

HIGHER SCHOOL OF INSURANCE AND FINANCE - SOFIA



DOCTORAL DISSERTATION

ON THE SUBJECT

**THE IMPACT OF THE ECONOMIC GLOBALIZATION PROCESS
ON FINANCIAL OPERATIONS AND MARKETING IN THE AIR
TRAFFIC IN THE WORLD WITH A REVIEW OF DELTA AIR LINES**

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*The impact of the economic globalization process on financial operations and marketing
in the air traffic in the world with a review of DELTA AIR LINES*

ABSTRACT

Globalisation is a concept which has commenced the main element in business life overall the last few years. This wonderment affects the economy, business, life, community and environment in diverse ways, and almost generally corporations have been contacted by these changes. We can visually perceive these transmutations mostly cognate with incrementing competition and the swift transmuting of technology and information conveyance. Globalization refers to the breakdown in barriers that prevent the exchange and integration of finances, trade and ideas across the world. Marketing for businesses operating on an international scale is an ever-changing environment that involves knowledge of a global business landscape, various economies, and hiring the right people. Global marketing is connected with issues of market selection, entry modes, segmentation, targeting, and positioning, as well as product, price, distribution, promotion, and corporate communication policies in a globalized world.

Air transport is a large industry in itself that provides important inputs to broader economic, political and social processes. The demand for air transport services, as with most transports, is derived from the needs and desires to achieve a final goal, expressed in positive financial results. Air transport can facilitate, for example, the economic development of a region or an activity such as tourism, but there must be a demand for the goods and services offered by the region or industry. Technology now enables the transport of large numbers of passengers and much larger loads in a safer way.

Air transport today accounts for about 1% of gross domestic product - the GDP of both the EU and the US is vital in many industries, such as tourism and high technology. International air transport accounts for about 40% of world trade in value. The market is served by a variety of carriers, some specializing in international long-haul routes and others in short-haul markets.

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INTRODUCTION

METHODOLOGICAL APPROACH TO RESEARCH

1. SOCIAL JUSTICE FOR STUDYING THE TOPIC

Globalization has a huge impact on economic conditions and flows and leads to increased dynamics of capital movements globally and as a result intensifies the development of market relations, free trade between countries and the smooth movement of investment, opening markets and elimination of barriers to entry into foreign markets. The standardization of the behavior of the companies on the world markets, the huge financial transfers and the application of the marketing approach in the operation in conditions of globalization are of great importance.

Today, all economies are interconnected due to the acceleration of the process of globalization, and major financial movements in the globalized world lead to economic growth and transformation of global companies. Well-developed global marketing creates opportunities to find possible solutions for the development of companies. Global marketing is the process of adapting companies' marketing strategies to adapt to market conditions depending on the economic and other conditions in the countries in which the company wants to operate.

From an economic point of view, globalization is an increase in international trade in goods, services and factors of production. In today's globalized economy, national economies are integrated with the systems of international financial transfers and processes. The main drivers of economic globalization are liberalization of capital movements and deregulation of financial services, further opening of markets for trade and investment, stimulating growth and international competition.

Global marketing involves the planning, production, marketing, and promotion of businesses or products in the global marketplace. It is much more than just selling goods and services in the international market. It is a process of transferring the final

product or service to a global level and a process that leads to finding solutions to the crisis and creates opportunities for development.

Air transport is an important stimulus for the elements of globalization in the world economy, politics, as well as in the social sphere. It has a significant qualitative and quantitative impact on tourism, international trade, direct international investment, economic structure and productivity both nationally and internationally. In addition to air transport, the most critical part of air traffic is airports and navigation service.

Air transport is a major activity in itself, with a significant contribution to economic, political and social processes. As with other modes of transport, the demand for aviation services is derived and is based on the need and desire to achieve more financial and other market goals, for example, economic development of a region or a particular activity such as tourism.

Delta air lines is one of the largest and most successful airlines in the world. It is a leading international airline with the highest standards of service and excellence. Delta has a leading network of routes covering more than 300 destinations across 60 countries. The company is also partnering with other international airline brands to expand its global presence and route coverage.

The impact of globalization on air traffic, its importance on achieving economic development in many countries in the world, and the importance of Delta air lines in world air traffic make this topic very interesting and socially justified for research and preparation of this doctoral dissertation, in order to contribute and emphasize the role of air transport as an important business area that contributes to economic development, connecting countries and exchanging relevant cultural and political experiences and values.

2. SUBJECT OF RESEARCH

The subject of the master's thesis is to determine the impact of the globalization process on the development of air traffic and the company. Delta Airways

Globalization, ie global trends lead to greater trade and capital flows, harmonization of economic rules, creation of structural support and mutual cooperation, and finally, creation of a global market that allows greater foreign investment and faster development of economies in each country. In this context, in order to secure their investments, corporate capitalists need adequate financial resources and good marketing research that will cover a network of interrelationships, market studies and consumer needs, and air traffic facilitates and develops at the same time. and as a fast-growing and profitable business.

Globalization as a phenomenon seeks to eliminate all national barriers to the free movement of capital, money, labor and technology from country to country, and air traffic facilitates this. In general, globalization refers to the movement of capital in two ways: through foreign direct investment and international portfolio investments and the development of global companies and the expansion of markets. Globalization contributes to the standardization of world practices of financial flows and marketing operations based on discovering and studying the needs of consumers in individual countries in which foreign companies want to operate in their markets.

Air traffic is an important driver for economic growth and development. Air transport facilitates integration into the global economy and provides vital connectivity nationally, regionally and internationally. It helps generate trade, promote tourism and create employment opportunities. Today, air traffic remains actively involved in every region for projects related to air transport policy and regulation, security, infrastructure rehabilitation, institutional strengthening and capacity building, which is a separate subject of research in this doctoral dissertation.

3. PURPOSE OF THE RESEARCH

The doctoral dissertation aims to analyze the impact of globalization on the application financial flows of large companies, and on the application marketing and its development in the operation of companies, especially in airlines. In doing so, we

first analyze the global impact of globalization on world economic trends, and then on the airlines and the company Delta air lines.

The doctoral dissertation should contribute to the improvement of the explanation of financial flows in conditions of globalization and the development of marketing in companies as a condition for discovering the needs of consumers in foreign markets and creating and implementing strategies for foreign markets, with special reference to airlines. worldwide and Delta air lines.

4. HYPOTHESIS

Basic (general) hypothesis:

The paper starts from the assumption that "without good marketing and free financial flows in the conditions of globalization, there is no successful economic development".

First special hypothesis:

What are the basic issues related to globalization and the connection of financial flows and marketing with the achievement of economic development of countries, and within that framework what is the role of air traffic.

A second special hypothesis:

Providing adequate financial and marketing support to the development of airlines.

A third special hypothesis:

A stable economic system allows countries, their governments and institutions to plan and direct economic development activities in terms of their expansion and strengthening throughout the countries of the world in order to reach the highest possible level of profit and customer service.

Auxiliary hypothesis:

- What are the gaps for proper economic development of airlines, especially of Qatar Airways.

5. RESEARCH METHODS

In order to successfully process and prepare the topic of the doctoral dissertation that requires a multidimensional approach, a number of research methods are used, which are:

Historical - by applying this method, the beginnings of globalization, its growth and development and impact on the world economy are historically determined;

Content analysis - using this method, the results of economic globalization, the role of air traffic on economic development in individual countries and the growth and development of Delta Airways are analyzed;

Comparative method (comparative) - with the application of this comparative perception of the experiences, methodology and differences of the impact of globalization on economic development and the place of individual world companies in the realization of air traffic and the financial effects they achieve with the application of marketing in their operation;

Statistical method - using this method the efficiency of economic globalization, financial flows and marketing on the operations of the airlines and the airline Delta Airways is processed.

Synthesis - with the help of this method the data obtained with the help of the previous methods are combined.

6. RESEARCH TIME FRAMEWORK

Due to the nature of the material covered in the doctoral dissertation, temporal matter is researched from 2001 to 2021 to determine how the impact of globalization on air traffic has evolved.

7. DATA BACKGROUND OF THE DOCTORAL DISSERTATION

The information base during the preparation of the dissertation was based on the materials from the statistical yearbooks, statistical bulletins, Materials from the Internet, materials from the World and European Bank, as well as the results of the research conducted in the dissertation for current executives and reports on Delta air lines.

8. DEGREE OF PROBLEM DEVELOPMENT

There are numerous studies in the literature on globalization. In recent years, a number of theoretical and practical aspects of the characteristics of globalization have been considered in which the various effects of globalization on the economic, political, social and cultural behavior of individual countries and companies in the world are fully explored.

In this paper, the financial flows and marketing activities that are applied in the process of globalization and the operation of the airlines in the world and especially in the airline Delta air lines are elaborated.

PART ONE: CHARACTERISTICS OF THE GLOBALIZATION PROCESS

1.1. DEFINITION OF THE GLOBALIZATION PROCESS

Globalization means the growth of global connectivity, integration and interdependence in the economic, social, technological, cultural, political and environmental spheres. Globalization is a common term or term that best describes the processes of economic interdependence, the growing influences of culture, the great benefits of information technology, and the new geopolitical changes that bring people together in a global system. Globalization is a global movement towards economic, financial, trade and communication integration. Globalization means opening up local and national opportunities for a broader perspective of an interconnected and interdependent world with free transfer of capital, goods and services across national borders.¹

Globalization can be said to be a phenomenon or process that leads to the standardization of everyday life experience around the world. Globalization in economies leads to equalization of prices, products, wages, interest rates and profits as they are in developed countries:²

- ❖ Globalization has different aspects that affect the world in several ways:
 - *economic* - development of world production and markets and with a large number of products for consumers and companies;
 - *financial* - development of world financial markets and creation of better opportunities for financing the production and development of enterprises and countries;

¹ Lutkevich, B., (2021), What is globalization? definition and meaning - Business Dictionary.com, (accessed on 04.10.2021), available at: <http://www.businessdictionary.com/definition/globalization.html>, p.1

² Brahm E., (2017), Globalization | Beyond Intractability, (accessed on 04.10.2021), available at: <https://www.beyondintractability.org/essay/globalization>, p. 2

- *economic* - creating a global market based on free trade of goods and capital;
- *political* - creating joint regulation between individual countries and guaranteeing the rights of social and economic globalization;
- *cultural* - growth of intercultural cooperation, overcoming cultural differences, developing desires to use foreign products and ideas, acceptance of new technologies and practices and participation in "world" culture;
- *ecological* - interception of global environmental changes, such as climate change, water and soil pollution, deforestation, etc .;
- *social* - achieving free movement of people from all nations.

❖ Globalization is about increasing the processes of economic integration around the world and is actually achieved through trade and financial flows. The notion of globalization is also related to the movement of people, ie labor and knowledge (technology) across international borders. There are also broad dimensions of globalization that relate to cultural, political, and environmental aspects.

❖ There are two basic guiding principles of globalization, and that is technological innovation and the exchange of ideas on how to organize and regulate economic activity. Globalization is a process by which the economies of the countries of the world, over time, become more integrated. Integration occurs as a result of technological advantages, rapid exchange of goods and services, capital flows and the movement of people between countries.

Globalization is the word used to describe the growing interdependence of the world's economies, cultures and populations, caused by cross-border trade in goods and services, technology and investment flows, people and information. Countries are building economic partnerships to facilitate these movements. The effects of

globalization are complex and driven by great technological advances. Globalization benefits society as a whole.³

Globalization means the speedup of movements and exchanges (of human beings, goods, and services, capital, technologies or cultural practices) all over the planet. One of the effects of globalization is that it promotes and increases interactions between different regions and populations around the globe. The ability of countries to rise above narrow self-interest has brought unprecedented economic wealth and plenty of applicable scientific progress. However, for different reasons, not everyone has been benefiting the same from globalization and technological change: wealth is unfairly distributed and economic growth came at huge environmental costs. How can countries rise above narrow self-interest and act together or designing fairer societies and a healthier planet? How do we make globalization more just:⁴

- Countries should pursue the globalization policies that extend the benefits of openness and integration while alleviating their side effects.
- Globalization is deeply connected with economic systems and markets, which, on their turn, impact and are impacted by social issues, cultural factors that are hard to overcome, regional specificities, timings of action and collaborative networks. All of this requires, on one hand, global consensus and cooperation, and on the other, country-specific solutions, apart from a good definition of the adjective “just”.

1.1.1. Characteristics of the globalization process

The process of globalization is presented as a roundabout that has the following characteristics:⁵

- Free movement of information,

³ What Is Globalization? Globalization Explained - Search CIO, (2018), (accessed on 04.10.2021), available at: <https://searchcio.techtarget.com> ›

⁴ What is Globalization? Examples, Definition, Benefits and Effects, (2020), (accessed on 19.08.2022), available at: <https://youmatter.world> › youmatter › Definitions.p. 1

⁵ Brahm E., (2017), Globalization | Beyond Intractability, (пристапено на 04.10.2021), достапно на: <https://www.beyondintractability.org/essay/globalization>, стр. 3

- Free movement of labor,
- Development of world trade,
- Integration in the financial markets,
- Approximation of economic and business cycles,
- Growth of economic phenomena.

Figure 1



Извор: Understanding Globalization – It's Impact, Causes and Types,(2021), Yahoo pictures about globalization

- ❖ Globalization is accomplished through the following four key processes:
 - Increasing political cooperation between the countries:
 - developing strategies for international cooperation;
 - The dynamization of the mutual actions of the business and the countries;
 - Rapid technological development.

❖ This complex of related activities leads to a significant increase in the interdependence of the economies of the countries in the world. This expands the network of global production, increases trade between firms, and expands economic activities beyond the borders of countries, integrates in order to expand economic activities.

Figure 2



Извор: Globalization,(2021), Yahoo pictures about globalization

❖ Changes in the relationship between governments and business lead to the creation of new economic conditions that expand markets and sources of funds that can increase competition in the global economy. Economic deregulation, privatization of infrastructure, adjustment to international standards and trade practice are being done.

Globalization means accelerating the movement and exchange (of people, goods and services, capital, technologies or cultural practices) across the planet. One of the effects of globalization is that it promotes and enhances the interaction between different regions and populations around the world: :⁶

❖ Globalization can be defined: From an economic point of view, globalization can be defined as increased interdependence of world economies as a result of increased cross-border trade. with goods and services, the flow of international capital and the wide and rapid spread of technologies. It reflects the continuous expansion and mutual integration of market borders and the rapidly growing importance of information in all types of productive activities.

❖ Globalization expresses the increased interconnectedness and interdependence of peoples and countries. It is generally understood to include two interrelated elements:

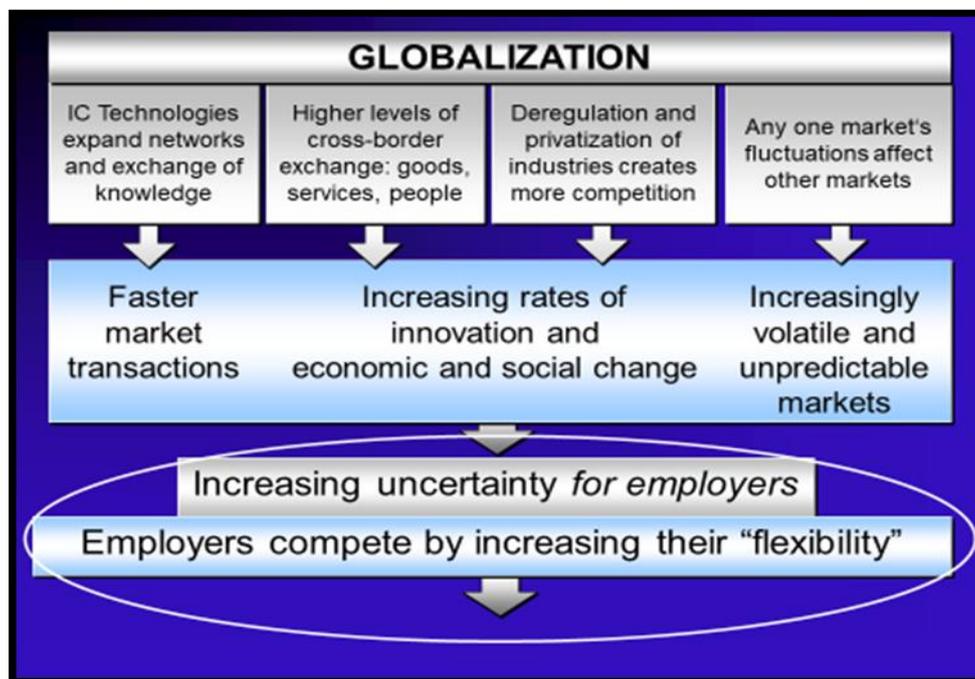
- opening international borders for faster flows of goods, services, finances, people and ideas;
- changes in institutions and policies at national and international level that facilitate or promote such flows.

