INTERNATIONALIZATION STRATEGIES ADOPTED BY JAMBOJET AIRLINE TO GAIN COMPETITIVE ADVANTAGE

BY

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DECLARATION

I hereby declare that this research project is my original work and has not been submitted for an award at any university or institution of higher learning.

Signed ……Am……………………………… Date 22/11/2022………………

ANNASTACIA M. MUTUKU

This research project has been submitted for examination with my Approval as University Supervisor

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Acronyms and Abbreviations

DRC	Democratic Republic of Congo
FDI	Foreign Direct Investment
IATA	International Airlines Transport Association
IB	International Business
IOSA	IATA Operational Safety Audits
JKIA	Jomo Kenyatta International Airport
JM	Jambojet Airline
KAA	Kenya Airports Authority
KBV	Knowledge Baes View
KCA	Kenya Civil Authority
KQ	Kenya Airways
LCC	Low Cost Carriers
MBA	Master of Business Administration
MBV	Market Based View
MNC	Multi-National Corporations
OPT	On Time Performance
R&D	Research and Development
RBV	Resource-Based View
SWOT	Strengths, Weaknesses, Opportunities and Threats
ULCC	Ultra Low Cost Carriers

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

The past centuries have witnessed evolution in the business arena with every firm competing to remain alive and profitable. According to Simons (2015), the competitive market is merciless to companies that aren't inclined to commit their money and time towards a great strategic plan.

In recent years, firms are finding new ways of competing against new entries into the market, with some of multi-national firms seeking ways of expanding to different locations. Consequently, this has led to local firms finding themselves in an ever changing business environment influenced by global competition. Kenya is not exceptional as local firms are facing increasing competition. In order to compete and still have a market share, firms need to keep on reassessing their competitive strategies while constantly examining their industries (Johnson and Scholes, 2002).

The air travel industry still remains one of the rapidly growing industries globally and has brought with it economic growth, international investment, and world trade. Airlines have hence recognized that there is a need for radical change through strategizing to ensure their survival, growth, and staying competitive. The growth in airline numbers has also seen passenger numbers grow as air travel is now becoming affordable as compared to the earlier days when it was only for the wealthy. As a result, competition between the airlines has since increased, calling for strategies in an effort to survive in the industry.

1.1.1 Concept of International Business

International business (IB) refers to all commercial activities that result in the transfer of goods, services, ideas, people, technologies, and resources across national borders. That is to say, IB is the trade and study of both tangible and intangible aspects of a business from one country to another. Historically, it started as imports and exports of merchandise but has since evolved into numerous cross-border business activities. Successful international businesses appreciate the diversity of the world marketplace and can survive with the unpredictability and risks of doing business in an ever-changing global market (Eland,2019).

IB comprises of three main pillars. First, there are the participants engaging in different activities, which include individuals, companies, governments, financial institutions, countries, among others. These parties make business transactions and partnerships with each other from different regions of the globe. The second pillar is the activities that take place in the IB markets and entail exporting, importing, licensing, a wholly-owned subsidiary, acquisition, franchising, and joint ventures. The last dimension is the environment where the international companies carry out their businesses. Examples of the environments include political, technological, economic environments.

1.1.2 Internationalization Strategies

A strategy is a plan of action to achieve a specific long-term goal. An internationalization strategy is, therefore, a general long term direction goal plan that firms conducting business across national borders put in place to achieve a desired state in the future (Management Study Guide,2001).

A firm might choose either a multi-domestic, transnational, or global strategy while venturing into the international business field, but it's key to know entry strategies play a role in the success of the company. There are various market entry strategies from which a firm can choose. Examples of these are joint ventures through which two or more investors share control and ownership of property operations and rights, piggybacking where non-competing companies work jointly by cross-selling each other's services or products in their homeland and licensing, which allows another company in the target nation to use intangible property. Other entry strategies include exporting, foreign direct investment (FDI), wholly-owned subsidiary, countertrade, outsourcing, and turnkey projects. Some strategies like FDI, acquisitions and exporting may not apply well in the service industry like the air travel industry, unlike licensing, franchise, and joint ventures (Edwards, 2014).

1.1.3 Competitive Advantage

Competitive advantage is key to the success of any firm in any industry and the same philosophy applies to the airline industry. For a firm to thrive in a highly competitive industry and achieve sustainable competitive advantage, it should flexibly adapt to external trends changes, analyze its internal capabilities, competencies and resources. Porter (1980) states that a competitive advantage means having low costs, focus strategy, or a differentiation advantage. With adequate scanning of the business environment, a firm can clearly state strategies that will help in the identification of current market opportunities, taking advantage of their available strengths, pinpointing their weaknesses and threats amongst their rivals. This is essentially the basis of SWOT Analysis by firms.

Competitive advantage touches on all the factors that allow a firm to produce goods and services better or cheaper than its rivals (Twin, 2011).

1.1.4 Aviation Industry

Even though the terms airline industry and aviation industry are frequently used interchangeably, they describe different things. The airline industry offers air transportation business for people and cargo. This makes part of the aviation industry which other than airlines, it also includes air safety specialists, researchers, military aviation, aircraft manufacturers and firms that design, make and use drones.

