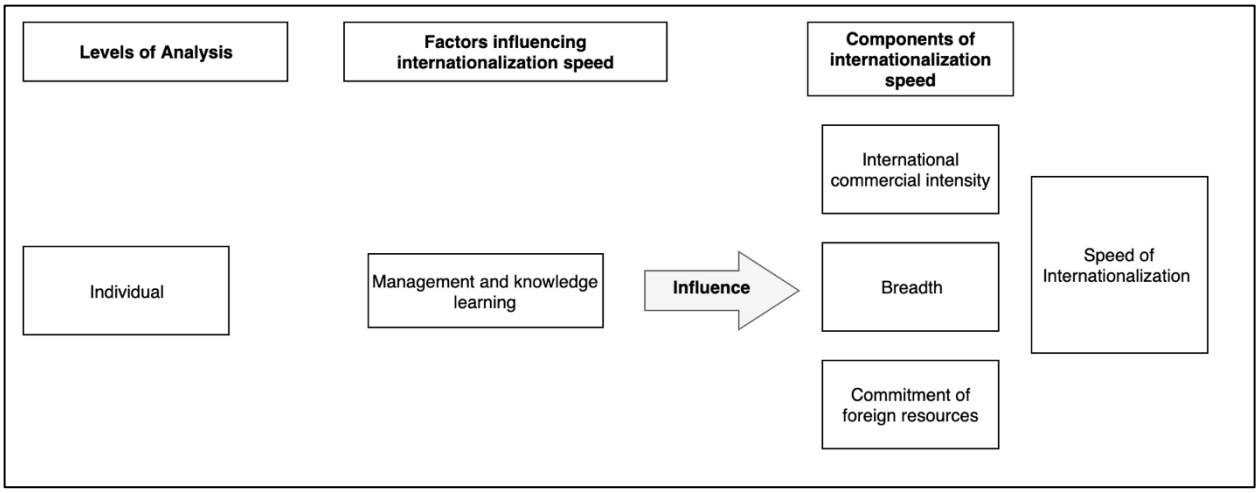
This leads to proposing that the higher the risk tolerance –that is demonstrated through high and complex key performance criteria to identify opportunities- leads to increased international commercial intensity and market breadth. While LCCs with fast and moderate speed were engaging in active development of international opportunities with lenient profitability requirement on first quarters, Southwest -with slow speed- have strict profitability criterion for opportunities development.

As Table 18 proposes, the more complex are the criteria to select opportunities, the lower is the LCC's speed of internationalization. Oviatt and McDougall (2005), and Langseth et al. (2016) suggested in their contributions the role of opportunity development in driving internationalization speed. Also, our findings align with the contribution of McNaughton (2003). This author indicated that the source of a rapid internationalization is explained by the ability to take risk, and to be the first mover on an opportunity.

Individual Level

In investigating the influence of internationalization speed, the individual level of analysis pursues the management and the knowledge learning as a factor (Figure 23). The influence is studied through the influence on the components of internationalization speed.

Figure 23: Individual level of analysis on internationalization speed of LCCs



Management and Knowledge

Table 19: Key findings emerging from each case's management role in influencing internationalization.

		Entrepreneurial & Risk Taker	International Experience and Knowledge	Diversified Background	Knowledge
Fast speed of Internationalizatio n	**Air Canada Rouge (Born global)**	Success in negotiation with union to offer flexible international growth of the company.	Top managements and different CEOs have international travel expertise.	First CEO with leisure travel expertise that fits Air Canada Rouge vision.	87 year of international presence of the parent company. Transferring the knowledge to LCC
	Ryanair (Born global)	Risk taker and charismatic leader.	Recruiting top managements with international travel experience and stressing on the importance of international experience in the recruitment process of executives.	Increasing reliance on IT personnel in support to international growth.	International knowledge is emphasized. Pioneer of LCC internationalization in Europe since early 1990s.
Moderate speed of Internationalization	**EasyJet (Born Global)**	Entrepreneur and risk taker founder	Top management with different international experiences in the industry.	Recruiting top managements with different background	Partnering with academia and funding research with ICAO[4]
	JetBlue Airways (Model network and Born global)	Founder who is risk taker and serial airline entrepreneur	The top management has extensive knowledge of Aviation through holding various managerial position at global and local airlines.	Chairman and board have international exposure as well as connectiveness in different industries	Lufthansa has 30% of JetBlue, which represents a carrier of international knowledge. Mandatory training routine for employees.
Slow Speed of Internation	**Southwest Airlines (Traditional model)**	Risk taking for international market emerged with the tenure of Gary Kelley in 2004	Internal promotion with heavy focus on employee satisfaction. In parallel to internationalization, the company appointed a number of board directors with international exposure.	Prior to internationalization, many executives were from a single background.	Acknowledging the lack of international knowledge with a will to learn.