❖ Globalization is defined as a set of processes (economic, social, cultural, technological, institutional) that contribute to the relationship between societies and individuals around the world. It is a progressive process that intensifies exchanges and flows between different parts of the world.

❖ Globalization is a political pillar of the global financial architecture that provides open markets, an orderly flow of capital and a safeguard network for countries in difficulty.

⁶ What is Globalization? Examples, Definition, Benefits and Effects, (2020), (accessed on 04.10.2021), available at: <https://youmatter.world › defi.>, p.1

Figure 3



Извор: Heather Hofmeister H., Hans-Peter Blossfeld: (2007), What do we mean by globalization?

<https://www.soc.cas.cz/sites/default/files/soubory//230507143912187d45121e21b60da5b.ppt>

Globalization is defined as the extension of trade, commerce and culture of an economy across different nations. It allows economies to exchange domestic products, services, technologies, ideas and other resources globally. It facilitates developed nations to make foreign direct investments (FDIs) for utilizing cheaper resources of developing countries. The process of globalization increases employment opportunities, productivity, living standards and earnings of emerging economies:⁷

- Globalization establishes domestic organizations in foreign countries through the free movement of capital, trade, information, culture, people, etc. Moreover, it is a business expansion phenomenon allowing mobilization of

⁷ Vaidya, D., (2022), Globalization - Meaning, Examples, Characteristics, Pros/Cons, (accessed on 19.08.2022), available at: <https://www.wallstreetmojo.com/globalization>. p. 1-2

resources amongst nations to ensure their optimum utilization for global growth.

- Often domestic markets have limitations like high cost of production , expensive labor, inadequate raw materials, and strict laws. Shifting the business unit to a more economical and resourceful country is often considered more feasible by businesses leading to globalization. When companies step outside of their geographical boundaries, they experience a different culture. International laws usually govern global business units:
 - ✓ Globalization initiates growth and interconnectivity of various sectors across nations. Its essential features include the cross-border connectivity or integration, free trade environment and interdependency of nations.
 - ✓ In addition, it facilitates global business expansion, cross-culture diversification, lower tariffs and taxes on international business operations
 - ✓ Migration of workforce and international investments create job opportunities, enhanced goods and services as well economic development.
 - ✓ The vast concept of globalization is often explained by classifying into sections by educational instituties and government bodies such as the IMF. The four more major sections include:
 - trade,
 - capital movement,
 - movement of people,
 - dissemination of knowledge.

Globalization is the process by which ideas, knowledge, information, goods and services spread around the world. In business, the term is used in an economic context to describe integrated economies marked by free trade, the free flow of capital

among countries and easy access to foreign resources, including labor markets, to maximize returns and benefit for the common good. Globalization is driven by the convergence of cultural and economic systems. This convergence promotes -- and in some cases necessitates -- increased interaction, integration and interdependence among nations. The more countries and regions of the world become intertwined politically, culturally and economically, the more globalized the world becomes.⁸

- In a globalized economy, ***countries specialize in the products and services they have a competitive advantage in.*** This generally means what they can produce and provide most efficiently, with the least amount of resources, at a lower cost than competing nations. If all countries are specializing in what they do best, production should be more efficient worldwide, prices should be lower, economic growth widespread and all countries should benefit -- in theory.
- ***Policies that promote free trade, open borders and international cooperation all drive economic globalization.*** They enable businesses to access lower priced raw materials and parts, take advantage of lower cost labor markets and access larger and growing markets around the world in which to sell their goods and services.
- ***Money, products, materials, information and people flow more swiftly across national boundaries today than ever.*** Advances in technology have enabled and accelerated this flow and the resulting international interactions and dependencies. These technological advances have been especially pronounced in transportation and telecommunications.
- ***Among the recent technological changes that have played a role in globalization are the following:***
 - ✓ ***Internet and internet communication.*** The internet has increased the sharing and flow of information and knowledge, access to ideas and

⁸ Lutkevich., B., (2022), What Is Globalization? Globalization Explained - TechTarget, (accessed on 29.08.2022), available at:<https://www.techtarget.com> › p 1-2

exchange of culture among people of different countries. It has contributed to closing the digital divide between more and less advanced countries.

- ✓ *Communication technology.* The introduction of 4G and 5G technologies has dramatically increased the speed and responsiveness of mobile and wireless networks.
- ✓ *IoT and AI.* These technologies are enabling the tracking of assets in transit and as they move across borders, making cross-border product management more efficient.
- ✓ *Blockchain.* This technology is enabling the development of decentralized databases and storage that support the tracking of materials in the supply chain. Blockchain facilitates the secure access to data required in industries such as healthcare and banking. For example, blockchain provides a transparent ledger that centrally records and vets transactions in a way that prevents corruption and breaches.
- ✓ *Transportation.* Advances in air and fast rail technology have facilitated the movement of people and products. And changes in shipping logistics technology moves raw materials, parts and finished products around the globe more efficiently.
- ✓ *Manufacturing.* Advances such as automation and 3D printing have reduced geographic constraints in the manufacturing industry. 3D printing enables digital designs to be sent anywhere and physically printed, making distributed, smaller-scale production near the point of consumption easier. Automation speeds up processes and supply chains, giving workforces more flexibility and improving output.

1.1.2. Types of globalization

Due to trade developments and financial exchanges, globalization is often thought of as an economic and financial phenomenon, but it should be noted that globalization involves a much broader field than just the flow of goods, services or capital. Globalization is often expressed as:⁹

- **Economic globalization** that ensures the development of trading systems within transnational corporations such as corporations or non-governmental organizations;
- **Financial globalization** that can be linked to the rise of the global financial system with international financial exchanges and monetary exchange. Stock markets, for example, are a great example of a financially connected global world, because when a stock market declines, it negatively affects other markets as well as the economy as a whole.
- **Cultural globalization** refers to the penetration of cultures which means that nations adopt the principles, beliefs and costumes of other peoples, losing their unique culture due to a unique, globalized supra-culture;
- **Political globalization** is associated with the development and growing influence of international organizations such as the United Nations - the United Nations or the World Health Organization - WHO which means that government activities take place internationally.
- **Sociological globalization** in which information moves almost in real time, along with the interconnectedness and interdependence of events and their consequences. People are also constantly moving, mixing and integrating different societies.

⁹ What is Globalization? Examples, Definition, Benefits and Effects, (2020(accessed on 04.10.2021), available at: <https://youmatter.world> > defi., p.3

- **Technological globalization** is the phenomenon through which millions of people are interconnected thanks to the power of the digital world through platforms such as Facebook, Instagram, Skype or YouTube.
- **Geographical globalization** is a new organization and hierarchy of different regions in the world that is constantly changing. Transportation and flying make everything so easy and affordable that it is possible to travel around the world with almost no restrictions;
- **Ecological globalization** The planet Earth is considered as a single global entity - a common good that all societies should protect, because time affects everyone and everyone is protected by the same atmosphere.

There are 8 types of Globalization:¹⁰

- **Social globalization** - Also known as sociological globalization, social globalization refers to the integration of our societies.
- **Technological globalization** - Technological globalization refers to the spread of technology around the world.
- **Financial globalization** - Financial globalization refers to the ease at which money can be spread around the world.
- **Economic globalization** - Economic globalization refers to the ways corporations do business as multinational organizations nowadays.
- **Political globalization**- Political globalization refers to the diplomatic negotiations between nation-states. It includes the standardization of global rules around trade, criminality, and the rule of law.
- **Cultural globalization** - Cultural globalization refers to the spread and mixing of cultures around the world.

¹⁰ Drew, C., (2022), 8 Types of Globalization (Definition & Explanation For Students), (accessed on 04.10.2021), available at: <https://helpfulprofessor.com/types-of-globalization>, p. 1-5

- **Ecological globalization** -Ecological globalization refers to the idea that the world needs to be considered one interconnected ecosystem.
- **Geographical Globalization** - Geographical globalization refers to the idea that the world is no longer seen as groups of distinct nations as much as it once was.

1.1.3. Benefits of globalization

Globalization has benefits that cover many different areas:¹¹

- Globalization reciprocally develops economies around the world and increases cultural exchange. It also allows financial exchange between companies, changing the way they work. Many people today are citizens of the world. The origin of the goods has become secondary and the geographical distance is no longer an obstacle for many services to occur. Let's dig deeper.
- The most visible effects of globalization are definitely those that affect the economic world. Globalization has led to a sharp increase in trade and economic exchange, but also to an increase in financial exchanges.
- The acceleration of economic exchanges has led to strong global economic growth. It also fostered rapid global industrial development, enabling the rapid development of many of the technologies and products available today.
- Knowledge has become easily shared and international collaboration between the smartest minds has accelerated things.
- Globalization has also contributed to improving global economic conditions, creating great economic wealth (albeit unequally distributed).

Globalization impacts businesses in many different ways. But those who decide to take on international expansion find several benefits, including:¹²

¹¹ What is Globalization? Examples, Definition, Benefits and Effects, (2020), (accessed on 04.10.2021), available at: <https://youmatter.world › defi., p. 5>

- ***Access to New Cultures*** - Globalization makes it easier than ever to access foreign culture, including food, movies, music, and art.
- ***The Spread of Technology and Innovation*** - Many countries around the world remain constantly connected, so knowledge and technological advances travel quickly. Because knowledge also transfers so fast, this means that scientific advances made in one country can be at work in the others.
- ***Lower Costs for Products*** - Globalization allows companies to find lower-cost ways to produce their products. It also increases global competition, which drives prices down and creates a larger variety of choices for consumers. Lowered costs help people in both developing and already-developed countries live better on less money.
- ***Higher Standards of Living Across the Globe*** - Developing nations experience an improved standard of living—thanks to globalization. According to the World Bank, extreme poverty decreased by 35% since 1990.
- ***Access to New Markets*** - Businesses gain a great deal from globalization, including new customers and diverse revenue streams. Companies interested in these benefits look for flexible and innovative ways to grow their business overseas. International Professional Employer Organizations (PEOs) make it easier than ever to employ workers in other countries quickly and compliantly. This means that, for many companies, there is no longer the need to establish a foreign entity to expand overseas.
- ***Access to New Talents*** - In addition to new markets, globalization allows companies to find new, specialized talent that is not available in their current market. For example, globalization gives companies the opportunity to explore tech talents in booming market allows companies to compliantly

¹² Globalization Benefits and Challenges, (2020), (accessed on 19.08.2022), available at: <https://velocityglobal.com> > Global Expansion. p. 1- 2

employ workers overseas, without having to establish a legal entity, making global hiring easier than ever.

1.2. ECONOMIC GLOBALIZATION

Economic globalization is the free movement of goods, services and people around the world in an integrated way. Globalization can be considered as a result of the opening of the global economy and the simultaneous increase of trade between countries. Countries that have been closed to trade and foreign investment, with globalization open their economies and go global, the result is increased interconnectedness and integration of the world's economies. Economic globalization can be expressed in different ways, but they are all focused on the four economic trends that characterize it:¹³

- movement of goods and services and increase of national income per capita;
- increase of employment - with the movement of the population, more employment can be achieved, if not in one's own country, in other countries;
- capital movement as direct investments;
- technology development as a result of international research and development and investment flows.
- economic globalization also means that countries are liberalizing their import regulations and attracting foreign investment in the sectors that are key elements of their economy. This means that countries are becoming more attractive for global capital by opening up their economies to multinational corporations.

Economic globalization is a process of integration and interaction between governments of different nations (through free trade agreements), companies (by investing in other countries, creating parts or new companies) and people (with the same consumer trends, mainly thanks to information online). The process of economic

¹³ What is Globalization ? - Meaning and its Importance, (accessed on 04.10.2021), available at: <https://www.managementstudyguide.com/what-is-globalization.htm>

globalization affects the environment, political systems, economic development, as well as the prosperity and well-being of societies around the world. In international trade, economic globalization shows how companies buy, sell and distribute products and services in most countries and regions of the world.¹⁴

In economics, globalization can be defined as the process in which businesses, organizations, and countries begin operating on an international scale. Globalization is most often used in an economic context, but it also affects and is affected by politics and culture. In general, globalization has been shown to increase the standard of living in developing countries:¹⁵

- Globalization provides businesses with a competitive advantage by allowing them to source raw materials where they are inexpensive. Globalization also gives organizations the opportunity to take advantage of lower labor costs in developing countries, while leveraging the technical expertise and experience of more developed economies.
- With globalization, different parts of a product may be made in different regions of the world. Globalization has long been used by the automotive industry, for instance, where different parts of a car may be manufactured in different countries. Businesses in several different countries may be involved in producing even seemingly simple products such as cotton T-shirts.
- Globalization affects services too. The result is more jobs in countries where jobs are needed, which can have a positive effect on the national economy and result in a higher standard of living.
- Consumers benefit too. In general, globalization decreases the cost of manufacturing. This means that companies can offer goods at a lower price to consumers. The average cost of goods is a key aspect that contributes to increases in the standard of living. Consumers also have access to a wider variety of goods. In some cases, this may contribute to improved health by

¹⁴ What is Globalization? Definition and meaning - Global Negotiator, (accessed on 04.10.2021), available at: [https://www.globalnegotiator.com/international-trade/dictionary/globalization/](https://www.globalnegotiator.com/international-trade/dictionary/globalization/,), стр.1

¹⁵ Effects of Economic Globalization | National Geographic Society, (2022), (accessed on 19.08.2022), available at: <https://www.nationalgeographic.org> › p. 1

enabling a more varied and healthier diet; in others, it is blamed for increases in unhealthy food consumption and diabetes.

1.2.1. Characteristics of economic globalization

Economic globalization leads to the integration of national economies into a global market, by respecting a set of rules for the functioning of that global market there, a market that has an advantage over the independence of the national market. Economic globalization is supported by institutions such as the International Monetary Fund, the IMF, the World Bank, the World Trade Organization (WTO), and other interstate integrations such as the European Union, NAFTA, and others. Economic globalization leads to the desired economic growth - increasing material consumption, to privatization, unification of public services, business deregulation and unrestricted movement of capital across countries and leads to increased corporate concentration and cultural and economic homogenization. Companies operate in the international market for several reasons:¹⁶

- They may require more reliable sources of raw materials and supplies, as well as energy.
- They can provide access to factors of production, such as labor, at lower prices,
- They may be attracted to certain countries because they provide them with certain benefits,
- They can find new markets for their products,
- Domestic markets may no longer be able to absorb their products with minimal economic effect.
- They can be motivated by lifestyle factors. The domestic market can be saturated, which is why new opportunities are sought abroad.

¹⁶ Globalisation ppt 2 – SlideShare, (accessed on 04.10.2021), available at: <https://www.slideshare.net/RaviChaurasiya/globalisation-ppt-2>,

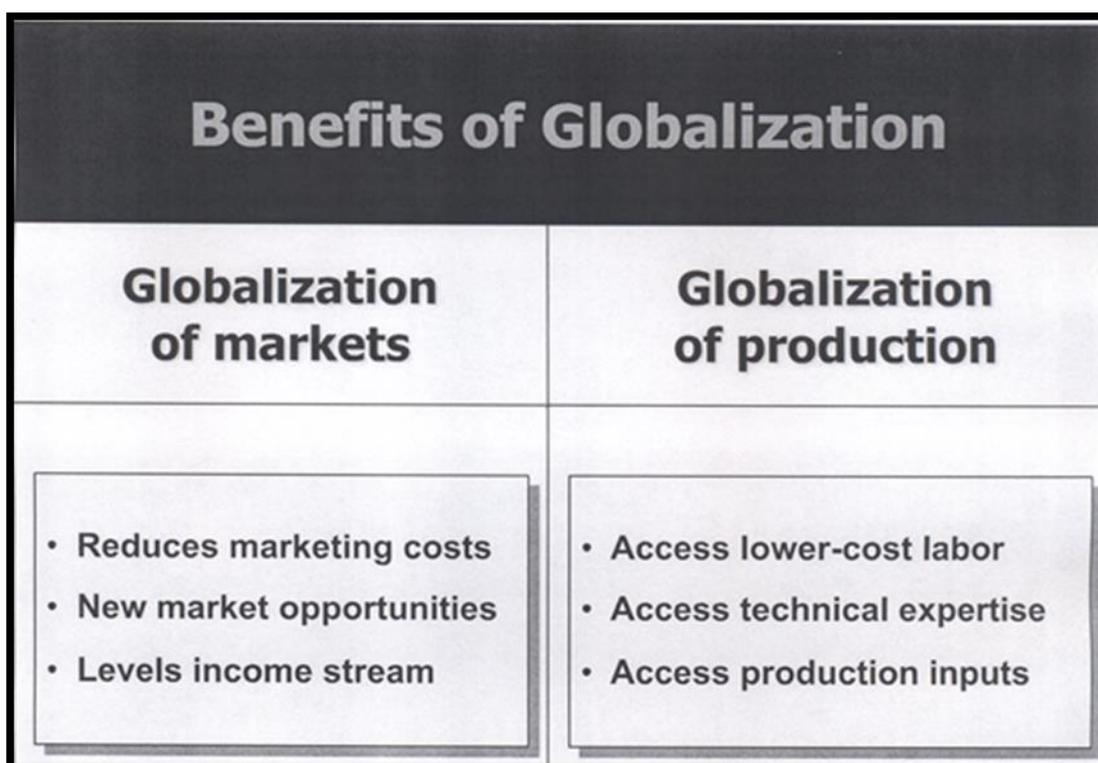
- They can look for new opportunities with a wider economic space in order to make money.