Before 17th Dec 1903, people only flew in gliders and balloons. It is then that Wright brothers, Orville and Wilbur, capped their four years' research into a first-powered fight that was airborne for 12seconds in North Carolina. After this invention, air travel has continued to evolve into more comfortable, faster and efficient flights with the jet aircraft replacing piston-engine in the late 1950s and the first international flight being operated by Chalk's Ocean Airways. According to the National Jets article (1988), the first ever flight passenger was Leon Delagrange in 1908.

The airline industry is mainly grouped into three; Network/legacy, Low Cost Carriers (LCCs) and Ultra Low Cost Carriers(ULCCs). Legacy airlines consist of the mega-brands that have been in the industry since the dawn of commercial airlines. Legacy aircraft types range from Embraer to Airbus to Boeing to Dreamliner, for example, Delta Airlines. They are built to offer in-flight services like Wi-Fi, business class, first class and in-flight entertainment. Next, there are LLCs like Kenya's Fly 540 Aviation. The term low cost basically touches more on the operating costs than airline ticket prices. Lastly are the ULCCs, which offer the lowest possible ticket fares, referred to as "no-frills," where services like seat allocations, baggage allowance, onboard drinks and food cost extra. The airlines in this category are typified by flying between very busy airports and leisure destinations, making multiple flight trips per day.

1.1.5 Airline Industry in Kenya

In Kenya, two bodies govern the aviation industry and on different levels. Kenya Civil Aviation Authority (KCAA) has the mandate to develop, plan, manage and operate a safe and economically viable civil aviation system, in accordance with the Civil Aviation Act, 2013. KCA holds power to suspend an airline when necessary as well as review and approves new routes for airline expansions. On the other hand, Kenya Airports Authority (KAA), founded in 1991, provides adequate infrastructure for effective aviation services between Kenya and the outside world (KAA Act, Chapter 395 of the Kenya Laws). This also includes managing and coordinating the airports' systems in Kenya.

Wilson Airport, formed by Mrs. Florrie Wilson, was the first airport in Kenya with its roots dating back to the First World War. At the end of the Second World War emerged the Kisumu and Mombasa Airports, which were purposely developed for military operations. Later in 1959, Embakasi Airport, Now Jomo Kenyatta International Airport, was opened and has since been the main, largest and busiest airport in Kenya, operating 39 airlines in and out of 64 destinations.

1.1.6 Jambojet Airline

Jambojet is one of the latest East Africa's airline with a current fleet of six aircrafts, flying to 6 local and one regional airport. It's the mantra "Now You Can Fly" is a clear indicator of what the airline stands for, affordable flight fares for the local *mwananchi*.

KQ, Kenya's national carrier and the Pride of Africa, introduced its affiliate airline, JM, in the year 2013, which initially started as a local airline but has now continued to open up new routes beyond Kenyan borders. Operating from Kenya's main airport, JKIA, JM has since acquired a greater market share for the routes it operates, bigger than even its parent company. "The KCA granted approval for the carrier to fly to cities in 11 new territories: Tanzania, Malawi, Uganda, Zanzibar, Ethiopia, Somalia, Democratic Republic of Congo (DRC), Rwanda, Burundi, South Sudan and Comoros" (Douglas, 2017).

Besides other adopted strategies, the no-frills strategy is new to the Kenyan airline industry which has consequently made the airline a price leader in terms of low cost airline.

1.2 Research Problem

When venturing into cross-border operations, many airlines lack innovative thinking, operational strategizing, and strategic planning process which primarily rely on research and are key to gaining competitive advantage (GISMA,2019).

Previous studies have been done on the importance of internationalization strategies for the purpose of gaining a competitive advantage. Masila (2019) did a study on the internationalization strategies adopted by firms in the elevator industry in Kenya to achieve competitive advantage where she found a positive connection between two variables and established that most elevator companies applied internationalization strategies together with home-based production orientation strategies and foreign-based strategies to promote competitive advantages. Mutungi (2015) focused on the competitive strategies adopted by Adept Systems Limited, where he concluded that the company had embraced various competitive strategies in addition to strategic alliances, project turnaround time, and people development in gaining competitive advantage. Distribution strategies as a source of competitive advantage by Nestle Kenya limited, a study by Nyaga (2012), revealed that the firm derived competitive advantage from the speed of service, added value, superior service quality and flexibility, among others.

Although such studies have been done on how strategies help in achieving competitive advantage, none has been based on subsidiary airlines like Jambojet. This is why it's considered important to undertake a study on Jambojet in relation to its internationalization strategies which have aided the airline to successfully expand its regional operations and still gain a larger market share compared to its pre-existing competitors. Thus, seeks to acknowledge the question gap and answer the research question "What are the internationalization strategies adopted by Jambojet to gain regional competitive advantage for the airline?"

1.3 Research Objective

The goals of the study are as follows;

i. to determine the internationalization strategies adopted by Jambojet Airline to gain competitive advantage regionally

ii. to determine the competitive advantage gained by the airline with each strategy

1.4 Value of the study

This study will present findings and recommendations that will add to the studies on internationalization strategies adopted by new airlines. The findings will be notable because they will help in exhibiting the importance of strategizing in gaining the competitive advantage of any company.

To the Kenya airline industry, the study will help in pinpointing the strategies and models that Jambojet Airline has adopted that have helped it to gain a competitive advantage compared to other regional airlines. In order to outdo competitors, it's prominent to come up with ideas that are unique to any industry.

