

# SOUTHWEST GOES ON MAJOR INTERNATIONAL EXPANSION



From being the U.S.' leading domestic airline, Southwest finally goes international. The Airline is going big time entering the international scene and becoming what they call the Legacy Carriers. This huge leap makes Southwest build good competition with other airlines of the same category including the United, Delta and American.

Morningstar airline analyst Basili Alukos says "I think there's a lot of opportunity there" if Southwest can repeat their success from their domestic flights now that they are going international.

According to Southwest's executive vice president and chief commercial officer Bob Jordan, they decided to buy their rival AirTran last year to be able to declare existence outside the United States' boundaries. "We have always wanted to get to a point where we added international capabilities." They would get approximately 25% of U.S. market in terms of passenger traffic when merged with AirTran. The staff of AirTran at one of the world's top airport, Atlanta's Hartsfield-Jackson International also supported this idea.

AirTran however, still operates the international flights for Southwest for the meantime but these flights will eventually be under Southwest's procedures. The low air fare rates which Southwest is known for will also apply to the international flights. "We've looked at the fares, and in every single case, using our typical Southwest structure, Southwest will be able to lower fares on the routes we're considering". Jordan also says that nothing will change with their operations though they will now offer international services. "Our service, our frequencies, our low fares, all of that comes with it. And that's what makes us different from the (large network carriers), not whether we do or don't fly internationally. I have no doubt we'll be successful." He added.

Southwest's vision is to open a terminal that would cater thousands of additional jobs, a yearly additional number of 1.5 million passengers, and \$1.6 billion annual economic benefit. Southwest wants to build an international terminal at Houston's Hobby airport, making itself as a domination buster that will serve Mexico, the Caribbean and Latin America. City state officers have approved on this plan, however, United says otherwise reiterating that dividing such flights in Houston threatens the city's main gateway, Bush Intercontinental Airport. "We believe it will result in a loss of jobs and also there will be an economic loss for the city of Houston." says Mary Clark, United's spokesperson. Bob Jordan of southwest on the other hand says that United is not really concerned with the community but only to itself.

In the course of its international exposure, Southwest follows the flight destinations previously handled by Airtran. These include Aruba, Bermuda, Cancun, Mexico City, Montego Bay (Jamaica), Nassau/Paradise Island (Bahamas), Punta Cana (Dominican Republic), and San Jose/Cabo San Lucas (Mexico).

Truly, this dramatic entry of Southwest Airlines into new markets gained them wider recognition and higher expectations from outside U.S. Southwest would be affecting the economy largely, since there would be more flights available for higher demands of air transportation. Other airlines would somehow be forced to lower their fares to remain competitive, coining the term Southwest Effect. Economic benefits will clearly come from this significant move of Southwest.

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