Economic globalization means the globalization of markets and the globalization of production:¹⁷

- Globalization of markets creates opportunities for:
 - ✓ Reduction of marketing costs,
 - ✓ Reaching market,
 - ✓ Increase in the level of income,
- The globalization of production creates:
 - ✓ Access to cheaper labor,
 - ✓ Access to technical knowledge,
 - ✓ Access to factors of production.

Figure 4

¹⁷ Globalization, (accessed on 04.10.2021), available at:
<http://instructor.mstc.edu/instructor/dwolf/International%20Business%20Files/Ch01.PPT>, 1



Извор: Globalization, Pearson Education, Inc. publishing as Prentice Hall, (2010), <http://instructor.mstc.edu/instructor/dwolf/International%20Business%20Files/Ch01.PPT>

Economic globalization stands for the economic interconnectedness of countries with the global economy as a whole. This interdependence relates both to the exchange of factors of production (labor, capital, technologies, know-how) and the exchange of products (material goods and services, finished and unfinished products, consumer and capital goods). There are three main drivers for economic globalization and its different characteristics such as trade international capital markets, currency markets, migration and more:¹⁸

- **Demography:** The size of the population of a country is important for factor endowment differences between countries. If a certain economy has a large number of workers but only a small stock of physical capital, the country is labor-abundant and capital-poor. Such a country has an international

¹⁸ What are the Drivers Behind Economic Globalization?, (2017), (accessed on 19.08.2022), available at: <https://globaleurope.eu › wha>.

competitive advantage in manufacturing labor-intensive products. Concerning international division of labor, it will specialize on the production and export of labor-intensive products.

- **Technology:** Due to technical progress, costs of transportation and of communication decreased strongly during the last decades. Without these reductions of costs, phenomena such as outsourcing, long-distance trade and global value chains would not be possible.
- **Political decisions:** Economic processes are not operating in a political or institutional vacuum. Reducing or even eliminating barriers to trade in goods, services, labor and capital are political decisions. At the end of the day, whether economically motivated cross-border activities do actually take place or not depends on the policy frameworks in place. It is this framework which decides whether cross-border activities are facilitated, made more difficult or even completely forbidden.

1.2.2. Effects of economic globalization

Economic globalization refers to the increasing interdependence of world economies as a result of the increasing volume of cross-border trade in goods and services, the flow of international capital and the wide and rapid spread of technologies. It reflects the continuous expansion and mutual integration of market borders and is an irreversible trend for economic development worldwide. The rapid growth of the importance of information in all types of productive activities and market orientation are the two main driving forces for economic globalization. In other words, the rapid globalization of world economies is largely based on the rapid development of science and technology, which has emerged from an environment in which the market economic system is rapidly expanding around the world and

evolving on the basis of increasing cross-border division of labor. breaks through to the level of production chains in companies from different countries.¹⁹

- Market-oriented reform implemented around the world should be considered an institutional driving force as many countries have gradually reduced their tariff and non-tariff barriers and are opening their capital inflow accounts. All this greatly stimulates the development of trade and investment.
- Multinational corporations are becoming major players in economic globalization. They globally organize production and allocate resources according to the principle of profit maximization, and their global expansions reshape the macroeconomic mechanisms of the functioning of world economies.
- The globalization of the financial sector is becoming the fastest growing and most influential aspect of economic globalization. International finance serves the needs of international trade and investment activity. However, with the development of economic globalization, it is becoming more and more independent.
- The process of globalization of the economy is also a process of global industrial restructuring and adaptation. With the development of science and technology and the increase in income levels, the industrial structures of all countries are also undergoing adjustment and upgrading.

The effects of economic globalization can also be expressed as:²⁰

- Economic globalization gives businesses a competitive advantage by allowing them to source raw materials where they are cheapest. Economic globalization also enables organizations to take advantage of

¹⁹ Shangquan, G., (2021), Economic Globalization: Trends, Risks and Risk Prevention, (2020), (accessed on 04.10.2021), available at: <https://www.un.org> > cdp_background_papers, стр. 3 -4

²⁰ Effects of Economic Globalization | National Geographic Society, (2019), (accessed on 04.10.2021), available at: <http://www.nationalgeographic.org> > article > effects-ec., стр. 1

lower labor costs in developing countries, while using the technical expertise and experience of more developed economies.

- With economic globalization, different parts of the product can be made in different regions of the world. This advantage has long been used by the automotive industry, for example, where different parts of a car can be manufactured in different countries. Businesses in several different countries may be involved in the production of even seemingly simple products, such as cotton T-shirts.
- Economic globalization also affects services. Many companies located in one country are moving to another. As part of the North American Free Trade Agreement (NAFTA), US car companies have relocated their operations to Mexico, where labor costs are lower. The result is more jobs in countries where jobs are needed, which can have a positive effect on the national economy and result in a higher standard of living.
- Economic globalization is reducing production costs. This means that companies can offer consumers products and services at lower prices. The average price of goods is a key aspect that contributes to raising living standards. Consumers also have access to a wider range of products and services.

Economic globalization refers to the increasingly integrated nature of economies around the world. This integration has both positive and negative effects. Increased global trade lead to more competition, which spread wealth more equally. Some of the effects of increased global trade include:²¹

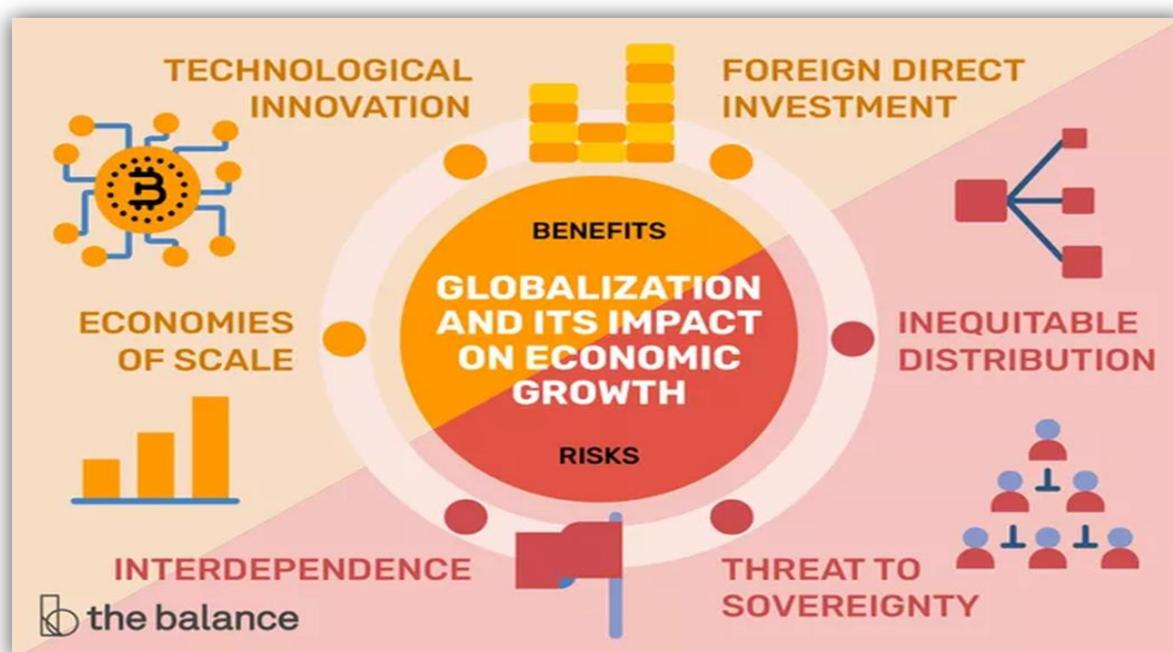
- ***Foreign Direct Investment*** - Foreign direct investment (FDI) tends to grow at a much greater rate than world trade does. This helps to boost technology transfer, industrial restructuring, and the growth of global companies.

²¹ Kuepper, J., (2022), Effects of Globalization - The Balance, (accessed on 20.08.2022), <https://www.thebalance.com> ›

- **Technological Innovation** - Increased competition helps inspire new technology development. The growth in FDI helps improve economic output by making processes more efficient.
- **Economies of Scale** - Increased global trade enables large companies to realize economies of scale. This reduces costs and prices, which in turn supports further growth. However, this can hurt many small businesses trying to compete at home.

Figure 5

Effects of economic globalization



Source: Kuepper, J., (2022), Effects of Globalization - The Balance, <https://www.thebalance.com> ›

1.3. MARKET GLOBALIZATION

Globalization means the ability to produce and /or sell goods/services in global markets in open competition with others. Only the fittest will survive in open competition. There exists comprehensive foreign competition with respect to almost every product all over the world. The globalization of markets has vastly increased international competition. While pursuing the strategy of globalization, the firms have

The impact of the economic globalization process on financial operations and marketing in the air traffic in the world with a review of DELTA AIR LINES

to face the challenges of managing human, technological, physical resources in the foreign markets. The globalization of markets and manufacturing has vastly increased international competition.²²

Globalization of markets is a process of integration of national markets in a global market, in which relations between countries tend to increase due to its expansion and deepening. This process is also called globalization or internationalization.²³

- Globalization of markets refers to the merging of historically distinct and separate national markets into one huge global market place.
- Falling trade barriers make it easier to sell globally.
- Consumers tastes and preferences are converging.
- Firms promote the trend by offering the same basic products world wide .
- Globalization of production refers to the sourcing of goods and services from locations around the globe to take advantage of national differences in the cost and quality of factors of production.

1.3.1. Characteristics of market globalization

Market globalization is the process of integrating and connecting and merging certain markets into one market. The process of globalization of markets involves identifying some common norms, values, standards, ways of working and gradually creating approaches to the common use of products and services. Companies need to be large in order to create a global market. Most of the foreign markets are markets for industrial goods such as markets for raw materials and equipment and machinery and tools, software and the like. Global companies compete with each other in various

²² Globalization of Markets - EconBiz, (accessed on 20.08.2022), available at: <https://www.econbiz.de> › glo. p.1

²³ Chirinos, S., (2015), Globalization of Markets - LinkedIn, (accessed on 20.08.2022), available at: <https://www.linkedin.com> › g. p. 1

foreign markets, including their own. Companies are globalizing markets in order to make as much profit as possible and achieve their goals.²⁴

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- Growing interdependence between world economies due to the multinational nature of sources of supply, production, trade and investment activities;
- Increasing the frequency of cross-border cooperation and realization of financing transactions;
- Increased intense competition among a larger number of market participants.
- The market is the main driver of globalization. Increasing incomes in countries increases the share of consumers as carriers of demand. An increasing number of global products are being sold worldwide with very little or no modification to the tastes and requirements of consumers. Tourism and travel, as well as the information system, contribute to the creation of global consumers. All of the growing number of products are world brand and are distributed through global distribution and promotion channels.

²⁴ Nekpury A., (2011), Drivers, globalization of market, production, investment, technology, Havier Institute Jabalpur, (accessed on 20.08.2022), available at: <https://www.slideshare.net/nekpuri/drivers-globalization-of-market-production>, crp. 5 - 8

²⁵ Cavusgil T. (2003), Globalization of Markets and Its Impact on Domestic Institutions," Indiana Journal of Global Legal Studies: Vol. 1: Iss. 1, Article 5. Michigan State University, (accessed on 20.08.2022), available at: <https://www.repository.law.indiana.edu/viewcontent>, crp. 83

- Product globalization reduces the costs of research and development, engineering, design, manufacturing, investment and marketing, especially distribution and promotion. Global products are being created as a result of increasing capital investment requirements needed to bring new products into the production program. The global economy gains importance when the markets of individual countries are not large enough to enable the creation of companies with optimal values.

1.3.2. Impact of globalization on domestic institutions

The globalization of markets is one of the most fascinating developments of this century. Its impact on economic transactions, processes, institutions and participants is very wide. Globalization challenges established norms and behaviors and requires different ways of thinking. However, it does create opportunities for well-prepared participants who can be proactive and visionary:²⁶

❖ Globalization of markets includes:

- increased interdependence between the world's economies;
- multinational nature of resources, production, trading and investment activities;
- increasing the frequency of cross-border transactions and financing; and
- increased intensity of competition among a larger number of players.

❖ Globalization has been fueled by advances in communication and transportation technologies, the spread of economic growth and wealth around the world, the loosening of barriers to trade, and the formation of regional economic blocs. The development of new technologies and the creation of new products also contribute to the globalization of markets.

²⁶ Cavusgil T. (2003), "Globalization of Markets and Its Impact on Domestic Institutions," *Indiana Journal of Global Legal Studies*: Vol. 1: Iss. 1, Article 5. Michigan State University, (accessed on 20.08.2022), available at: [https://www.repository.law.indiana.edu > viewcontent, crp. 84 - 85](https://www.repository.law.indiana.edu/viewcontent, crp. 84 - 85)

❖ The globalization of markets is best reflected in the "internationalization" of business transactions. This means that one or more aspects of economic activity are international in nature. One of the parties to the transaction may be:

- foreign partner;
- the transaction may include foreign currency; financing may include foreign creditors;
- the technology may come from a foreign partner.

❖ It is possible to identify at least five dimensions or aspects of market globalization.

- First is the nature of production and the sources of activities. Today, business activity flows freely to the best places ready to perform it most economically and efficiently. This is especially evident in the case of service business.
- Second, competition for consumers and markets is increasing significantly as a result of globalization. While only a few of the multinational companies dominated international trade decades ago, today companies from all over the world participate in world business. Companies from virtually every nation are vying for positions in various industries.
- Third, the types of international business transactions are increasing. In the past, much of the international business activity was in the form of export-import and foreign direct investment. Today, transactions are diverse and complex: contract-based manufacturing, franchise operations, counter-trading, turnkey construction, technology transfer, international strategic alliances, and more.
- Fourth, technology is spreading freely and rapidly between markets and participants. Technology does not provide a monopoly advantage for very long. Companies need to quickly use their findings before others can respond.

- Fifth, lending activities are realized all over the world. Businesses finance their growth and expansion through international capital markets. As such, they are able to take advantage of different interest rates and currency markets by using a wide range of funding sources.

1.4. FINANCIAL EFFECTS FROM ECONOMIC GLOBALIZATION

Economics globalization has affect on capital flows, with cross-border equity and bond purchases as well as loans and foreign direct investment:²⁷

- Large corporations, especially multinationals, benefit from greater access to capital. This boosts output and fuels growth by enabling companies to invest more in research and development.
- Globalization also makes it possible for newer companies that can attract media and investor attention to compete with incumbents — if they can find ways to “disrupt” a market with better ideas.
- International investments in emerging economies have contributed to the rise of modern, western-style cities and urban centers. For example, international investments in a few corporations in a developing nation, if successful, lead to development of infrastructure, including office buildings, homes, schools and hospitals. In many emerging economies, none of this development would happen without globalization and money flows across borders.
- Globalization often lowers inflation, empowering the consumer to buy more goods. Financial effects fom economics globalization and from international trade include:
 - ✓ *Manufacturing*: As the quantity of products produced in a manufacturing facility rises, the production cost per unit declines. By opening more markets for any given product, the costs can be reduced. This enables the

²⁷ How Globalization Affects Business Finance - USCA Online, (2020), , (accessed on 20.08.2022), available at: <https://online.usca.edu › degrees › business › mba › how>.

production of many products that would not have been feasible in lower quantities.