The study results will also assist the KAA in future management and planning for airlines to identify some of the untouched strategies, out of the ordinary in-flight comforts with the aim of attracting more passengers. What Jambojet Airline came up with was initially untapped in the Kenyan air travel norms but has since attracted many creating a new niche as it’s the first of this kind.

Lastly, the study will motivate Jambojet Airline to continue offering market-friendly airfares as well as tailor-make more incentives that may attract new customers and at the same time improve on the available services.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter outlines the theories on which the study is based. It also covers the concept of competitive advantage and the previous approaches leading to it, as well as the empirical review and knowledge gap.

2.2 Theoretical Foundation

A theoretical foundation is a model that's used to explain the issue(s) driving research. It allows us to determine the variables to be considered and the connection between them while studying the response to a research question. Wang (2018) states, when conducting a research, we should look at a theory's contribution in three major ways. As a paradigm where the theory helps in understanding the research design, a lens that helps in understanding the events under study, and lastly, as the knowledge which may be the study's outcome.

For this study, we shall focus on three theories; Global Strategic Rivalry Theory, Competitive Advantage Theory, and the Resource-Based View Theory (RBV).

2.2.1 Global Strategic Rivalry Theory

The Global Strategic Rivalry Theory, developed in the 1980s by Paul Krugman and Kevin Lancaster, aimed at examining the effects on trade flows resulting from global rivalry amongst Multi-National Corporations (MNCs). Rivals use entry barrier like brand loyalty, legal matters, technical or strategic barriers to minimize competition. Strategic barriers are intentionally created by the incumbent firms and can be in the form of network effects, predatory pricing, and limit pricing.

The global strategic theory suggests that a firm can maintain a sustainable competitive advantage through the following factors. One is by exploiting the experience curve where the firm should provide good employment terms in the bid to inject experience in their firm. Pete (2016) argues, experienced staffing will join in, running with little to no coaching, and will bring leadership skills to their juniors. Secondly, firms can gain sustainable competition by investing in research and development (R&D). Thomas A. Edison states Genius = 1 percent inspiration + 99 percent perspiration. He motivated firms to invest in R&D as it is perspiration with a dash of inspiration. “In this dynamic world of business, even customers, who a while back had fewer expectations and narrow preferences, have become more demanding and their needs and desires change rapidly” (Newman,2016). Thirdly, it’s through ownership of intellectual property rights, which is achieved by having a brand name, uniqueness in products and/or services, trademark, formula, et cetera. Lastly, a firm can maintain a sustainable competitive advantage by achieving economies of scope and scale. This is done by lowering costs in order to increase production levels hence spreading costs across a large number of goods.

However, this theory fails to warn MNCs of the financial risks of indulging in international business as it is an expensive investment.

2.2.2 Competitive Advantage Theory

The term competitive advantage refers to the capability gained by firms through aspects and resources to produce better than competitors in the same industry (Christensen and Fahey

(1984), Kay (1994), Porter (1980) cited by Chacarbaghi and Lynch 1999,). This theory was proposed by Michael Porter in 1985, where he defined competitive advantage as "the leverage a business has over its competitors." In order to gain competitive advantage, a firm must answer three important questions. One, what are the benefits provided by the company? Two, who are your target customers and what are their needs? Three, who are your competitors?

In his theory, Porter advances three strategies for attaining competitive advantage. First is cost leadership strategy, where the key objective is to produce at the lowest cost, mainly through economies of scale. Second is the differentiation of strategy in which, if a firm successfully differentiates its products/services, then it can be able to adjust a premium price in the market. Lastly, focus strategy which is achieved either by cost-focus or differentiation focus within a niche market. Porter also developed a framework of five forces that help to determine industry rivalry, as illustrated in the diagram below:

Figure 1; Porter's Five Forces

The downside of this theory is that it doesn't take into consideration the different global competitive environments but only the domestics who share similar challenges, which are less worrisome hence ignoring the global dynamics (Beattie,2019).

2.2.3 Resource-Based Theory

The Resource-Based Theory was developed during the 1980s and 1990s by businessmen Wernerfelt and Hamel. The theory holds that a firm's resources are key determinants of its performance and adopts two critical assumptions on the nature of the resources. The first assumption is that firms must notably vary in terms of competencies, capabilities and resources in order to gain competitive advantage. The second assumption states that resources are immobile and are non-transferrable from one firm to another, at least in the short run. Resources in the immobile assumption include all the intangible resources (Mohan & Yesodharan,2021).

The key proposition of the resource-based view theory is that for a company to realize sustainable competitive advantage, it must gain and control rare, valuable, and non-substitutable capabilities and resources.

RBV, on the contrary, has no managerial suggestions as it’s all about firm resources and with limited applicability, and also, it does not review customers who form the market demand side.

2.3 Internationalization Strategies and Competitive Advantage

Companies operating across national borders need to make many strategic decisions in order to gain competitive advantage in their respective industries. To do so, companies should heed the five essential dimensions of internationalization strategies. First is the market entry strategies which are categorized with regards to the control level required in the management of the business as well as the risk level of the entry mode into the international market (Glowik *et al*., 2011). While buyers' preferences differ, mass marketing would be more efficient as products and services are not tailored to any specific group of customers, hence less costly (Kanuk,2019).