[4] ICAO: International Civil Aviation Organization.

Four sub-themes of management and learning have emerged while analyzing the cases. These four recurring sub-themes are entrepreneurial and risk taking of the management, international experience and knowledge of the management, diversified background of the management, and knowledge learning capacities. Hereafter, key findings of each sub themes will be presented and explained according to their relevance to the research. Finally, a discussion based on the existing literature review is provided.

Entrepreneurial and Risk Taker

The entrepreneurial and risk-taking traits of management were present in regard to internationalization process of LCCs (Management and Knowledge

Table 19). By cross case analyzing the LCCs management, differences and patterns emerged across fast and slow LCCs. Even though the leadership of all LCCs exhibited risk taking and entrepreneurial traits, the direction of focus of these traits affects internationalization speed. The focus direction of leadership in regard to internationalization and the level of risk tolerance influence the internationalization speed (Langseth et al., 2016; Ruzzier et al., 2006). For the context of this study, these traits have contributed to rapid international commercial intensity soon after inception for fast and moderate speed LCCs.

In contrast to the other LCCs, Southwest leadership has directed their risk-taking efforts to domestic market for more than 30 years. As soon as Southwest management included near international in their focus, they engaged in major initiative that were the first in size of the airlines' history. These traits have direct impact on the internationalization speed because of the influencing position of the top management (Sullivan & Bauerschmidt, 1990). This aligns with the thesis as these traits influence internationalization speed through increased international commercial intensity.

The Link to Internationalization Speed. The risk taker and entrepreneurial top management reduce the time of entry and develops subsequent international activities. For example, the fast internationalizing LCCs have internationalized on average 2 years after foundation. Since inception, the fast internationalizing LCCs developed a growing network of international destinations across different countries. The findings confirm that risk taker

entrepreneur have high tolerance for business ambiguities, which influence the speed of internationalization (Acedo & Jones, 2007). Entrepreneurial and risk-taking traits are also apparent through the proactivity of the fast LCCs management. They are proactive in identifying international opportunities and engaging in airlines cooperation and commercial agreements that increase international exposure. This is in line with Pla-Barber and Escriba-Esteve, (2006) in arguing the positive effect of proactivity of management on internationalization speed.

Thus, the management risk taking, and entrepreneurial traits lead to a significant positive impact on the market breadth and international commercial intensity. At some extent, this factor can also have a slight impact on the commitment to foreign resources.

International experience and knowledge of the management

The international experience and knowledge learning of the management are sources of influence on the internationalization speed of LCCs (Management and Knowledge

Table 19). A clear pattern emerged among LCCs in regard to international experience of the management and internationalization speed. As the slow LCC appointed new directors with international expertise to support international expansion, the fast internationalizing LCC were stressing the importance of international experience in supporting international growth.

Since inception, the management of fast internationalizing LCCs possesses international experience and knowledge, which is not the case of the slow internationalized LCCs. Upon international interest, Southwest Airlines realized the need for managements with international expertise and carried wide management change in parallel to internationalization. Prior to internationalization, Southwest focused on strong internal promotion to key positions.

In parallel, the capacity of developing internationalization learning is important to internationalization speed. All LCCs presented the importance of learning in influencing internationalization speed. Part of learning international markets, Southwest engaged in code share as an important step to acquire the international market knowledge before increasing commitment (Du et al., 2008). The international expertise facilitates the internationalization of LCCs to

different countries with less ambiguity. This translates into increased international commercial intensity, which directly influences internationalization speed.