- ✓ *Supply chain:* The more countries and businesses that have a stake in ensuring an efficient supply chain, the more investment goes into the various steps of taking products from factories to the consumer. The global supply chain is much more cost effective than a supply chain would be in a purely domestic economy.
- ✓ *Online commerce:* Online retailers like Amazon benefit from a concept called “long end of the tail” marketing. Free from the constraints of geography, Amazon can sell thousands of copies of a book that could not be sold in a retail store, because there would not be enough buyers within proximity. This concept has created markets for all kinds of niche products that could not have found buyers without the combination of globalization and online commerce.
- ✓ *Demographics:* Cheap labor is widely available in countries with younger demographics and urbanization. With globalization, multinational companies can benefit from access to labor markets that lower their costs relative to domestic markets.
- ✓ *Technology:* Just as globalization provides cheaper labor to multinationals corporations, it also provides the means for businesses to leverage the investments that have already been made by western companies in technology. Whether through mergers, acquisitions or partnerships, companies all over the world have access to technologies that would have been cost-prohibitive without globalization.
- ✓ *Marketing:* Market globalization reduces the barriers to selling internationally. Although marketing messages that work well in one country may have to be refined or overhauled to appeal to citizens of

another, there is plenty of cost-saving redundancy in marketing products in many markets rather than a few.

1.4.1. General effects of economic globalization

Economic globalization is an interesting phenomenon because it leads to changes that lead to increased economic, financial, social, cultural, political, market and environmental interdependence between countries:²⁸

❖ Economic globalization is challenging people to change their lifestyles, encouraging companies to change the way they do business, and encouraging nations to pursue new national policies. Events happening in different parts of the world are now having dramatic consequences for other parts of the world at a faster pace than one might imagine.

❖ Economic globalization allows companies to engage and find consumers around the world. The globalization of production and operations in more countries helps companies to achieve higher revenues by using the larger operating model.

❖ Economic globalization is leading to greater interconnectedness between markets around the world and increased communication and awareness of business opportunities in different parts of the world. More investors can access new investment opportunities and explore new markets. Products and services that were previously available in one country can now be made available in new markets abroad, uniting economies through increased investment and trade.

❖ Economic globalization is creating increasing competition, with companies struggling with strong competition outside their own country that is turning them into global companies, actively seeking production locations and partners for new ventures.

❖ Economic globalization provides a net benefit to individual economies around the world, as markets become more efficient, competition increases, and consumer

²⁸ Kuepper J., (2018), The Impact of Globalization On Economic Growth, (accessed on 20.08.2022), available at: <https://www.thebalance.com/globalization-and-its-impact-on-economic-growth-1978843>

welfare spreads around the world. Some of the effects of economic globalization include:

- Attracting foreign direct investment. Foreign direct investment tends to increase at a much higher rate than the growth of world trade, helping to increase technology transfer, industrial restructuring and the growth of global companies.
- Technological innovations. Increased competition helps to stimulate the development of new technologies, especially with the growth of foreign direct investment, which helps to improve the economic effect through more phobic. Globalization allows large companies to achieve economies of scale that reduce costs and prices, which in turn supports further economic growth.

The world economy today is no longer a simple set of national economies and national markets in contact, but a system, global-universal, unique created through relationships between subsystems and components. The structure of the global economy today consists of the following subsystems:²⁹

- Economies and nation states;
- International division of labor;
- The system of international economic relations;
- World market;
- Development mechanisms (trade, pricing, monetary and fiscal policy);
- The institutional system of international economic relations, economic organizations and international bodies;
- The legal system that includes the principles, rules and regulations for economic relations between countries.

²⁹ Lucia Paliu-Popa, (2008), Economy Globalization and Internationalization of Business, University Constantin Brancusi of Targu Jiu, (accessed on 05.10.2021), available at: https://mpra.ub.uni-muenchen.de/18568/1/MPRA_paper_18568.pdf

1.4.2. Financial globalization as part of economic globalization

Financial globalization as part of economic globalization is understood as the integration of a country's local financial system with international financial markets and institutions. This integration usually requires governments to liberalize the domestic financial sector. Financial globalization, in principle, can help raise growth rates in developing countries through multiple channels:³⁰

- Some of the channels directly affect the determinants of economic growth (increasing domestic savings, reducing capital costs, transferring technology from advanced to developing countries and developing domestic financial sectors). Indirect channels, which in some cases may be even more important than direct ones, include increased production specialization due to better risk management and improvements in macroeconomic policies and institutions caused by competitive pressures or the "disciplinary effect" of globalization. Financial liberalization tends to develop the financial system, increase financing opportunities, reduce capital expenditures, and increase investment and liquidity.
- Financial globalization, combined with good macroeconomic policies and good domestic governance is conducive to growth, for example, countries with good human capital and governance tend to better attract foreign direct investment, which is particularly conducive to their growth.
- The influx of international corporations does not only bring positive advantages in terms of global financial transactions. Multinational corporations can raise the level of education as well as the financial situation in countries, especially in developing countries, but this only applies to the long-term effects of economic globalization. In the short term, poorer countries become even poorer and unemployment rates may rise.

³⁰ Positive and negative effects of financial globalization on developing and emerging economies, (accessed on 05.10.2022), available at: <https://eprints.ugd.edu.mk> › Positive and negative ef, стр. 5 - 8

Financial globalization creates enormous potential benefits for developing countries and markets as they integrate financially with the rest of the world. Financial globalization stimulates the development of the financial sector and stimulates the progress of economies. One of the main benefits of financial globalization is the development of the financial sector. Financial markets become deeper and more sophisticated as they integrate with world markets, increasing financial alternatives for borrowers and investors. There are two main channels through which financial globalization promotes financial development:³¹

- First, financial globalization implies that new types of capital and more capital are available for countries to develop. Among other things, the new and larger capital allows countries to better mitigate consumption, deepen financial markets and increase the degree of market discipline.
- Second, financial globalization leads to better financial infrastructure, which mitigates information asymmetries and, as a consequence, reduces problems such as poor selection.

1.5. GLOBALIZATION OF MARKETING

Globalization in marketing is defined as the process of promoting products and services to global markets. It is important for companies to understand how they fit within the market and what target markets they should focus on. When making these decisions, it is important to take into account the country's culture, values, and customs. Not only does globalization happen through promotion but also through product innovation:³²

- Marketing and globalization go hand-in-hand, as marketing is the process of promoting and distributing a product to consumers so they will buy it. Globalization in marketing is important because it increases the accessibility

³¹ Financial Globalization: Gain and Pain for Developing Countries, (2021), (accessed on 20.08.2022), available at: <http://citeseerx.ist.psu.edu › viewdoc › download>, p. 1

³² Roth, H., (2022), Globalization - its meaning in marketing & branding - neuroflash, (accessed on 20.08.2022), available at: [доступно на: https://neuroflash.com › blog › globalization-meaning-in-](https://neuroflash.com › blog › globalization-meaning-in-). стр. 1 - 2

of products, which increases competition and therefore drives down prices. It also is imperative for businesses to take advantage of international markets. Trade agreements are vital to global trade, as they protect companies from being charged tariffs on imports/exports.

- In a globalized world, brands have the opportunity to communicate their values and the importance of globalization in a number of ways. A company can communicate their beliefs in a globalized world by implementing a policy of sustainability and innovation, which communicates an appreciation for resources and a forward-thinking mindset. The company can also choose to redesign products to be more accessible globally. For example, Coca-Cola has redesigned its bottles so that they are easier to drink from all around the world.

Marketing globalisation has created a whole new definition of business growth and expansion in today's world. With market globalisation, companies and industries have witnessed the opportunity for immense development in their industries. As an employee or a jobseeker, understanding market globalisation goes a long way in the job success:³³

- There are several benefits that can get from understanding the answer to 'What is marketing globalisation?'. Marketing globalisation refers to the unique opportunity given to employees, market researchers or sales professionals to grow by providing them with a reach that surpasses their local coverage. It simply entails a marketing strategy that encompasses multiple countries across several continents. With marketing globalisation, growth is no longer limited to local growth, but also international, multilingual and multicultural growth. It enables marketers or researchers to establish a customer base that is unique and diverse.

³³ What is marketing globalisation? Benefits and disadvantages, (2022), (accessed on 20.08.2022), available at: <https://uk.indeed.com › what- ctp. 1 -2>

- While marketing globalisation might be a popular strategy that is employ to reach a wider consumer base and gain more patronage, it remains to take decision to choose whether to incorporate global marketing strategies into your process. Marketing globalisation provides business development researchers with a rare opportunity to increase their awareness, boost their sales and establish their unique presence in several economies.

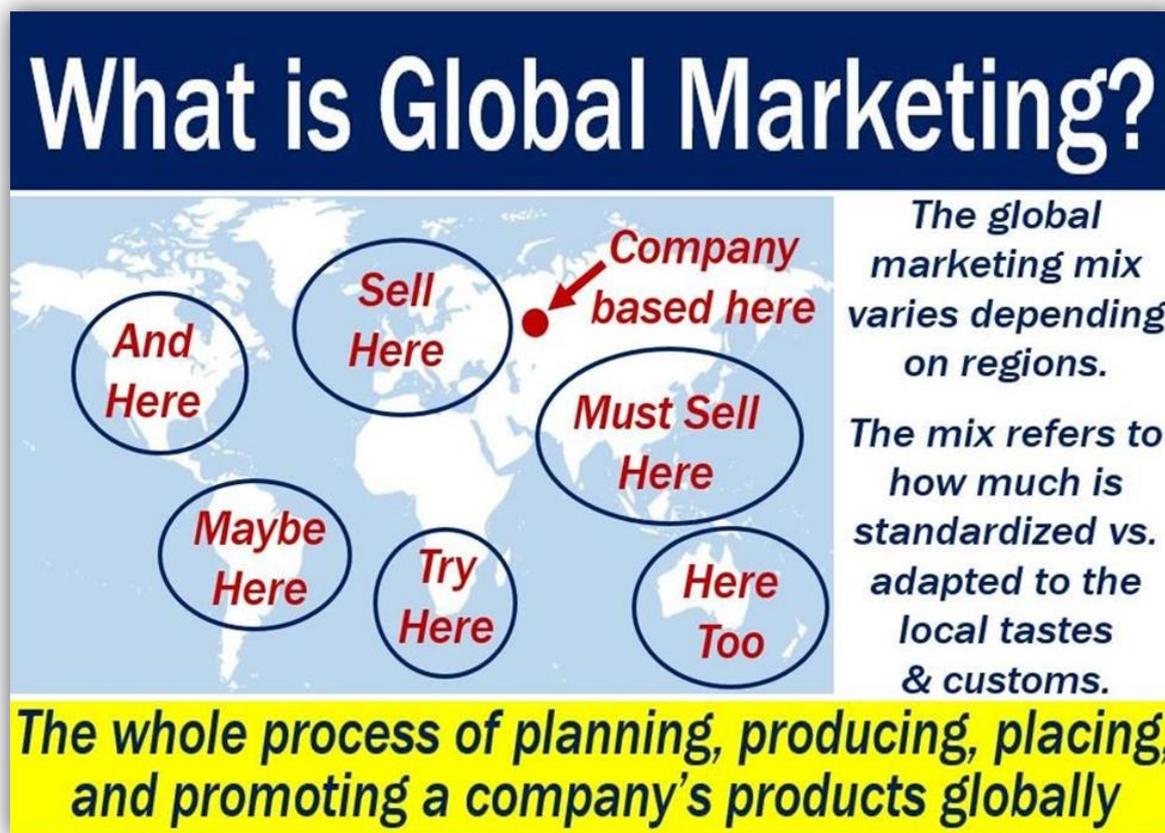
Global marketing involves planning, producing, placing, and promoting a business' products or services in the worldwide market. There is significantly more to global marketing than simply selling goods and services internationally:³⁴

- Global marketing is the process of conceptualizing and subsequently conveying a final product or service globally. The company aims to reach the international marketing community.
- Global marketing is a specialized skill. If marketing professionals do their job properly, they can catapult their company to the next level.
- Several different strategies are possible. Which one to implement depends on the company's target area. For example, the menu of a fast food restaurant will depend on whether it is in Europe, Asia, Africa, etc.
- For companies that produce and sell products and services that have universal demand, global marketing is crucial. Food, smartphones, and cars, for example, have universal demand. In other words, people all over the world want and buy them.
- Global marketing is part of marketing. Marketing refers to analyzing the market, finding out what consumers want, and determining whether you can make it at the right price. You then produce it and sell it.

Figure 6

Globalization of marketing

³⁴ What is global marketing? Definition, meaning and examples, (2022), (accessed on 20.08.2022), available at: <https://marketbusinessnews.com> ›, p. 1 - 2



Source: What is global marketing? Definition, meaning and examples, (2022), (accessed on 20.08.2022), available at: <https://marketbusinessnews.com> › p. 2

Companies evolving towards global marketing are actually quite gradual.³⁵

- The first stage has the company concentrating on the domestic side, with its activities focused on their home market.
- Stage two has the company still focusing domestically but has exports.
- By stage three, the company has realized that they need to adapt their marketing geared towards overseas. The concentration moves from multinational. Thus, adaption has become crucial.
- The fourth and last stage has the company creating value when it extends its programs and products to serve worldwide markets.
- Definitely, there are no definite time periods to this evolution process.

³⁵ Luenendonk, M., (2019), Global Marketing: Strategies, Definition, Issues, Examples, (accessed on 20.08.2022), available at: <https://www.cleverism.com> › crp. 1

➤ еволуција.

Figure 7

Globalization of marketing



Source, Globalisation - PowerPoint Presentation, (2022), (accessed 08/20/2022), available at: <http://www.umsl.edu/~naumannj/globalisation.ppt> 5

1.5.1. Basic features of marketing globalization

Globalization of marketing means combining the promotion and sale of products and services in an increasingly interdependent and integrated global economy with an understanding of the needs of consumers in the target countries. Globalization of marketing means creating a global marketing mix in which the product, price, distribution or point of sale and promotion are targeted to the needs of consumers in a particular foreign country. Globalization of marketing gives companies the opportunity to raise brand awareness, increase sales and establish new markets in new economies. Global marketing can save money compared to individual country-to-country marketing. In the global market, companies are meeting more people and therefore

need to know their target segment. Global marketing is more than just selling products and services internationally. It covers the whole process of planning, production, marketing and promotion of products of companies on the world market:³⁶

- ❖ Global marketing creates many benefits that can be expressed as:
 - Leads to greater effectiveness in the production of new products or services.
 - Creates a competitive advantage.
 - Increases consumer awareness of the brand of the product or service.
 - Through the internet, consumers can follow the development companies in the world.
 - Reduce costs and increase corporate revenue.

❖ Global marketing occurs, or in other words is practiced, when companies carry out business activities outside the country in which they are registered in order to meet the needs of consumers in other countries and want to make a profit. Global marketing is simply a strategy used by companies to increase their market share and make more profit.

❖ Global marketing is a process of undertaking activities for doing business, ie selling products and services on the market in one or more foreign countries. It means studying the environment and determining the market in which it will perform, defining the way and time to appear in that market, choosing a marketing program with which to perform and establishing an organizational structure for the realization of the performance in the global market.

❖ To be successful in the foreign or international market, you need to know that people in foreign countries have different tastes, needs and desires. With developed good marketing strategies, conditions should be created to understand the differences and to direct the activities towards overcoming them, ie satisfying the needs of the consumers as it suits them best.

³⁶ Global Marketing: Strategies, Definition, Issues, Examples, (2016), (accessed on 20.08.2022), available at: <https://www.cleverism.com/global-marketing-strategies/>, , стр. 1 - 2

❖ In the global market, in addition to the four basic elements of marketing or so-called 4P, many other factors should be taken into account, such as the method of payment (realization of international transactions and exchange rates), exchange of documents, practice (differences in culture, social status and business styles), partnership (strategic association for increasing market presence), protection against increased risks related to payment, travel and much more. Knowledge of all these aspects of achieving international business and appearing on the international market is the basis for undertaking marketing activities that will ensure market success.