Timing as an internationalization strategy can be categorized into two. One category is the pioneer advantage which holds that the first market entrants enjoy advantages that later rivals can't overcome. Secondly are the fast followers who benefit from the market developments funded by the pioneers and skip to profitability (Academy,2012). Allocation strategy allows firms to divide their investment portfolios in order to minimize investment risks while internationalizing. Lastly, coordination strategizing is paramount for firms who wish to gain a competitive advantage across nations.

2.4 Approaches to Competitive Advantage

Competitive advantage is based on two internal factors, a corporate identity and core competency. Balmer and Gray (1998) argue that corporate identity, through communication, is one of the fundamental components of creating a competitive advantage as it creates corporate image and reputation. Core competency, introduced by Hamel and Prahaland

(1990), falls under the resource-based view of a firm. Competencies like knowledge, technique and skills are core and can increase a firm's chances of gaining a competitive advantage over its rivals. Competitive advantage can be viewed in three perspectives, resource, market, and knowledge-based views.

Resource-Based View (RBV) of competitive advantage holds that the persistent success of any firm is based on the internal resources as well in its capabilities. Barney (1991) states, the RBV is a managerial tool used to determine the strategic resources that a firm can exploit with the aim of achieving sustainable competitive advantage. The assets in the RBV model come in two different forms; tangible and intangible. Tangible assets entail the quantifiable physical resources of a firm. These include land, machinery, infrastructure, building, equipment, among others. The intangible assets oppositely lack physical presence and are built over a long period of time. These are unique and cannot be replicated by competitors, for example, trademarks, goodwill, intellectual property and brand.

The market-based view (MBV), also referred to as the market positioning view, suggests that the success of a firm isn’t determined by its internal factors and characteristics but by the external forces such as industry trends by which it operates (Mason & Bain,1950). The principal assumption of the MBV is that resources are homogenous and mobile. MBV is mostly based on the work of Michael Porter with reference to Porter's five forces; the bargaining power of buyers, threat of new entrants, the threat of substitutes, the bargaining power of suppliers, and existing competition. These influence costs, return on investment and price by any firm, MBA Knowledge Base (2021).

Knowledge-based view (KBV) is a managerial concept of learning that lays out firm's strategies for achieving competitive advantage. Knowledge is the basic intangible resource of a firm as compared to tangible resources. It is embedded and exists through many entities such as policies, organization cultures, routines, employees, and systems. KBV supports the creation of heterogeneous knowledge structures through-out the management hierarchies of a firm as an essential factor for gaining sustainable competitive advantage. The extensive nature of knowledge can be examined in two major ways, tactic or explicit. Unlike explicit knowledge, which can be easily practiced by rival firms, Curado and Bontis (2006) admit that tactic knowledge is hard to duplicate due to its dynamic and intangible nature. Firms use tactic knowledge whenever there are changes in the market regulations or market structure, like the launching of a new product by a competitor.

2.5 Empirical Studies and Knowledge Gap

From most of the research work done, both regionally and internationally, a strong relationship between strategizing and competitive advantage is exhibited when it comes to the air travel industry. For instance, Gikonyo (2009) studied the competitive strategies adopted by small airlines in East Africa. The findings of the study showed that for business growth and survival, the airline size is a determinant as the big airlines dominate the international markets, and partnerships with these can be a survival tactic.

Another study on the strategic responses of airlines operating in Kenya in the face of changing environmental conditions was done by Thiga (1992). His findings show that airlines require strategic responses towards keeping low costs in order to increase profit margins in the increasingly unattractive industry.

Nafula (2011) carried out research on the sustainable competitive advantage arising from competitive strategies adopted by low-cost airlines in Kenya: Case of Five Forty Aviation Ltd. In her findings she stated that to acquire competitive advantages, an airline needs to deliver customer benefits at a lower cost than competitors and/or provide passengers with a bundle of benefits than its rivals.

In addition, Ozge (2010), in his research study on the competitive strategies of airline companies operating in the Turkish domestic aviation market, he explores the competitive strategies of Turkey's domestic airlines and investigates the different factors that affect passenger choice of airline. The research finding show an evident relationship between strategizing to cope with rivals and increasing customer satisfaction through quality service.

Lastly, Kilinc, Oncu and Tasgut (2012) conducted a study on the competition strategies of the airline companies in Turkey using qualitative research methods and descriptive analysis for gathered data. The study reveals that competitive strategies adopted mainly focus on acquiring cost leadership.

In view of the above studies, it can be deduced that few have focused on the internationalization strategies adopted by regional airlines to gain competitive advantage. The studies have also shed light with their finding showing that strategies vary depending on the airline and well as their goals. In addition, fewer studies have touched on Kenya's local airlines hence leaving a research gap in the identification of the best and proven internationalization strategies embraced by Jambojet airline as a local subsidiary airline in Kenya to gain competitive advantage, and this is the gap we seek to cover in this research.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter focuses on the research design used in the completion of this study and justifies why the research design was selected. It also covers data collection and data analysis.

3.2 Research Design

This study adopted a case study research design to identify the internationalization strategies embraced by Jambojet in gaining a competitive advantage against its regional competitors. (Green and Thorogood,2009) defines a case study as an extensive study that's undertaken for a specific "case," which could be an individual, site, or firm. This design is deemed effective as it allows researchers to extract information from respondents hence obtaining multiple unbiased perspectives for the study. Case study findings can also have implications for both theory testing and theory development.