Therefore, this study concludes that the higher is the international management experience and knowledge, the greater is the impact on the international market intensity, the greater is the impact on the breadth of the market, and the greater is the impact on the commitment in foreign countries.

Diversified background of the management

The diverse background of the management emerged as a difference among the management of LCCs. While the slow internationalizing LCCs relied on strong internal promotions with common background, the fast internationalizing LCCs have recruited top executives with diversified backgrounds to win the international expansion (Management and Knowledge

Table 19). The fast and moderate speed LCCs recruited top management with competencies, which are rare in the industry, that will help the company (e.g. branding, online distribution, marketing, data scientist).

These backgrounds contribute to adapting the strategic vision of firms in focusing on increasing the international revenues. **Thus, this factor impacts significantly all the three components of the speed of internationalization.**

Chapter 7: Conclusion

Internationalization speed has been a topic of interest to different scholars in various industries (Oviatt & McDougall, 2005; Rialp et al., 2005). This concept is defined differently among scholars since some of them define it as the time to internationalize (Casillas & Moreno-Menéndez, 2014). But for other authors, the speed of internationalization accounts for different components in relation to time (Chetty et al., 2014; Casillas & Acedo, 2013; Prashantham and Young, 2011).

LCCs have been considered as a unique model in the airline industry that demonstrated solid growth. Still, different researches and reports identified more opportunities for growth, mostly in the long-haul segment (CAPA, 2018, May 31; HOFMANN, 2019; Binggeli & Weber, 2013, June). While the growth is very likely in this industry, the following contribution assesses the factors that are more likely to increase the speed of internationalization. In other words, the thesis identifies the main forces that lead to either a fast, moderate or slow speed of internationalization. The contribution equips management teams in the industry with a framework that proposes factors contributing to increased internationalization speed, and thus, gaining a competitive advantage. For this, the following contribution considers five main companies that are: Air Canada Rouge, Ryanair, EasyJet, JetBlue, and Southwest Airlines.

In order to assess the factors that impact the speed of internationalization, the following contribution built a unique theoretical framework that has multiple layers. Initially, the framework identifies the levels of factors that impact the speed of internationalization. These factors are divided into three main levels that are: organizational level, supra-organizational level, and individual level (Casillas et al., 2010). Each of these levels accounts for different factors.

In order to conduct the analysis, chapter IV and V use two different methodologies. Concerning the first method used, it accounts for a narrative process that analyzes each company as a unique case study. In addition to that, this method uses historical data –such as annual reports, conference calls, media interviews, and others- to analyze the different elements within each factor that leads to either a higher, moderate or slow speed of internationalization. But for the second method, it accounts for the measurement of the speed of internationalization using unidimensional

and multidimensional methods. The second method enables calculating the speed of internationalization for each company. Empirical findings indicate that for Air Canada Rouge and Ryanair, they ranked as LCCs with a fast speed of internationalization while EasyJet and JetBlue yielded a moderate speed of internationalization. But for Southwest Airlines, slow speed of internationalization resulted.

The two methods are considered as complementary, as the analysis and discussion chapter draw the link between the results of the narrative process of each case company, and links it with the measured speed of internationalization for each company.

Concerning the organizational level, it represents a source of influence on the internationalization speed of LCCs. The organizational level is composed of the following factors: technology, resources, strategy, innovation, and opportunity development. The factors are not equally influencing the internationalization speed of LCCs. While technology, resources, strategy, and opportunity development are the strongest factors influencing internationalization speed through its components, innovation is of less influence than the latter factors.

For the supra-organizational level, it represents a source of influence on internationalization speed through competition, institutional environment, and business networks. While business networks and competition contribute to the internationalization speed of LCCs, the institutional environment represents an important factor that strongly influences the speed of internationalization. This includes both the institutional environment of the host and home countries that are noticed to intervene as limiters or attractions to a lower or higher internationalization speed of LCCs.

Balanced management of these factors at different levels contribute to increased internationalization speed. All the studied LCCs remained in strong financial health despite economic downturns and subsequent aggressive international growth.