Global marketing can be described as the various activities designed in the planning process. Activities such as fixing pricing structures to suit local needs, formulating promotional offers and assuring that the products and services are available to customers residing in the home country as well as the foreign country. Identifying and satisfying the consumer needs globally are the major functions to be taken care of. The basic characteristics of global marketing are:³⁷

- Broader market is available - A wide platform is available for marketing and advertising products and services. The market is not limited to some precise local market or for people residing in a particular place, region or country but is free for all. People from different nations sharing different cultures and traditions can actively participate in it.
- Involves at least two set of uncontrollable variables - By uncontrollable variables, we mean the geographical factors, political factors prevailing in different countries. At the global level, all the companies have to face uncontrollable variables from different countries. While establishing business globally, a company has to learn to deal with these variables.
- Requires broader competence - International market requires more expertise and special management skills and wider competence to deal with various circumstances and handle different situations like changes in the strategies of the government, the mindset of the people and many other such factors.

³⁷ International Marketing - Characteristics - Tutorialspoint, (2022), (accessed on 20.08.2022), available at: <https://www.tutorialspoint.com> > crp. 1 - 3

- Competition is intense - Competition is very tough in international market, as the organizations at the global level have to compete with both competitors in their home countries and also in the foreign lands. Competition is high because the clash is between developed & developing countries and both have different standards and are unequal partners.
- Involves high risk and challenges - International marketing with its own advantages is also prone to different and tangible risks and challenges. These challenges come in the form of political factors, regional and cultural differences, changing fashion trends, sudden war situation, revision in government rules and regulations and communication barriers
- The nature of international marketing is dependent on various factors and conditions and above all, it is dependent on the policies framed by different countries which are active participants in international marketing. International marketing tends to ensure balanced import and export to all countries big or small, rich or poor, developed or developing.
- Management of international market is tough and requires thorough market research. It is a predefined process which is directed towards designing and delivering products based on the demands from the overseas customers. Proper management also helps the company attain its objectives.
- Large-scale operation - Large-scale operations involve relative amount of labor and capital to cater to the needs such as transportation, and warehousing.
- Domination of multinationals and developed countries - International marketing is highly dominated by multinational corporations due to their worldwide reach. These organizations apply efficient and effective business practices to all their business operations. They have a stable position and with their global approach find themselves fitting into the arena of international marketing.
- International restrictions - The international market needs to abide by different tariff and non-tariff constraints. These constraints are regulated

because different countries follow different regulations. All nations tend to rationally abide by tariff barriers. All the imports and exports between the nations participating in international marketing follow some restrictions in foreign exchange.

- Sensitive character - International marketing is highly sensitive and flexible. The demand for a product in a market is highly influenced by political and economic factors. These factors can create as well as decrease the demand for a product. In fact, use of advanced technology by a competitor or the launch of a new product by another competitor may affect the sale of a particular firm's product worldwide.
- Importance of Advanced Technology - International market is dominated by developed countries like the USA, Japan, and Germany as they use highly advanced technology in production, marketing, advertising and establishing a brand name. They provide admirable quality of products at reasonable prices. Presently, Japanese products have got substantial existence in markets around the world. The Japanese could achieve this only because of automation and effective use of advanced computer technology.
- Need for specialized institutions - Marketing at global level is highly prone to risks & is very complex and knotty. It undergoes lengthy and time taking procedures & formalities.

1.5.2. Application of marketing in the global market

The operation, ie the realization of products and services on the international market, means that the organizations start to develop and conduct operational activities in a certain country or target countries that are different from those in the domestic market. The procedures for the development of marketing operational activities that mean orientation from the domestic to the foreign (international market) can be expressed in the following way:³⁸

³⁸ Chapter 1: Introduction To Global Marketing, (2021), (accessed on 05.10.2021), available at: www.fao.org

- first procedure: the domestic market is in the center of the organization's attention and all marketing activities are focused on the domestic market, there are small considerations for appearing on the international market;
- second procedure: focus on the domestic market, but with clear intentions to achieve certain exports. Domestic market values are believed, but a separate export department is formed;
- third step: the organization realizes that it must adjust its marketing mix to enter foreign markets. The orientation is towards the international market and the preparation for entering that market becomes a significant activity of the organization.
- Fourth step: organization to enter the global, international market, by developing products and programs to satisfy consumers in the global market. This means that the organization has realized that there are markets everywhere in the world, but despite the similarities that exist between the markets in individual countries, there are big differences, which is why you need to develop specific strategies for each market in which you want to operate. Strategies must be aimed at expanding markets, adapting to those markets and creating value for the needs of the target markets.

Nowadays, the influence of globalization is obvious:³⁹

- More and more brands try to sell their product worldwide for several reason:
 - ✓ Firstly, reaching global markets gives companies access to a large customer base.
 - ✓ Secondly, it allows business owners to reduce spending by achieving economies of scale.
 - ✓ Thirdly, companies that sell goods worldwide diversify their risks and are less influenced by crises in certain countries.

³⁹ What is Global Marketing: Basics - Definition - SendPulse, (2022), (accessed on 20.08.2022), available at: <https://sendpulse.com › support>.

- Reaching global markets helps increase people's awareness of the product significantly. Marketing can build a strong reputation as a worldwide-known brand by selling in different countries, which gives you an amazing competitive advantage. Moreover, extending the company brings huge business opportunities and, as a result, new ways of getting income.
- Understanding all these benefits makes many business owners start selling internationally. However, there are many cultural, legislative, demographic, and political differences that you should consider in your products' promotion. It is not enough to develop one marketing strategy for all countries. Your company should be flexible to satisfy consumers worldwide, so global marketing is necessary.
- People should understand all the pros and cons before starting to work with consumers worldwide.

PART TWO: GLOBALIZATION OF AIR TRAFFIC IN THE WORLD

2.1. BASIC CHARACTERISTICS OF INTERNATIONAL AIR TRAFFIC

Air transport is an important enabler to achieving economic growth and development. Air transport facilitates integration into the global economy and provides vital connectivity on a national, regional, and international scale. Air transport helps generate trade, promote tourism, and create employment opportunities.⁴⁰

Air transport as the system consists:⁴¹

- Of three main subsystems—airports, airlines, and ATC/ATM (Air traffic Control/Management):
 - ✓ The airports as the ground-based infrastructure consist of airside and landside area.
 - ✓ The airlines operate air route networks with flights connecting airports.
 - ✓ The ATC/ATM includes the controlled airspace, and monitoring and controlling facilities and equipment.
- Air transport provide the capacity for serving the air transport demand consisting of:
 - ✓ passengers,
 - ✓ freight/cargo shipments, and
 - ✓ aircraft/flights.
- The main system's performances of Air transport are:
 - ✓ capacity,
 - ✓ demand,
 - ✓ quality of services,
 - ✓ economics and sustainability.

⁴⁰ Air Transport - World Bank Group, (2022), › (accessed on 20.08.2022), available at: <https://www.worldbank.org>. p. 1

⁴¹ Janić, M.,(2022), Introduction to Air Transport - ResearchGate, › (accessed on 20.08.2022), available at: <https://www.researchgate.net> › p. 1

- The capacity and demand are characterized by their size/volume, and time and spatial pattern.
- Quality of services as the outcome between demand and capacity reflects the system's effectiveness and is expressed by the time and spatial deviations of the realized from the planned level(s).
- The economics reflecting the system's efficiency relate to its revenues, costs, and profits. The sustainability implies balancing the system's effects/benefits and impacts/costs on the society and the environment in the medium- to long-term period.
- The main direct effects/benefits embrace employment and contribution to gross domestic product (GDP). The main physical impacts include fuel consumption and related local and global emissions of green house gases (GHG), land use, noise, congestion and delays, and traffic incidents/accidents (safety), which after internalizing represent the costs/externalities.

Air transportation plays an integral role in today's way of life:⁴²

- Commercial airlines allow millions of people every year to attend business conventions, go home for the holidays, take vacations around the globe, or travel to other important events.
- Air transportation also represents the fastest way to ship most types of cargo over long distances. Passengers and cargo can be transported by air either over regularly scheduled routes or on "charters," which are routes specifically designed for a group of travelers or a particular cargo.
- Air cargo is another segment of the airline industry. Cargo can be carried in cargo holds of passenger airlines or on aircraft designed exclusively to carry freight. Cargo carriers in the air transportation industry do not provide door-

⁴² Air Transportation Industry - CollegeGrad.com, (2022), > (accessed on 20.08.2022), available at: <https://collegegrad.com/>air-t.crp.1>

to-door service. Instead, they provide only air transport from an airport near the cargo's origin to an airport near the cargo's destination.

Modern industrial aviation traffic is an activity that increasingly operates within the liberal market. Air traffic accounts for about 1% of both EU and US GDP - and is vital for many industries such as tourism, exotics and high technology. Air transport is an important carrier of high value cargo. International air traffic accounts for about 40% of world trade in value, albeit much less in physical terms. The market is served by a variety of carriers, some specializing in international long-haul routes and others in short-haul markets. The world's largest airports carry millions of international passengers and tons of cargo each year.⁴³

- Air transport allows the free movement of people and goods around the world. In 2019, aso air traffic enabled more than 4.5 billion passenger trips and transport of over 61 million tons of cargo.
- Each year, more than 1.5 billion passengers - 43% of global traffic - depart from over 200 coordinated airports. The number of coordinated airports is expected to increase significantly due to the lack of expansion in the airport infrastructure to cope with the growing demand.
- Air travel gives businesses the freedom to sell their products in global markets. In 2019, over \$ 6.7 trillion in international trade turnover is enabled by air traffic.
- Air traffic frees from the constraints of geography, distance and time. It allows you to lead a better life and make the world a better place.
- Air travel allows people to explore the world, work globally and enrich their lives.
- Air transport unites families and loved ones and creates opportunities for greater understanding between cultures

⁴³ International Air Transport Association (IATA), *The Business of Freedom*, (2021), (accessed on 05.10.2021), available at: <https://www.iata.org>, ctp. 1

- Air transport brings goods to markets and provides much-needed assistance to those in need. By value, one third of the goods traded internationally are transported by air.

2.1.1. The contribution of air travel to global economic prosperity

The world economy is greatly affected by the key elements of international free trade or the lack thereof, the availability and use of natural and human resources on the planet, and international politics and ideologies. Each country competes in the international arena to advance the economy in their country in the hope of establishing or maintaining a desirable quality of life:⁴⁴

- The economy is a system consisting of producers and consumers engaged in the trade of goods and services using some type of currency that results ideally in the needs of everyone being met or exceeded. Every person and every company is both a producer and a consumer and every able person is employed with a high standard of living in what most people envision as a perfect local or national economy.
- The world or global economy is a collection of national economic systems in countries that compete in the international market place and engage in international trade. The world economy is in fact dependent on the global exchange of goods and services and natural resources between countries based on the laws in each country and the international agreements between countries.
- The aviation industry facilitates the world economic system in many ways. High speed transportation itself creates a catalyst for international trade. Air transportation greatly accelerates international trade. Taking a look at the direct customers of air transportation, it is possible to see two categories of air transportation which are passenger travel and freight and mail transport.

⁴⁴ The Aviation Industry and the World Economy, (2022), (accessed on 20.08.2022), available at: http://www.indianhills.edu/~lu05_economy. p. 1 - 3

- The suppliers of air transportation services include all of the industry components needed to make the two types of air transportation services possible. The four categories of suppliers are first air carriers, other aircraft operators and affiliates, second airports, air navigation services and affiliates, third other industries and business services, and fourth aerospace manufacturers and affiliates.
- The direct demand for air transportation itself creates a catalytic demand for other businesses that benefit from air travel. The tourism business benefits greatly from air transportation. Fast economical transportation of passengers and freight to touristic locations is the catalyst for the development of a huge tourism industry there. Hotel and vacation tours businesses spring up as more tourists are able to fly in to the location which in turn creates jobs in motel construction and hotel services and food service and related businesses.
- The extra economic development from an industry like air transportation is referred to as the economic multiplier. Air transportation is a large segment of the freight business. Air freight companies are able to make money by consolidating small parcels picked up using ground transportation into large freight packs transported by air.

Even though there are a variety of transportation modes, such as automobiles, trucks, ships and railroads, perhaps no other mode has more significant impact on intercity trade and commerce than aviation:⁴⁵

- Aviation system allows for intercontinental travel of large volumes of passenger and cargo in relatively short periods of time. The air transport become vital to the growth of business and industry in a community by providing air access for companies that must meet the demands of supply, competition and expanding marketing areas.

⁴⁵ Social and economic impact of air transportation: general review, (2022), (accessed on 20.08.2022), available at: <https://www.researchgate.net> > crp. 1

- The air transport industry has a substantial economic impact, both through its own activities and as an enabler of other industries. Its contribution includes direct, indirect, induced and catalytic impacts, which are related to the total revenues of the air transport industry.
- ✓ **Direct impacts:** These cover employment and activity within the air transport industry including airline and airport operations, aircraft maintenance, air traffic control and regulation, and activities directly serving air passengers, such as check-in, baggage-handling, on-site retail and catering facilities. Direct impacts also include the activities of the aerospace manufacturers selling aircraft and component to airlines and related businesses.
 - ✓ **Индиректни влијанија:** Тие вклучуваат вработување и активности на добавувачи на индустријата за воздушен транспорт, на пример, работни места поврзани со добавувачи на воздухопловно гориво; градежни компании кои градат објекти; производството на стоки што се продаваат во малопродажните места на аеродромите и широк спектар на активности во секторот за деловни услуги (Центри за повици, ИТ, сметководство итн.).
 - ✓ **Induced impacts:** These include spending by those directly or indirectly employed in the air transport industry that supports jobs in industries such as retail outlets, companies producing consumer goods and a range of service industries (e.g. banks, restaurants, etc.).
 - ✓ **Catalytic impacts:** The air transport industry's most important economic contribution is through its impact on the performance of other industries and as a facilitator of their growth. It affects the performance of the world economy, improving the efficiency of other industries across the whole spectrum of economic activity – referred to as catalytic benefits.

Air transport is a major contributor to global economic prosperity:⁴⁶

- Air transport provides the only fast transport network worldwide, making it essential for global business and tourism. It plays a vital role in facilitating economic growth, especially in developing countries.
- Air transport facilitates world trade. It helps countries contribute to the global economy by increasing access to international markets and allowing globalization of production.
- Air transport is essential for tourism, a major engine of economic growth, especially in developing economies. Connecting contributes to improved productivity by encouraging investment and innovation, improving business performance and efficiency, and allowing companies to attract high quality employees.

Aviation brings economic benefits:⁴⁷

- It improves connectivity between countries and continents. That helps businesses to grow and facilitates trade which, in turn, increases prosperity and very often opens up closed societies. In particular, improved links to the emerging economies of the world has an important role in reducing poverty in these countries. Aviation also brings important social and cultural benefits.
- The aviation industry, like any business, also helps to reduce the health burden on society by providing employment because people's physical and mental health improves if they have a job. This will reduce but not eliminate the huge health and environmental costs aviation imposes on the economies of all countries.

Following more than two years since the World Health Organization (WHO) declared the COVID-19 outbreak a global pandemic, a certain “normality” has started

⁴⁶ Powering global economic growth, employment, trade links tourism and support for sustainable development through air transport, (2018), (accessed on 05.10.2021), available at: https://aviationbenefits.org › media › abbb18_glo., crp. 4 - 6

⁴⁷ Economic benefits and costs of aviation - UECNA.EU, (2022), (accessed on 20.08.2022), available at: <https://www.uecna.eu › econo.> p. 1

to emerge thanks to a historic vaccination. Many countries have followed through on their plans to return to some normality, lifting many health measures, relaxing travel restrictions, and reopening borders. The momentum created by the reopening had a positive and immediate impact on global air travel demand recovery. The summer months of 2022 are expected to be exceptionally strong, many pointing out that the summer 2022 is actually “three summers merged into one.”:⁴⁸

- ❖ As more pandemic restrictions were removed, facilitating the trade in goods, and enabling the manufacturing and services sectors to grow, the performance of the global economy has accelerated, especially in the last few months of 2021.
- ❖ High inflation levels are contributing significantly to global slowdown. Energy and food prices have increased rapidly, disproportionately impacting low-income countries. Multilateral efforts to respond to the humanitarian crisis, prevent further economic fragmentation, maintain global liquidity, manage debt distress, tackle climate change, and end the pandemic are essential
- ❖ Some key figures of the impacts of the COVID-19 pandemic on airport traffic are.
 - Airport traffic recovery - The recent momentum created by the lifting of many health measures and the relaxation of most travel restrictions in many European countries and in the Americas has renewed industry optimism. It however exposed even more the uneven recovery as major aviation markets in Asia-Pacific lag behind their Western counterparts as they continue to be in part closed to international traffic. Air travel should see an uptick in the second half of 2022, moving the industry closer to its recovery:

Pent-up demand: There are clear signs of a surge in air travel demand resulting from a combination of accumulated savings by consumers during the pandemic,

⁴⁸ The impact of COVID-19 on airports—and the path to recovery, (2022), (accessed on 20.08.2022), available at: <https://aci.aero › 2022/06/28. ctp. 1 - 3>

vacation deprivation felt by many leisure travellers and the desire to reconnect with families, friends and/or colleagues. Vaccination rate and relaxation of travel restrictions: The acceleration of the easing of travel restrictions, a major hurdle to air transport and in particular international, is likely to increase the demand for air travel.