On the other hand, the case study design has been criticized for providing findings that may not be transferable to other studies and lack scientific rigor. Stake (1995) categorizes case study into three types; the instrumental case study, which uses a particular case to acquire a wider appreciation of a specific phenomenon or issue, an intrinsic case study which is undertaken to study a distinctive phenomenon and lastly, a collective case study that involves studying many cases in an attempt to bring out a greater appreciation of an issue.

3.3 Data Collection

The data was collected at the Jambojet office headquarters, Nairobi. Both primary and secondary data were used in this study. Primary data was collected through open-ended interview questions to three senior airline's managers from sales and distribution, operations, and marketing departments. Other interviewees included two safety officers, an information systems officer, two sales supervisors among others. This allowed the collection of in-depth information as respondents will use their own words to answer questions. Data collected included personal feelings, opinions and perceptions.

Secondary data on airline's initial investment costs as well as on-time performance by the airline was collected from the airline's website. Through internal documents, which include company reports and profiles, data on new prospective routes was collected as well as employee's number and configuration.

3.4 Data Analysis

For this case study, thematic analysis was used to analyze data as it is dependable, authentic and credible. A thematic analysis strives to identify theme patterns in the interview data then use these themes to answer the research question. Themes are actively constructed patterns and tend to focus on identifying commonalities and trends in terms of expressions, ideas and opinions.

Even though it keeps the collected data qualitative, it attempts to condense it while identifying trends. Thematic analysis establishes the presence of certain words or concepts within given qualitative data. The goal of thematic analysis is to present qualitative data in the form of condensed information as well as the determination to answer questions where the subject matter implies something that's not necessarily explicit.

This research method features textual or visual data that is systematically recorded for analysis to answer the question "what" as well as analyzing the semantic relationship of concepts.

CHAPTER FOUR: DATA ANALYSIS, FINDINGS, AND DISCUSSION

4.1 Introduction

This chapter presents the collected data to establish the internationalization competitive strategies adopted by Jambojet to gain a competitive advantage and how these strategies have boosted the airline's regional performance. The chapter also links the study findings to the earlier mentioned theories.

4.2 Data Analysis

Data collected was analyzed qualitatively using thematic analysis. This method allowed data to be collected and analyzed to determine its dependability, credibility, accuracy, and adequacy. The data analysis considered frequently repeated responses and then grouped them into competitive strategies adopted by the airline. The research considered respondents' departments, duration of working with Jambojet, and their position at the airline. The response rate was considered adequate for analysis and data presentation in the study.

The study found that the airline employee's configuration consists of 58% females and 42% males. The study also established that interviewees had worked for the airline for over 3years, with many joining the company at entry-level and climbing up to supervisory and managerial positions. These findings indicated that the interviewees had worked long enough to understand the airline and thus provided credible information related to the study.

The collected data from the interview questionnaires were presented and discussed in the below sub-sections.

4.3 Competitive Strategies Adopted by Jambojet Airline

Jambojet is a wholly-owned subsidiary of KQ. At its birth, the airline only flew to 4 domestic airports, including Eldoret, which the parent airline stopped going to and handed the route to its subsidiary, Jambojet. With the correct price point, Jambojet is expanding the market significantly, targeting first-time flyers who traveled domestically on long rough bus journeys and convincing occasional flyers to fly more frequently. In just 5yrs, Jambojet was controlling a significant share of Kenya's Aviation Pie, as shown below.