Academic Contribution

The theoretical framework represents a contribution to internationalization speed research. This contribution adds to the existing research by combining factors from the internationalization business research and the international entrepreneurship fields to study the internationalization

speed. This aligns with the call of Oviatt and McDougall (2005). The thesis organized the factors in three mutually exclusive levels that are supra-organizational, organization, and individual (Casillas et al., 2010).

Moreover, the thesis merges different internationalization speed measurement methods that account for a multidimensional method (Lin, 2012; Chang & Rhee, 2011; Chetty et al., 2014; Casillas & Acedo, 2013) and unidimensional methods (Ramos et al., 2011; Musteen et al., 2010; Chetty et al., 2014; Zhou, 2007). By conducting internationalization speed measurement on LCCs, the thesis enriches the literature where a limited application of these measurements was suggested (Chetty et al., 2014). For example, the study uses the distance concept in internationalization speed measurement, which is needed for internationalization speed research (Chetty et al., 2014)

Also, this contribution shows the link of influence on internationalization speed in a qualitative study through the components of internationalization speed. The use of this link is rare in internationalization speed research (Casillas & Acedo, 2013). Finally, the current research targets analyzing the speed of internationalization within the LCC industry, which is very critical and very lacking in the current literature.

Practical Contributions

CAPA (2018, May 31) advanced the expected significant growth of LCCs across the Atlantic. Despite the challenges of the long-haul market, Willie Walsh (CEO, International Airlines Group) believes that the long-haul market is an underserved opportunity by LCCs (HOFMANN, 2019) and claims that the long-haul market can be low-cost (CAPA, 2013, April 17). Many researchers expect LCCs to pursue growth within this segment, and mainly the 4hrs-7hrs stage length. This has proven success stories in Asia, such as the case of AirAsia X and Jetstar Airways (Binggeli & Weber, 2013, June).

The recent development of world economics due to COVID19 has caused the paralysis of the commercial airline market. More than ever, the commercial airline industry will see disruptive trends emerging post COVID19 crisis. The upcoming global airline economy will need healthy margins, successful international re-entries, and rapid new foreign market entries.

The theoretical framework can work for LCC businesses as a consulting medium. It is important to note that the recovery phase in the post COVID19 period is important, especially with the increased sensitivity of the regulatory environment in different markets. An analysis of the factors that are the source of rapid internationalization can contribute to a rebirth of different LCCs. While each factor influences the speed of internationalization for LCCs, it will be beneficial to combine all these factors to offer a holistic analysis that will enable balancing between them and reaching a balanced rapid internationalization speed. For LCCs consulting business sector and strategist, the framework represents a tool of analysis with mutually exclusive levels of factors.

Limitation and further research

To augment the quality of data, the use of Natural Language Processing (NLP) was attempted. However, an important portion of documents wasn't usable for the proposed techniques. In reinforcing the use of public archival documents in research, the full digitization of archival data is needed to enable the use of NLP.

Despite the extensive public data used, the study had the limitation of not using primary sources such as on-site observations and interviews. However, the use of conference calls reduced the limitation of interviews by having access to transcribed interviews between expert and analyst, and the top management. The methodology adopted is prone to researcher bias in data analysis. In reducing the limitation, different data sources were used, and a systematic process of data collection and analysis was followed.

The thesis provides a fertile platform to study different angles of the internationalization speed of LCCs. The study suggestion for further research are:

1) The significance of each factor is an avenue of research for LCCs internationalization speed. This can be used by combining qualitative and quantitative methods. Increasing the number of LCCs studied and verifying and validating these factors through a quantitative study.
2) Another stream of research is the internationalization performance vis-à-vis the different internationalization speed of full-service airlines and LCCs. This stream helps understand

what forces that not only influence internationalization speed but also LCCs international performance.

3) While the proposed theoretical framework is valid, still, future research needs to update it with other emerging significant factors that influence the speed of internationalization.
4) More converging conceptualization of internationalization speed measurement and definitions.
5) In-depth focus on internationalization processes of LCCs and their contribution to internationalization speed.
6) A generalization of the framework can be reached by validating the framework in other industries.

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