Geopolitical conflicts: The war between Russia and Ukraine contributed to further damage the economy, adding to the global slowdown in 2022. It not only triggered a rise in energy prices affecting the cost of travel, but a humanitarian crisis resulting in millions of refugees and a global food crisis. There are risks of worldwide spillovers to other commodity markets adding to the inflation push.

Economic downturn: The risk for an economic downturn due to rising interest rates aimed at curbing inflation is ever-present. This coupled with the significant increase in jet fuel prices could weaken and even delay the aviation industry recovery in the short-term by increasing the cost of travel. The IMF expects inflation to remain in 2022, projected to reach 5.7 percent in advanced economies and 8.7 percent in emerging markets and developing economies.

Supply chain disruptions and labour shortage: Supply chain disruption affecting a large range of commodities and services triggered a rapid rise in the price of oil and gas—including jet fuel—as well as a broader transportation crisis. The shortage of shipping containers, clogged seaports, and cross-border shipment disruptions have a direct impact on the health of the global economy.

The rapid growth in demand following the relaxation of travel restrictions has resulted in an unprecedented labour shortage for airports, airlines, and other service providers. These shortages have been exacerbated by the pandemic-induced layoffs across the whole aviation ecosystem. Re-hiring has proven to be particularly difficult for the industry as many aviation workers have moved on to careers in other sectors.

Potential new outbreak: As is saw with the Omicron wave, a less virulent but highly contagious variant can still have a significant impact on the aviation industry.

However, the propensity for such disruptions diminishes as populations become fully vaccinated and as governments are learning how to manage such outbreaks.

- Medium-term global passenger traffic projection - Much uncertainty still surrounds the recovery of the aviation industry, especially in the medium to long term.
- ✓ Projecting the path to recovery at this point is still an exercise requiring prudence. Adding to the uncertainty related to vaccination mainly in emerging and developing countries and the risk of a fall/winter outbreak, we now need to add geopolitical conflict and related humanitarian crises, and the real potential for a strong economic downturn and looming recession. Those risks could dampen or delay the recovery.
- ✓ Despite the downside risks, the industry remains confident that the potential for a recovery to 2019 levels within two or three years is foreseeable. There is no doubt that many travellers are eager to resume travelling and the early summer volumes are a testament to it. With the combination of “vacation deprivation” and an upsurge in confidence in air travel provided by increased vaccination rates and safety measures, the relaxation of travel restrictions will help boost the propensity for air travel and fuel the industry’s recovery. With many countries taking steps towards the return to a certain normality, lifting almost all the health measures and travel restrictions, it is expect a jump in air travel demand in the second half of 2022.

The International Air Transport Association (IATA) has released the following data on the financial performance of the airline industry for 2022:⁴⁹

- Industry losses are expected to reduce to -\$9.7 billion (improved from the October 2021 forecast for an \$11.6 billion loss) for a net loss margin of -

⁴⁹ Travel Recovery Rebuilding Airline Profitability - Resilient Industry Cuts Losses to \$9.7 billion, (2022), (accessed on 20.08.2022), available at: <https://www.iata.org › 2022-0. p. 1 - 4>

1.2%. That is a huge improvement from losses of \$137.7 billion (-36.0% net margin) in 2020 and \$42.1 billion (-8.3% net margin) in 2021.

- Industry-wide profitability in 2023 appears within reach with North America already expected to deliver an \$8.8 billion profit in 2022.
- Efficiency gains and improving yields are helping airlines to reduce losses even with rising labor and fuel costs (the latter driven by a +40% increase in the world oil price and a widening crack spread this year).
- Industry optimism and commitment to emissions reductions are evident in the expected net delivery of over 1,200 aircraft in 2022.
- Strong pent-up demand, the lifting of travel restrictions in most markets, low unemployment in most countries, and expanded personal savings are fueling a resurgence in demand that will see passenger numbers reach 83% of pre-pandemic levels in 2022.
- Despite economic challenges, cargo volumes are expected to set a record high of 68.4 million tonnes in 2022.

The reduction in losses is the result of hard work to keep costs under control as the industry ramps up. The improvement in the financial outlook comes from holding costs to a 44% increase while revenues increased 55%. As the industry returns to more normal levels of production and with high fuel costs likely to stay for a while, profitability will depend on continued cost control. And that encompasses the value chain. Suppliers, including airports and air navigation service providers, need to be as focused on controlling costs as their customers to support the industry's recovery.

Industry revenues are expected to reach \$782 billion (+54.5% on 2021), 93.3% of 2019 levels. Flights operated in 2022 are expected to total 33.8 million, which is 86.9% of 2019 levels (38.9 million flights).

Passenger revenues are expected to account for \$498 billion of industry revenues, more than double the \$239 billion generated in 2021. Scheduled passenger

numbers are expected to reach 3.8 billion, with revenue passenger kilometers (RPKs) growing 97.6% compared with 2021, reaching 82.4% of 2019 traffic. As pent-up demand is released with the easing of travel restrictions, yields are expected to rise 5.6%. That follows a yield evolution of -9.1% in 2020 and +3.8% in 2021.

Cargo revenues are expected to account for \$191 billion of industry revenues. That is down slightly from the \$204 billion recorded in 2021, but nearly double the \$100 billion achieved in 2019. Overall, the industry is expected to carry over 68 million tonnes of cargo in 2022, which is a record high. As the trading environment softens slightly, cargo yields are expected to fall 10.4% compared with 2021. That only partially reverses the yield increases of 52.5% in 2020 and 24.2% in 2021.

Overall expenses are expected to rise to \$796 billion. That is a 44% increase on 2021, which reflects both the costs of supporting larger operations and the cost of inflation in some key items.

Fuel: At \$192 billion, fuel is the industry's largest cost item in 2022 (24% of overall costs, up from 19% in 2021). This is based on an expected average price for Brent crude of \$101.2/barrel and \$125.5 for jet kerosene. Airlines are expected to consume 321 billion liters of fuel in 2022 compared with the 359 billion liters consumed in 2019.

War in Ukraine is keeping prices for Brent crude oil high. Nonetheless, fuel will account for about a quarter of costs in 2022. A particular feature of this year's fuel market is the high spread between crude and jet fuel prices. This jet crack spread remains well above historical norms, mostly owing to capacity constraints at refineries. Under-investments in this area could mean that the spread remains elevated into 2023. At the same time, high oil and fuel prices are likely to see airlines improve their fuel efficiency—both through the use of more efficient aircraft and through operational decisions.

Labor: Labor is the second highest operational cost item for airlines. Direct employment in the sector is expected to reach 2.7 million, up 4.3% on 2021 as the

industry rebuilds from the significant decline in activity in 2020. Employment is still, however, somewhat below the 2.93 million jobs in 2019 and is expected to remain below this level for some time. Unit labor costs are expected to be 12.2 cents/available tonne kilometer (ATK) in 2022, which is essentially back to 2019 levels when it was 12.3 cents/ATK.

The time required to recruit, train, complete security / background checks, and perform other necessary processes before staff are “job-ready” is presenting a challenge for the industry in 2022. In some cases, employment delays may act as a constraint on an airline’s ability to meet passenger demand.

In countries where the economic recovery from the pandemic has been swift and the unemployment rate is low, tight **labor markets** and skill shortages are likely to contribute to upward pressure on wages. The industry’s wage bill is expected to reach \$173 billion in 2022, up 7.9% on 2021, and disproportionate to the 4.3% increase in total jobs.

The global macroeconomic backdrop is critical for the industry outlook. The forecast incorporates an assumption for solid global GDP growth of 3.4% in 2022, down from the strong 5.8% rebound last year. Inflation has risen and is expected to remain elevated throughout 2022, waning over the course of 2023. And, while nominal interest rates are rising, real interest rates are expected to remain low or negative for a sustained period.

The International Air Transport Association (IATA) announced passenger data for May 2022 showing that the recovery in air travel accelerated heading into the busy Northern Hemisphere summer travel season:⁵⁰

- *Total traffic* in May 2022 (measured in revenue passenger kilometres or RPKs) was up 83.1% compared to May 2021, largely driven by the strong recovery in international traffic. Global traffic is now at 68.7% of pre-crisis levels.

⁵⁰ Orban, A., (2022), IATA: International travel drives May 2022 air traffic recovery, (accessed on 20.08.2022), available at: <https://www.aviation24.be> > i.

- **Domestic traffic** for May 2022 was up 0.2% compared to the year-ago period. Significant improvements in many markets were masked by a 73.2% year-on-year decline in the Chinese domestic market due to COVID-19-related restrictions. May 2022 domestic traffic was 76.7% of May 2019.
- **International traffic** rose 325.8% versus May 2021. The easing of travel restrictions in most parts of Asia is accelerating the recovery of international travel. May 2022 international RPKs reached 64.1% of May 2019 levels.

The travel recovery continues to gather momentum. People need to travel. And when governments remove COVID-19 restrictions, they do. Many major international route areas – including within Europe, and the Middle East-North America routes – are already exceeding pre-COVID-19 levels. Completely removing all COVID-19 restrictions is the way forward, with Australia being the latest to do so this week. The major exception to the optimism of this rebound in travel is China, which saw a dramatic 73.2% fall in domestic travel compared to the previous year. Its continuing zero-COVID policy is out-of-step with the rest of the world and it shows in the dramatically slower recovery of China-related travel,” said Willie Walsh, IATA’s Director General.

2.1.2. Air transport as a global employer

The aviation industry supports 87.7 million jobs around the world, either directly within the industry or, supported through the industry's supply chain, employees' spending and in the aviation-enabled tourism sector:⁵¹

- Around 11.3 million people work in the aviation industry directly. These jobs are:
 - ✓ Airport operators: 648,000 (work for the airport operator)

⁵¹ Employment - Aviation: Benefits Beyond Borders, (2022), (accessed on 20.08.2022), available at: <https://aviationbenefits.org/supporting-employment>.

- ✓ Other airport-based roles: 5.5 million (retail, car rental, customs and immigration, freight forwarders and catering)
 - ✓ Airlines: 3.6 million (flight and cabin crews, executives, ground services, check-in, training, maintenance staff)
 - ✓ Civil aerospace: 1.3 million (engineers and designers of civil aircraft, engines and components)
 - ✓ Air navigation service providers: 237,000 (air traffic controllers, executives)
 - ✓ These jobs are, on average, 4.3 times more productive than average jobs in the economy.
- Over 18.1 million jobs globally are supported by aviation indirectly, through the air transport industry's purchase of goods and services. These include suppliers to the air transport industry, for example fuel suppliers, construction companies, suppliers of aircraft components, manufacturers of goods sold in airports, and a variety of business support roles, like call centres, IT and accountancy.
- 13.5 million induced jobs. Air transport industry employees (direct and indirect) support 13.5 million induced jobs globally, using their income to purchase goods and services for themselves. Their spending power supports jobs in retail, consumer goods, and a range of service industries such as banks and restaurants.
- 44.8 million jobs in tourism. Tourism is fast becoming the world's largest industry, and air transport plays a vital role. Conservative estimates suggest that aviation supports 44.8 million jobs within tourism.
- There are over 10 million women and men working within the industry to make sure 120,000 flights and 12 million passengers a day are guided safely through their journeys. The wider supply chain, flow-on impacts and jobs in

tourism made possible by air transport show that at least 65.5 million jobs and 3.6% of global economic activity are supported by our industry.

- With an open, free-trade approach, the growth in air transport will support some 97.8 million jobs and \$5.7 trillion in economic activity in 2036. However, if governments create a more fragmented world with isolationism and protectionist policies, over 12 million fewer jobs and \$1.2 trillion less in economic activity would be supported by air transport.

The global air transport sector for today's society addresses the economic, social and environmental impacts of this global industry:⁵²

- There are over 10 million women and men working in the industry to ensure that 120,000 flights and 12 million passengers a day are guided safely through their journeys. The wider supply chain, flow impacts and tourism jobs enabled by air transport show that at least 65.5 million jobs and 3.6% of global economic activity are supported by our industry.
- With open access to free trade, air transport growth will support an estimated 97.8 million jobs and \$5.7 trillion in economic activity in 2036. \$1.2 trillion less economic activity would be supported by air transportation.
- Airlines, air navigation service providers and airports directly employ nearly 3.5 million people, and the civil aviation sector, which produces aircraft systems, frames and engines, employs 1.2 million people. Another 5.6 million people work in other positions at the airport.
- There are 10.8 million indirect jobs generated through the purchase of goods and services by companies in the air transport industry supply chain.
- Industry workers support 7.8 million wage-creating jobs.

⁵² Air transport supports 65.5 million jobs and \$2.7 trillion - IATA., (2018), (accessed on 20.08.2022), available at: <https://www.iata.org › pressroom>. p. 1

2.1.3. Air traffic investments in vital infrastructure

Airlines, passengers and cargo need safe, functional and affordable airport infrastructure for their operations to thrive. New concepts will increasingly be required to optimize the use of emerging technologies, processes and design for the complete infrastructure for air transportation. Some US\$1.2-1.5 trillion is expected to be spent on global airport infrastructure development up to 2030, requiring major increases in capital spending for projects develop cost-efficient facilities that balance capacity with demand, while delivering the functionality, levels of service and operational efficiency required to justify the investments being made.⁵³

Adequate infrastructure is essential to airport and airline operations. While it's not necessarily as exciting or as visible as aircraft, it is arguably just as important. Airports are constantly adapting to provide enough functional, safe, and affordable infrastructure for airlines and passengers. Airport infrastructure covers a huge area. From the immediately visible and dominating terminals, runways, and control towers to more hidden but vital baggage systems, gate operations, and lighting systems:⁵⁴

- It's hard to know with airport infrastructure where to start. Each element is vital to the efficient and safe operation of an airport. Can't be land an aircraft without a runway, but the whole operation would quickly collapse if gates or baggage systems fail. Terminals, though, are probably the most obvious and certainly the part that passengers experience the most.
- Despite adding more terminals, many airports still need more space for passengers and aircraft. One solution to this is the addition of satellite terminals. These much smaller structures can be added wherever there is space and connected to the main terminal by a walkway, transit, or bus. The main terminal will house most infrastructure and passenger facilities, with satellites free to offer just passenger space and gates.

⁵³ Airport Infrastructure - IATA, (2022),), (accessed on 20.08.2022), available at: <https://www.iata.org> › ops-infra. p. 1

⁵⁴ Hayward, J., (2021), Airport Infrastructure - Everything You Need To Know, (accessed on 20.08.2022), available at: <https://simpleflying.com> › air. p. 1 - 3

- Jet bridges are a critical part of terminal infrastructure today, connecting the terminal directly to the aircraft. These obviously allow much faster boarding and turnaround for airlines and convenience for passengers.
- Technology has improved over the years, with more sophisticated and automated controls being introduced. Jet bridges have also been made larger and doubled up to handle newer widebody aircraft.
- All large airports use some form of an automated Baggage Handling System. This takes tagged bags from check-in to a loading or storage area using an (often very large) system of conveyors and deflectors. Modern systems also incorporate baggage screening for customs and explosives detection.
- Unlike other modes of transport, the air transport business pays for the vast majority of infrastructure costs (runways, airport terminals, air traffic control), rather than being financed through taxation and public investment or subsidies (as is usually the case for roads and railways).
- It is estimated that the benefits to society from the cost of research and development by the aerospace industry are much higher than in production as a whole. Each \$ 100 million of research costs ultimately generates additional \$ 70 million in GDP benefits year after year.

Airports are essential to America's economic success. They have a footprint in every community in America, supporting \$1.4 trillion in annual economic output and 11.5 million jobs each year:⁵⁵

- The COVID-19 pandemic has devastated airport finances. Passenger levels cratered in 2020, falling as far as 96 percent compared to 2019. Despite a modest bounce back from its lowest level, traffic is not projected to return to pre-pandemic levels until at least 2023, meaning airports face billions in lost revenue over the next several years.