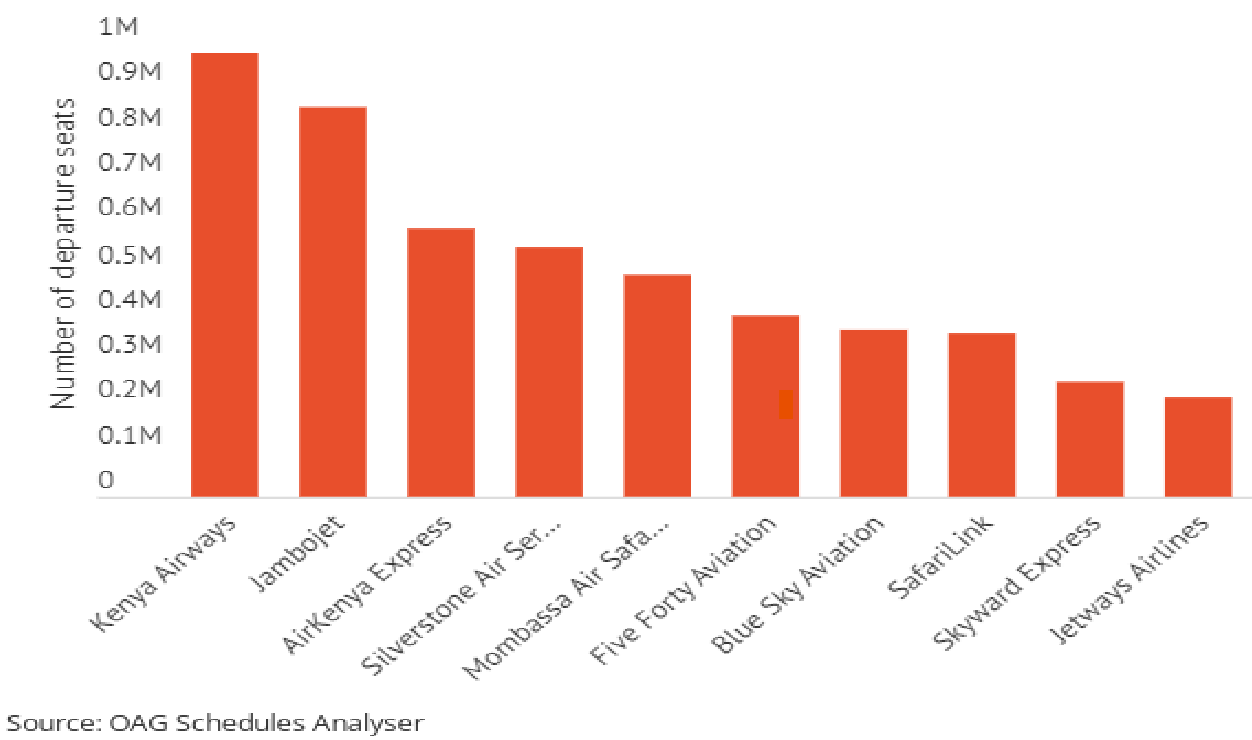

Figure 2: Top ten domestic airlines in Kenya (2019)

After establishing its presence in the domestic market share, Jambojet later expanded to Entebbe and Kigali, where KQ had already established a solid base, flying alongside KQ but at lower prices. Jambojet became the third real ULLC in the intra-Africa market outside South Africa. The airline has since 2014 expanded to 7 domestic and three regional airports. However, flights to and from Entebbe and Kigali are currently on hold due to strict Coronavirus passenger restrictions. The airline is yet to commence operations in eight of the authorized and cleared regions by KCAA.

Jambojet adopted unique strategies that gained the airline competitive advantages, which enabled the airline to achieve a good market share.

4.3.1 Expansion Strategies

Once every year, Jambojet's management presents desired destinations that the airline looks to expand to regionally to the KCAA. According to Jambojet's senior business partner agent, Mr. Antony, KCAA reviews and advice on the underserved regions with untapped business. In addition, KCAA advises on destinations with high flight traffic to Nairobi and flights routes that would have many flight hours due to connections. Jambojet brings in direct flights, to such situations, together with low-cost fares.

In addition, the regional expansions are also strongly determined by the parent airline. Jambojet is more likely to expand o locations where KQ has established a profitable foundation.

4.3.2 IOSA Certification

IATA Operational Safety Audits is an internationally accepted and recognized evaluation system created to assess the operational management, safety, and control systems of an aircraft.

Jambojet has heavily invested in its operating procedures, and in 2018, it became the only airline in Kenya to get IOSA certification after its parent company, KQ. Its compliance with the recommended practices and standards that include safety, operational management, airworthiness, and efficiency in the aviation industry displays its utmost commitment to assuring its passenger's safety from air accidents.

This certification has earned the airline accessibility to continuous standard updates to reflect on the air industry evolution. To its passengers, it shows commitment to gaining and maintaining regional safety standards in its operations.

4.3.3 Ultra Low-Cost Carrier

Jambojet is Kenya's first ULLC airline. This strategy is characterized by unbundled fares and fewer amenities than other airline models. Add-on services like seat selection, meals, or baggage are charged at an extra fee.

Below is a list of some of the add-ons from Jambojet's business model, with which Jambojet can undercut flight fares to beat competitors.

Name	Cost in $ (USD)
Upto 23 Kgs of Checked/Prepaid Baggage	8
24 Kg - 32 Kgs of Checked/Prepaid Baggage	20
Excess baggage rate at the Airport	4
Seat Selection - Standard seat	4
Seat Selection - Aisle / Window seat	4
Seat Selection - Extra Leg-room	6

Figure 3:List of Jambojet fees for a variety of additional services

Through this strategy, Jambojet has managed to undercut the airfares of LLCs in the markets they serve. Although not for everyone, this strategy provides an affordable and convenient option for budget passengers who are not interested in the extra "frills." The airline's mantra, Now you can fly, is well reflected in this as Jambojet airfares are affordable to everyone with only a few shillings extra for bus and train fares.

4.3.4 On-Time Performance

On-time performance is one of the internationally recognized standards for measuring an airline's reliability. It compares the actual flight departure time versus its scheduled departure time. The International Airlines Transport Association (IATA) sets the universal benchmark standard for OTP. It considers flights departing within 15 minutes of the expected time as being on time, with 80% OTP being considered excellent.

According to Jambojet's operations manager, Mrs. Atsabina, "The airline's holds the best OTP in Kenya averaging 89% and will strive to maintain it." As shown below, the last published Jambojet's OTP was recorded at 92%.