⁵⁵ Airport Infrastructure Needs Study, (2022), (accessed on 20.08.2022), available at: <https://airportsCouncil.org> › ai. p. 1 - 3

- Airport infrastructure suffered from chronic underfunding even before this steep decline in air travelers. Instead of investing in larger, higher-impact projects that would modernize facilities and increase capacity, airports have been forced to prioritize smaller, immediate needs like maintenance of aging structures and systems. Because of this underfunding, airports have a backlog of \$115 billion in planned and muchneeded infrastructure projects. There are also tens of billions of dollars in additional projects that have been delayed or canceled due to the pandemic and economic recession.

America's airports are powerful engines for economic opportunity in local communities, generating more than \$1.4 trillion in annual economic activity and supporting nearly 11.5 million jobs. While passenger traffic through airport facilities continues to grow a record pace, our outdated aviation infrastructure cannot keep pace with this overwhelming demand:⁵⁶

- In reality, infrastructure projects at airports in the United States are funded through three key mechanisms: federal grants through the FAA's Airport Improvement Program (AIP), the Passenger Facility Charge (PFC) local user fee, and tenant rents and fees.
- Although nearly all U.S. airports are owned by state or local governments, airports are required by the federal government to be as self-sustaining as possible, and thus receive little or no direct taxpayer support. This means that airports must operate like businesses – funding their operations from their revenue, and responsibly planning funding for major improvement projects – which can often be very expensive.

2.1.4. Social benefits of air travel

Air travel has given all nations the freedom to travel. It connects people, countries, and cultures, providing access to global markets. Air travel connects

⁵⁶ Airport Infrastructure Funding, (2020), (accessed on 20.08.2022), available at: <https://airportsCouncil.org> > ai..

developing countries to developed countries and serves as a means of inclusion for remote areas in which air travel is the only means of transportation. The affordability of air travel makes the leisure and cultural experiences that come from traveling around the globe accessible to the majority of the world's population. This in turn exposes the world to tourism, which significantly improves living standards and assuages poverty in many nations. Research composed by the IATA shows that 51% of international tourists travel by air. In addition to tourist travel, aviation also provides the essential function of allowing the speedy delivery of medical supplies, organs for transplantation, and emergency aid relief (IATA Online).⁵⁷

- Air traffic contributes to sustainable development. By facilitating tourism and trade, it generates economic growth, provides jobs, improves living standards, alleviates poverty and increases tax revenues.
- The increase in cross-border travel is a reflection of the closer relations that are developing between countries, both between individuals and at the state level. In the same way, easing restrictions on the movement of goods and people across borders facilitates the development of social and economic networks that have long-lasting effects. This improved flow of people and goods benefits the host and the countries of origin, fostering increased social and economic integration.
- Air transport offers a vital lifeline for communities that do not have a proper road or rail network. For many remote communities and small islands, access to the rest of the world and basic services, such as health care, is often only possible by air.
- Speed and safety of air traffic are essential in the delivery of urgently needed assistance during emergencies caused by natural disasters, famines and wars. Airline services are especially important in situations where physical access is problematic.

⁵⁷ Social Impacts - Improving the Sustainability of the Aviation Industry, (2020), (accessed on 20.08.2022), available at: <https://sites.google.com/soci>. p. 1

Air transport also contributes to people's quality of life in a number of other ways that are not captured in standard economic indicators: for example, by contributing to sustainable development, supporting remote communities and widening consumer choice:⁵⁸

- ***Air transport contributes to sustainable development:*** Air transport makes a major contribution to sustainable development by supporting and promoting international tourism. Tourism helps reduce poverty by generating economic growth, providing employment opportunities, increasing tax collection, and by fostering the development and conservation of protected areas and the environment. In effect, protecting the environment attracts tourism and the development of the tourism industry, which in turn makes it possible to finance the protection of nature and cultural heritage, thereby increasing the benefits of protected areas to the country. Moreover, the promotion of nature-based tourism is an effective lobbying tool that favors nature conservation over non-sustainable agricultural activities. It can also increase the sense of ownership and responsibility for natural resources, among local communities.
- ***Air transport provides access to remote areas:*** Air transport provides access to remote areas where other transport modes are limited, thus opening them up to contact with other communities, and providing a means for the delivery of essential supplies. Many essential services such as hospitals, education, post, etc. would not be available for people in such locations, without the presence of air services.
- ***Air transport delivers humanitarian aid:*** Air services play an essential role in humanitarian assistance to countries facing natural disasters, famine and war – through cargo deliveries, refugee transfers or the evacuation of people trapped by natural disasters. They are particularly important in

⁵⁸ Social and economic impact of air transportation: general review, (2022), (accessed on 20.08.2022), available at: <https://www.researchgate.net> › p. 1 - 3

situations where access is a problem. Natural disasters often mean that whole communities are cut off. Humanitarian assistance in such circumstances can only be delivered rapidly to those in need through the use of airports and air services.. Air transport also plays a vital role in the rapid delivery of medical supplies and organs for transplantation worldwide.

- ***Air transport contributes to consumer welfare:*** Travel and tourism provide substantial consumer welfare and social benefits by increasing understanding of different cultures and nationalities which facilitates closer international integration; improving living standards by widening choice: cheaper and more frequent access to air travel has increased the range of potential holiday destinations. Seasonal fruit and vegetables are now available year round at reasonable prices. The large number of overseas visitors has also helped widen the range of leisure and cultural activities available in many countries.

2.2. GLOBAL AIRLINES

Over the past two and a half years, the airline industry has changed dramatically. Starting in March 2020, the COVID-19 pandemic forced carriers around the globe to shrink and modify their schedules as travel halted and countries closed their borders. Pilots sought early retirement, employees were furloughed, and aircraft were parked:⁵⁹

- However, the strong post-pandemic demand is flipping the industry on its head. With travel rebounding faster than expected, airlines are making moves to keep up, like buying new planes, flying new routes, and launching aggressive hiring campaigns to get more feet on the ground and in the air to keep the operation running smoothly.

⁵⁹ Rains, T., (2022), 20 Biggest Airlines in the World; Southwest, American, Delta, (accessed on 20.08.2022), available at: <https://www.businessinsider.com> › p. 1 - 2

- Globally, airlines carried an estimated 2.2 billion people and flew 22.2 million flights in 2021. That compares to 1.8 billion in 2020, which was just 40% of the 4.5 billion carried in 2019.
- With all the upheaval, which airlines are now the largest in the world? Turns out the US' "Big Four" airlines, including American Airlines, United Airlines, Delta Air Lines, and Southwest Airlines, as well as several Chinese carriers, made the top-20 list with hundreds of millions of seats offered in 2021, according to data from London-based aviation analytics firm Official Airline Guide (OAG).
- Here are the world's 10 biggest airlines in the world by the number of seats made available to customers in 2022 are:

Overview 1

Largest airline companies according to vacancies in 2022 and 2021a

Ranking		Airline Company
2022	2021	
1	5	Southwest Airlines
2	2	American Airlines
3	1	Delta Air Lines
4	8	China Southern Airlines
5		China Eastern Airlines
6	3	United Airlines
7	9	Air China
8		IndiGo
9		Skywest Airlines
10	7	Ryanair
	4	Emirates
	6	China Southern
	10	Lufthansa

Rains, T., (2022), 20 Biggest Airlines in the World; Southwest, American, Delta, <https://www.businessinsider.com> ›

2.2.1. Southwest Airlines

Southwest Airlines Co. is one of the world's most admired and awarded airlines, offering its one-of-a-kind value and Hospitality at 121 airports across 11 countries:⁶⁰

- Southwest Airlines began operations in 1967 as a modest regional airline offering domestic flights from Texas. Southwest Airlines is one of the largest airlines in the United States offering flights over the Caribbean and Latin America. Southwest Airlines is based in Dallas, Texas, but also has locations throughout the United States in Atlanta, Chicago, Denver, Houston, Baltimore, Las Vegas, Los Angeles and elsewhere. Southwest Airlines offers flights to Mexico, Belize, Costa Rica, the Bahamas, Puerto Rico, Cuba and other Caribbean islands. Southwest Airlines offers around 4,000 flights to 115 locations.
- Southwest Airlines is one of the most popular domestic airlines in the United States. Since 1971, Southwest has grown from a small Texas-based airline to one of the preeminent players in the country. There are several key figures about Southwest Airlines. They include:
 - ✓ Southwest provided flights for 123.3 million passengers in 2021.
 - ✓ Southwest has over 55,100 employees.
 - ✓ Southwest Airlines operates 728 aircraft.
 - ✓ Southwest Airlines made \$15.8 billion in revenue in 2021.
- Following the outbreak of the SOVID-19 pandemic, Southwest Airlines reported total revenue in the first quarter of 2021 of \$ 2.1 billion, a decrease of 51.5% compared to 2019.

Southwest Airlines in second-quarter and 2022:⁶¹

⁶⁰ Southwest Corporate Fact Sheet - Southwest Airlines Newsroom, (2022), (accessed on 20.08.2022), available at: <https://swamedia.com> › pages. p. 1

- Southwest Airlines Co. second quarter 2022 financial results:
 - ✓ Quarterly net income of \$760 million,
 - ✓ Quarterly net income, excluding special items, of \$825 million,
 - ✓ Quarterly operating revenues of \$6.7 billion,
 - ✓ Cash provided by operations of \$1.9 billion,
 - ✓ Liquidity of \$17.4 billion, well in excess of debt outstanding of \$10.5 billion
- Southwest Airlines Co have record quarterly revenues and net income, representing a significant milestone of pandemic recovery.
- Travel demand is surged in second quarter, and thus far, strong demand trends continue in third quarter 2022.
- Company experienced inflationary pressures and headwinds from operating at suboptimal productivity.
- Company are making meaningful progress against 2022 priorities, and in efforts to fight against the pandemic.
- Company have been delivering a more reliable product for Customers with cancellations representing less than one percent of scheduled flights in May and June 2022, which is a completion factor of more than 99 percent.
- Company have added flights in second half 2022 especially in short-haul business markets to better support our operation and the restoration of our route network.
- Company reached another milestone, returning to overall pre-pandemic staffing levels in May 2022. Company plan to continue hiring and training efforts in specific areas—in particular, Pilots—to support further network restoration and future growth with plans to add over 10,000 Employees.

⁶¹ Southwest Airlines Reports Second Quarter 2022 Results, (2022), (accessed on 20.08.2022), available at: <https://www.southwestairlinesinvestorrelations.com> › p. 1 - 2

- Company are famous for offering industry-leading flexibility for Customers, and it is a key differentiator of her brand. Company believe flexibility has become even more important to Customers over the past few years. This further extension of flexibility for our Customers reinforces Southwest as industry-leading and builds on our low-fare brand with no fees to change or cancel plans.

2.2.2. American Airlines

American Airlines Group Inc. is a holding company. The Company's primary business activity is the operation of a network air carrier, providing scheduled air transportation for passengers and cargo. It operates through American segment, which provides air transportation for passengers and cargo. The Company together with its regional airline subsidiaries and third-party regional carriers operates under American Eagle brand:⁶²

American Airlines is part of the Oneworld Alliance and oversees the following subsidiaries:

- ✓ Envoy Air - a regional airline providing connecting flights for American Airlines customers across the United States
- ✓ Piedmont Airlines - another regional airline that provides domestic flights for American Airlines customers
- ✓ PSA Airlines - the third regional airline to provide flights across the east coast of the United States.

The current fleet of American Airlines consists of 881 aircraft, mostly composed of Boeing 737-800 and Airbus A320. Although these are Boeing aircraft with an older model, American Airlines is currently in the process of replacing its fleet with a Boeing 737 MAX 8.

⁶² AAL.O - American Airlines Group Inc | Stock Price & Latest News, (2022), (accessed on 20.08.2022), available at: <https://www.reuters.com › companies › AAL.O>, p. 1

American Airlines currently employs 102,700 workers with over 15,000 pilots to fly their aircraft

Although their number is currently reduced due to the current pandemic, American Airlines carries over 900 million passengers in 2019 alone, making them by far the largest service provider in the world.

As of July 2021, they have flights to 233 destinations in the United States and 123 destinations in 60 countries worldwide. In total, this refers to about 6,700 flights per day. Although based in Fort Worth, Texas, American Airlines has centers located around the world in New York, Washington, Tokyo, Hong Kong, Seoul, London, Paris, Frankfurt and more.

With revenues of \$ 4 billion for the first quarter of 2021, American Airlines, down 53% from 2019, is projected to increase their capacity from around - 70% in 2020 to - 20% in 2021.

Second-quarter 2022 results, including:⁶³

➤ Financial results

- ✓ Second-quarter net income of \$476 million, or \$0.68 per diluted share. Excluding net special items¹, second-quarter net income of \$533 million, or \$0.76 per diluted share.
- ✓ Record second-quarter revenue of \$13.4 billion, which represents a 12.2% increase over the same period in 2019, despite flying 8.5% less capacity.
- ✓ Ended the second quarter with \$15.6 billion of total available liquidity.
- ✓ Company continues to execute on its plan to pay down approximately \$15 billion of total debt² by the end of 2025.

⁶³ American Airlines Reports Second-Quarter 2022 Financial Results, (2022), (accessed on 20.08.2022), available at: <https://news.aa.com/news.p.1>

- Company have very pleased to report a quarterly profit, excluding net special items, for the first time since the start of the pandemic, driven by the strong demand environment and the hard work of employees.
- The American Airlines team has stepped up to meet the surge in demand for air travel while running a reliable operation in very challenging conditions.
- Company is encouraged by the trends that they seeing across the business, and remain well-positioned for the continued recovery.
- In the second quarter, American flew a schedule that was more than 25% larger than its closest competitor as measured by total departures. American and its regional partners operated more than 500,000 flights in the quarter, an 8% increase over the second quarter of 2021, with an average load factor of 87%, which is 10 points higher than the second quarter of 2021.
- American is proud to offer customers the youngest fleet among U.S. network carriers and the largest network of any U.S. airline, with an expected average of more than 5,400 daily departures for the remainder of the summer.
- Domestic leisure travel remains very strong and surpassed 2019 levels in the second quarter and American also saw improvements in corporate and government revenue in the quarter. Demand for international travel also improved steadily during the second quarter and the company expects this to continue following the lifting of the COVID-19 testing requirement for inbound travel to the U.S.
- In the second quarter, the company made \$1.0 billion in scheduled debt and finance lease payments, including paying off the remaining \$433 million outstanding balance of its \$750 million unsecured senior notes that matured in June. To date, American has reduced its overall debt by \$5.2 billion from peak levels in the second quarter of 2021.

2.2.3. Delta Air Lines

With almost 100 years of Delta Air Lines airline based in Atlanta, Georgia offers over 300 routes to more than 50 countries across all six inhabited continents. Their fleet consists of over 700 Boeing and Airbus aircraft, which they regularly upgrade to stay at the forefront of the airline, and Delta also owns several subsidiaries:

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- E Endeavor Air - a regional airline serving as a connecting service for passengers in the United States
- Delta Private Jets - luxury private jet membership, starting at \$ 8,500 per year and up to \$ 150,000 per year for a private jet card
- Delta Vacations - an all-in-one holiday service offering flights, hotels and excursions.
- Delta Air Lines currently owns a 49% stake in Virgin Atlantic Airlines.
- Delta serves up to 200 million passengers a year, although this number has dropped to just 55 million in 2020. Together with their numerous passengers, Delta currently employs 74,000 workers, including 14,840 pilots.
- Delta is today the world's largest airline in terms of revenue and market value. In the first quarter of 2021, Delta's revenues amounted to 3.6 billion US dollars, which, although 65% lower than in March 2019, shows a significant positive growth compared to 2020.

June Quarter 2022 Financial Results:⁶⁵

- Financial results:
 - ✓ Operating revenue of \$13.8 billion.
 - ✓ Operating income of \$1.5 billion with operating margin of 11.0 percent.