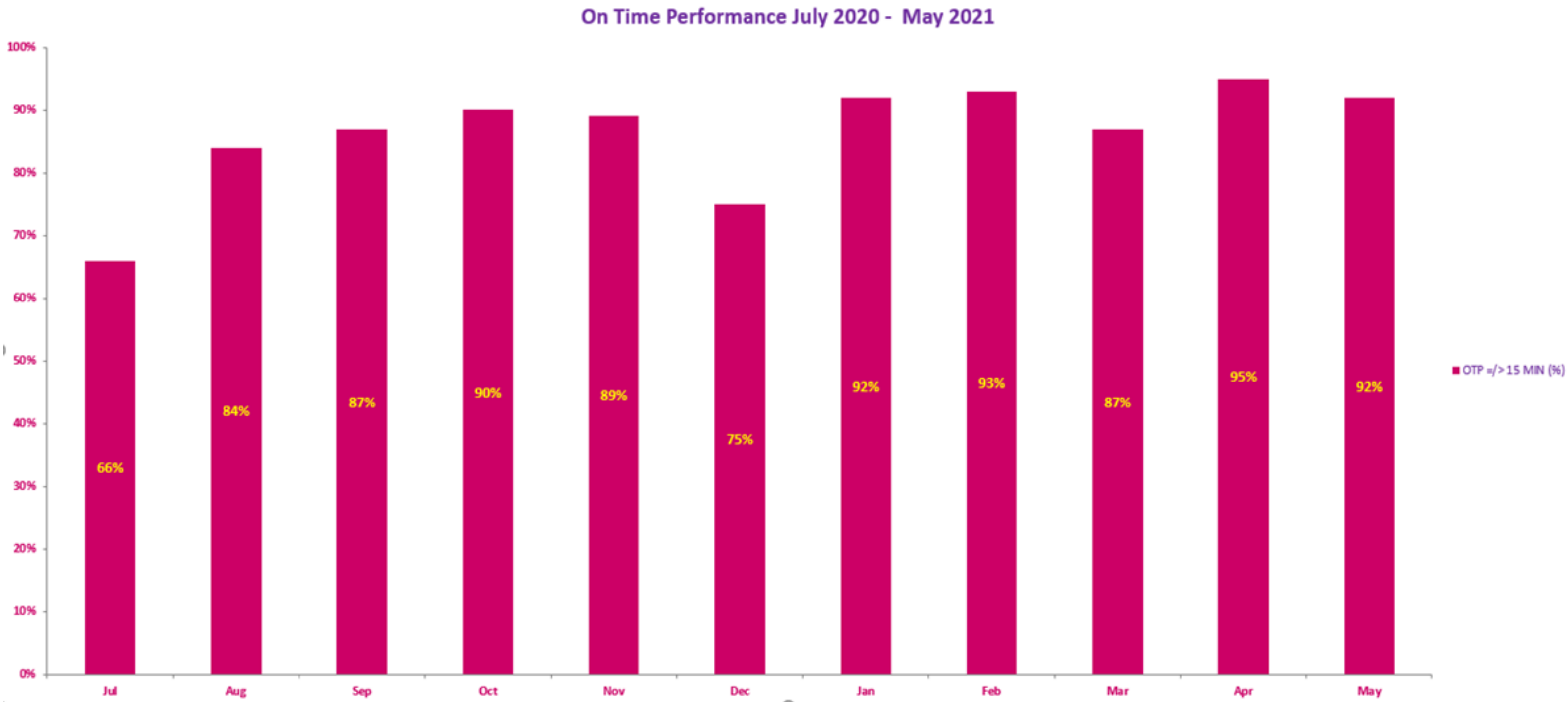

Figure 4:On Time Performance July 2020-May 2021

These efforts have gained the airline customer loyalty, especially for regional business travelers and those who may have connecting flights in its hub, Nairobi.

Due to regional growth and increased demand, the airline ensures high aircraft utilization to maximize sales. This is achieved by minimizing on-ground time by an aircraft. Flight schedules are planned so that flight landing and next departure spacing only allow passengers arriving to alight and others to board.

4.3.5 Strategic Partnership with KQ

The study established that Jambojet has greatly benefited from its partnership with KQ by gaining regional recognition through codeshare hence increasing connectivity. This means passengers searching for Jambojet flights can complete their journey with KQ connections under one ticket. The reverse is also true and even more advantageous for Jambojet since KQ is a more prestigious airline and has been in the market for long.

As extracted from KQ's 2015 annual report, the below figure shows the airline's investment in its subsidiaries, including Jambojet.

(a) Investment in subsidiaries (continued)

The summarised financial information of the subsidiaries is as shown below:

	Current assets		Non-current assets	
	2015 KShs' Million	2014 KShs' Million	2015 KShs' Million	2014 KShs' Million
Kenya Airfreight Handling Limited	131	87	149	173
Jambojet Limited	189	101	121	104
Kencargo Airlines	-	-	-	-
African Cargo Handling Limited	3,427	3,161	519	475

Figure 5:Kenya Airways 2015 Annual Investments on Subsidiaries

According to the sales and distribution supervisor, Mr. Evans, the association with KQ also boosted Jambojet's reputation, widening its customer base. He stated, "Being associated with Kenya Airways opened the skies for us and more so regionally." Adding, "Since we ae wholly-owned subsidiary of Kenya Airways, passengers are assured of exceptional services and conformity with international safety standards."

The partnership has consequently improved Jambojet's sales and profits, gaining market share through increased loyalty. The approval of new routes by KCA can also be attested to Jambojet's association with KQ.

4.4 Discussion of Findings

The study revealed that strategizing is essential in gaining competitive advantage. From the analysis, a company's entry mode to any market is key in reducing investment risk. Jambojet's partnership with KQ has contributed to its continued success in the very competitive region, with many players. As a young airline, its performance has exceeded existing rivals like Fly 540 and Safarilink. The interviewees also noted that the airline would soon be commencing operations to and from one of the KCAA's newly approved territories.

The study findings also indicate the airline has been exploiting the experience curve by hiring experienced managers from their parent company. For instance, the current chief executive officer and managing director, Mr. Karanja Ndegwa, worked at KQ in different capacities, rising to the revenue accounting manager position before joining Jambojet as the chief financial officer in 2014. Other managers who joined the airline from KQ include head of information technology and the revenue manager. With leadership strategy, the airline gains managerial expertise who come in with skills and knowledge that prompts other employees to buy into the vision and attain desired goals. Peter (2016) states this as one of the ways of gaining sustainable competitive advantage under the global strategic theory.

The no-frills business model complements Nafula's (2011) findings. Nafula stated that an airline could acquire competitive advantage by delivering at a lower cost than its rivals. The study also supports Ozge's (2010) findings. In his research, Ozge expressed the positive relationship between quality service and customer satisfaction as exhibited by Jambojet with its low prices, OTP and excellent customer service.

The above findings indicate that different strategies can be used targeting to attain different competitive advantages regardless of business industry or players. However, it’s important to note that not all strategies work uniformly because some organizations are unique in terms or resources, culture and leadership and this may impact on the strategy implementation and success.

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary and conclusions obtained from this research. It also calls attention to the recommendations that can be applied by other airline managers in their operations and planning.

5.2 Summary of Findings

The study established that strategizing is closely linked to acquiring a competitive advantage. Firms should strive to put in place the best strategies that improve their competitive advantages in their respective business worlds. Those that strategized before venturing into business had leverage over their rivals and gained a competitive edge.

From the research findings, it is clear that Jambojet gained competitive advantages from the unique internationalization strategies that it had put in place. The study established that Jambojet pioneered in more than one way by introducing unexploited strategies that proved it to be a game-changer in the East Africa air travel industry. The strategic partnership with KQ was an excellent entry choice for Jambojet as it gave the airline a head start in the very competitive industry.

The research findings also indicated that, unlike other local airlines, Jambojet caught the global eye with its IOSA certification, which earned the airline access to fly to 11 new destinations. These countries' aviation management recognized its commitment. The acquisition of the IOSA certificate popularized Jambojet to become a market leader.

Through differentiation strategy, Jambojet gained a competitive advantage by introducing the new business model, making its air tickets most affordable, and has since attracted customer loyalty and built a good reputation. Owing to the great OTP by the airline, there are minimal to no flight reschedules and cancelations in its procedures. This strategy enabled it to gain customer loyalty and dependability as passenger's dislike inconveniences of flight time changes.

5.3 Study Conclusion

From the study results, it is evident that strategizing plays a paramount role in gaining a competitive advantage in the air travel industry. However, of significant importance is how an airline positions a strategy to create a differentiated service that adjusts to evolving customer needs in the face of intense competition. Challenges continue to be prevalent in the industry but it takes ample strategizing to remain relevant in the industry.

This research concludes that for an airline to gain a competitive advantage, it should invest in R&D, find gaps in the market, and create unique and customer-centric strategies. In addition, airlines should review and pick an entry strategy that will boost their industry presence. Jambojet managed to acquire a sustainable competitive advantage by partnering with KQ, pioneering the ULLC model in Kenya, attaining the best OTP, and becoming IOSA certified.

5.4 Study Recommendations

From the study finding, Jambojet management should strive to start operations to some, if not all, the destinations to which they have been cleared to fly to by the KCAA. According to the data collected, the airline will achieve this by increasing its fleet number, as it currently stands at six.

The airlines ought to design customer-friendly policies to ensure a great customer experience. In return, this will translate to customer satisfaction which is the best attribute in ensuring sustainable competitive advantage by any service provider.

5.5 Suggestions for Further Research

This study focused on Jambojet's internationalization strategies to acquire current competitive advantages. Further studies can be carried out to determine the challenges other local and regional airlines face that hinder their growth and expansion.

Primary data was majorly used in this research. Alternative research can be studied, which would dig deeper into secondary data. Descriptive data and content analysis were used in this study, and further researchers can employ different data collection and analysis methods to approve or disapprove findings.

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APPENDICES

APPENDIX 1: INTERVIEW GUIDE

1. How would you describe Jambojet as an organization?
2. For how long has Jambojet been operational?
3. Apart from passenger flights, do you offer any other services?
4. When did you start working for Jambojet and what was your entry-level?
5. Which position do you currently hold at Jambojet and for how long have you held this position?
6. What are the employee configuration and categories at Jambojet?
7. Who is the airline's target market?
8. What's the current market coverage and why?
9. Which other airline falls in the same category as Jambojet?
10. What do you consider when expanding to a specific region?
11. What strategies has the airline put in place in terms of pricing, flight punctuation and customer satisfaction?
12. What internationalization strategies has the airline used in order to gain competitive advantage?
13. What strategy has brought sustainable competitive advantage to Jambojet?
14. What are the key issues facing Jambojet today in terms of continuing to offer competitive packages?
15. How has adoption of the above helped issues remain competitive in the regional market?
16. What is Jambojet's competitive strength against competitors?
17. How does Jambojet employ focus strategy as a way of gaining Competitive Advantage?
18. What benefits has Jambojet attained through its association with KQ?

19. Using the competitive environment, who’s Jambojet’s most significant competitor and why?
20. What would you say is the reason(s) behind the success of Jambojet operating in regions where its competitors never dared?
21. With the increasing use of smartphones and technology, how does Jambojet differentiate from the rest in order to increase profitability?

APPENDIX 2: JAMBOJET REGIONAL COMPETITORS

African Express Airways

Air Kenya

Fly 540 Aviation

Safarilink