⁶⁴ Delta Air Lines | Flights & Plane Tickets + Hotels & Rental Cars, (2021), (accessed on 20.08.2022), available at:<https://www.delta.com>. p. 1

⁶⁵ Delta Air Lines Announces June Quarter 2022 Profit, (2022), (accessed on 20.08.2022), available at: <https://ir.delta.com/news.p.1>

- ✓ Earnings per share of \$1.15.
- ✓ Operating cash flow of \$2.5 billion.
- ✓ Total debt and finance lease obligations of \$24.8 billion.
- Other results:
 - ✓ Domestic continues to lead recovery with international accelerating: Domestic passenger revenue was 3 percent higher and international passenger revenue was 81 percent recovered compared to the June quarter 2019.
 - ✓ Revenue in Latin America and Transatlantic both exceeded 2019 levels in the month of June and the pace of recovery in the Pacific saw meaningful improvement, driven by Korea and Australia re-openings and the easing of restrictions in Japan.
 - ✓ Business recovery progressing: Domestic corporate sales* for the quarter were ~80 percent recovered versus 2019, up 25 points compared to the March quarter. International corporate sales* for the quarter were ~65 percent recovered versus 2019, up 30 points compared to the March quarter, driven by outsized improvement in
 - ✓ Premium products outperforming Main Cabin: Premium product revenue recovery outpaced Main Cabin across all markets. Premium and other diversified revenue streams, including Loyalt and Cargo, comprised 54 percent of total revenues.
 - ✓ Cargo records best ever June quarter performance. Cargo revenue was \$272 million, a 46 percent increase compared to the same period in 2019.

2.2.4. China Southern Airlines

As the largest airline in the People's Republic of China, China Southern Airlines operate eight holding public air transportation subsidiaries including Xiamen

Air, Henan Airlines, Guizhou Airlines and Zhuhai Airlines; 20 branches including Xinjiang, Northern and Beijing Branches; 23 domestic sales offices in nearly every major Chinese city including Hangzhou and Qingdao as well as 54 international sales offices located in major metropolitan destinations such as Singapore, New York City and Paris:⁶⁶

- China Southern Airlines is actually the largest commercial airline in Asia by the number of passengers, the size of their fleet and their total revenue. The company is headquartered in Guangzhou, China, with centers in Shanghai, Shenzhen, Beijing, Sharmqi and Chongqing. Before the COVID-19 pandemic, the company had nearly 1,000 routes to over 200 locations in 40 countries worldwide for 150 million passengers each year.
- Southwest Airlines began operations in 1967 as a modest regional airline offering domestic flights from Texas. Southwest Airlines is one of the largest airlines in the United States offering flights over the Caribbean and Latin America. Southwest Airlines is based in Dallas, Texas, but also has locations throughout the United States in Atlanta, Chicago, Denver, Houston, Baltimore, Las Vegas, Los Angeles and elsewhere. Southwest Airlines offers flights to Mexico, Belize, Costa Rica, the Bahamas, Puerto Rico, Cuba and other Caribbean islands. Southwest Airlines offers around 4,000 flights to 115 locations.
- In 2019 and 2020, China Southern safely transported more than 152 million passengers and 97 million passengers, leading all Chinese carriers for 42 consecutive years. The airline is ranked 1st in Asia and 2nd globally in terms of annual passenger traffic and the top 10 globally in terms of cargo and mail volume (Source: IATA).
- As of December 2020, China Southern had a fleet of more than 860 passenger and cargo aircraft, including the Boeing 787 Dreamliner, B777 and

⁶⁶ China Southern Airlines Co. Ltd csair.com, (2022), (accessed on 21.08.2022), available at: <https://www.csair.com/news.p.1>

B737, as well as the Airbus A380 superjumbo, A330 and A320. It was one of the first airlines in the world to operate the A380 superjumbo. In 2021, Southwest Airlines will employ around 60,000 workers, including 8,500 pilots flying their fleet of Boeing 737 aircraft the world.

- China Southern operates an extensive route network of more than 1,000 routes with 3,000 daily flights to 224 destinations in 40 countries and regions around the world, offering more than 500,000 seats.
- At the close of Year 2019, China Southern served 132 destinations from Guangzhou Baiyun International Airport, including 51 international and regional destinations. Guangzhou has become the No. 1 gateway hub from China's mainland to Australasia and Southeast Asia, forming a "4-hour air traffic circle" with major cities in China and Southeast Asia, and a "12-hour air traffic circle" with major international destinations.
- By Year 2025, China Southern is expected to deploy more than 200 dedicated aircraft to PKX with more than 900 daily aircraft movements.
- Following the outbreak of the SOVID-19 pandemic, Southwest Airlines reported total revenue in the first quarter of 2021 of \$ 2.1 billion, a decrease of 51.5% compared to 2019.

Based on preliminary financial information prepared by the finance department of the Company: ⁶⁷

- The Company expects to record a loss in the first half of 2022, and a net loss attributable to shareholders of the Company of approximately RMB10.2 billion to RMB12.1 billion.
- The net loss after deducting the non-recurring profit or loss attributable to shareholders of the Company in the first half of 2022 is estimated to be approximately RMB10.3 billion to RMB12.5 billion.

⁶⁷ China Southern Airlines : Announcement on estimated loss in the results for the first half of 2022 - form 6-k, (2022), (accessed on 21.08.2022), available at: <https://www.marketscreener.com> › p. 1 - 2

- The financial figures relating to the estimated results for the Reporting Period are only based on preliminary estimates, and have not been audited by certified public accountants.
- During the Reporting Period, the domestic civil aviation industry was affected by multiple shocks such as repeated impact of pandemic, high oil prices, and the depreciation of the Renminbi. In the first half of 2022, the Company's passenger capacity and revenue passenger kilometers decreased by 34.3% and 42.6%, respectively, as compared with the corresponding period in last year, and decreased by 54.8% and 64.8%, respectively, as compared with the first half of 2019.
- In the face of the complex and severe external situation, the Company adhered to the general principle of seeking progress while maintaining stability, and made every effort to respond to various challenges, and has done a good job in epidemic prevention and control and safe production and operation, and strived to minimize adverse effects. However, affected by multiple factors such as the epidemic, the operating performance of the Company in the first half of 2022 continued to loss.

2.2.5. China Eastern Airlines

Headquartered in Shanghai, China Eastern Airlines Co., Ltd. (CEA) is one of the three major airlines in China and could be traced back to the first squadron established in Shanghai in January 1957, and is the first Chinese airline to be listed on New York, Hong Kong and Shanghai stock markets:⁶⁸

- China Eastern Airlines has the second largest number of passengers in the country. China Eastern Airlines transports around 500,000 passengers daily on over 350 domestic routes and 40 international services to North America, Europe, Australia and the rest of Asia. Their headquarters are located in

⁶⁸ China Eastern Airlines, (2021), (accessed on 06.10.2021), available at: <https://us.ceair.com>. p. 1

Shanghai, as well as regional centers in Beijing, Shenzhen, Chengdu, Wuhan and all other major Chinese cities.

- As a member of SkyTeam Alliance, CEA has extended its flight network to 1,036 destinations in 170 countries and regions via close cooperation with SkyTeam Alliance member airlines. The annual passenger turnover of CEA exceeds more than 130 million, ranking top 10 among global airlines. Eastern Miles members can enjoy the membership rights of SkyTeam's 19 member airlines and more than 790 airport VIP lounges worldwide.
- CEA operates a modern fleet of over 730 aircraft, including Boeing 737s and Airbus A320s, all under 5 years old. Their total number of routes and aircraft is expected to reach close to 1000. This is one of the youngest fleets in major airlines worldwide. Moreover, it boasts the largest-scale in-flight Wi-Fi wide-bodied fleet with leading commercial and technical models in China.
- China Eastern owns two domestic core hubs in Beijing and Shanghai with four airports, and regional hubs in Xi'an, Kunming and other cities. The scope of business in China covers all airports at municipalities and provincial capitals as well as those with above 10-million-passenger turnover. China Eastern operates 111 domestic and overseas branches across the globe. In recent years, China Eastern has successively launched new routes along the Belt and Road, and plays a positive role in building a Silk Road in the air.
- Since the start of the COVID-19 pandemic, China Eastern Airlines has also seen its revenue decline. In the first quarter, China Eastern reported revenue of \$ 2.1 billion, just 13.3% below their first quarterly report for 2019.

Shanghai-based China Eastern Airlines said:⁶⁹

⁶⁹ Major Chinese Carriers Reveal 1st Half 2022 Financials, (2022), (accessed on 06.10.2021), available at: <https://simpleflying.com> › ma. p. 1

- The estimated loss in the first half of 2022 would be 17 billion to 19.5 billion yuan (\$2.5 billion to \$2.9 billion). This is more than the 12.2 billion yuan (\$1.8 billion) in the whole of 2021 and 11.8 billion yuan (\$1.75 billion) in 2020.
- Estimated loss in the first half of 2022 would be more than 1.2 billion yuan (\$177 million).
- The numbers of passengers transported reported by the Shanghai airport authority are more alarming, with the totals in April, May, and June being 42,600; 57,300; and 161,300; respectively, a decrease of 98.53%, 98.58%, and 95.46% compared to the corresponding months in 2021.

China Eastern Airlines' results showed a very challenging environment.⁷⁰

- China Eastern Airlines saw its revenues decline by 5.5% year-over-year to 12.7 billion RMB. Unfortunately, China Eastern Airlines' earnings results lack detailed comments on what is causing increases or decreases in revenue and costs. It is clear that the lockdown of Shanghai, where the airline has its hub, by the end of March 2022 has played a role in the revenue decline.
- On costs side, a surge in fuel costs due to the situation in Ukraine brought extra pressure resulting in a 7% increase in costs and a 7.8 billion RMB loss to shareholders marking a 4 billion RMB increase in losses.
- During the quarter, ticket sales declined, which is not solely driven by COVID-19. In March 2022, a Boeing 737-800 crashed which I discussed in a separate report. Crashes often result in increased fears and hesitance to fly with a small part of the flying public and so it's likely that the crash with the China Eastern Airlines aircraft did adversely impact the company's ticket sales and in-quarter revenues as well as cash flow.

⁷⁰ China Eastern Airlines: A Pandemic Yo-Yo (NYSE:CEA), (2022), (accessed on 06.10.2021), available at: <https://seekingalpha.com> > p. 1

2.2.6. United Airlines

United Airlines fly to more than 210 destinations in the U.S. and more than 120 destinations internationally — every day — operate more than 4,500 flights across five continents. United Airlines comprehensive route network means that people can book a direct or connecting flight to and from airports all over the world:⁷¹

- United Airlines main U.S. hubs are located in the major cities of Chicago, Denver, Houston, New York/Newark, Los Angeles, San Francisco and Washington, D.C. and internationally in Frankfurt, London, Hong Kong and Tokyo. In addition to their seven home centers, United also oversees several subsidiaries, including regional airlines around the world, a vacation planning service, and several airline companies.
- United Airlines as one of the largest airlines in the USA, which is slowly starting to recover:
 - ✓ United Airlines had 69.4 million passengers in 2021.
 - ✓ As of 2021, United Airlines has 84,100 employees and 12,000 pilots
 - ✓ United Airlines operates a total of 858 aircraft.
 - ✓ They currently offer flights to over 251 domestic locations and 126 international locations in 67 countries worldwide. United makes around 4500 flights every day.
 - ✓ United Airlines' annual revenue in 2021 was \$24.63 billion.
- They are one of the first airlines to offer new international routes to countries that have opened up to vaccinated passengers. Looking ahead, they also project a 10% increase in capacity from the first to the second quarter and hope to hire an additional 10,000 pilots by the end of the decade.

⁷¹ About United | Company Information & News, (2022), (accessed on 21.08.2022), available at: <https://www.united.com › fly>. p. 1

- United's revenue in the first quarter of 2021 amounted to 3.2 billion dollars, which is a decrease of 66% compared to 2019. They are one of the first airlines to offer new international routes to countries that have opened up to vaccinated passengers. Looking to the future, they also project a 10% capacity increase from the first to the second quarter and hope to hire an additional 10,000 pilots by the end of the decade.

United Airlines reported its first quarterly report:⁷²

- Profit — \$329 million — since the Covid-19 pandemic began without the help of federal payroll aid, which expired almost a year ago.
- United Airlines revenues in the second quarter surged 24% over 2019 thanks to strong travel demand, even at sky-high fares, while unit costs, excluding fuel, rose 17% over the April-June period of three years ago. Fuel costs also soared.
- Adjusted loss per share: \$1.43 versus an expected \$1.95.
- Total revenue: \$12.11 billion versus expected \$12.16 billion.
- Costs, including a jump in fuel prices over last year, continue to weigh on airlines' bottom lines as they try to dig their way out of the pandemic.
- United Airlines expects unit costs excluding fuel to remain elevated through this year, up 16% to 17% in the third quarter and up about 14% in the fourth from three years earlier.

⁷² United Airlines (UAL) 2Q 2022 earnings - CNBC, (2022), (accessed on 21.08.2022), available at: <https://www.cnbc.com › unite. p. 1>

2.2.7. Air China

Air China is the third largest airline in China, with about 130 million passengers a year. Air China is an international airline offering 110 routes to over 40 countries worldwide, as well as 317 domestic airlines. It is currently headquartered in Beijing, but also has centers in Shanghai and Chengdu.⁷³

- Air China is also the parent company of several smaller airlines, including:
 - ✓ Pacific Katay
 - ✓ Air Macau
 - ✓ Shenzhen Airlines.
- As of December 31, 2021, Air China (including its subsidiaries) had a total of 746 aircrafts of all types, mainly Boeing and Airbus, with an average age of 8.23 years, operating 672 passenger routes to 151 cities in 25 countries and regions. The service teh Air China is further extended to 1,300 destinations in 195 countries (regions) through cooperation with airlines such as Star Alliance Members.
- Air China reported revenue of \$ 2.3 billion for the first quarter of 2021. This is 58% lower than their 2019 report.

According to Air China 's latest financial reports the company's:⁷⁴

- Current earnings (TTM) are -\$3.71 Bilions.
- In 2021 the company made an earning of -\$3.38 Bilions a decrease over its 2020 earnings that were of -\$2.67 Bilions.
- Short selling \$16.02M; Ratio 30.941% . Passenger capacity recorded a year-on-year decrease of 21.9% and a month-on-month increase of 61.7%.

⁷³ Air China Limited | Flight Tickets Inquiry & Booking, Flights, (2022), (accessed on 21.08.2022), available at: <https://www.airchina.us> > Home. p. 1

⁷⁴ Air China (601111.SS) - Earnings, (20220), (accessed on 21.08.2022), available at: <https://companiesmarketcap.com> > p. 1

Passenger traffic recorded a year-on-year decrease of 30% and a month-on-month increase of 69.7%.

- Cargo and mail traffic decreased by 17.5% year on year and decreased by 15.4% month on month.

2.2.8. IndiGo

IndiGo Airlines ranks as one of the most popular domestic airlines and has a large network in India. The airline is known for low airfare flights clubbed with on-time arrivals and departures as well as top standards in hospitality:⁷⁵

- IndiGo Airlines commenced operations on August 4, 2006 and is based in Gurgaon with Indira Gandhi International Airport, Delhi as its main base. IndiGo got a license for international flights after five years of its operation i.e. 2011. Its first international flight is between New Delhi and Dubai in September 2011.
- Some popular domestic destinations are Amritsar, Bengaluru, Chandigarh, Chennai, Coimbatore, Dibrugarh, Delhi, Guwahati, Goa, Hyderabad, Jodhpur, Jaipur, Pune, Shirdi, Surat, Tirupati, Varanasi, Mumbai and Kolkata.
- Popular international destinations are Abu Dhabi, Amsterdam, Athens, Bangkok, Brussels, Budapest, Chengdu, Colombo, Dhaka, Dubai, HongKong, Istanbul, Jeddah, Phuket, Paris, Sharjah, Singapore and more.
- IndiGo has 290 aircraft to cover all its destinations. Most of its models are Airbuses but it also has few ATRs. IndiGo has a fleet of 129 Airbus A320-200, 88 Airbus A320neo, 5 Airbus A321neo and 21 ATR 72-600.

InterGlobe Aviation, which operates IndiGo airline, said:⁷⁶

⁷⁵ IndiGo Airlines Flight Booking, Latest Offers, (2022), (accessed on 21.08.2022), available at: <https://www.cleartrip.com> > i. p. 1 - 2

- Net loss narrowed to Rs 1,064.3 crore for the quarter ended June 30, 2022. It reported net loss of Rs 3,174.2 crore in the year-ago period.
- The airline's revenue from operations rose 328% to Rs 12,855.3 crore from Rs 3,007 crore in the year-ago period.
- Yields, a metric of profitability, rose 50.3% to Rs 5.24 per kilometre, while passenger load factor, or the passenger carrying capacity being utilised, increased to 79.6% from 58.7% for the first quarter ended June 30.
- IndiGo expects a jump of about 70%-80% in capacity in available seat per kilometre in the current quarter from the same period a year earlier.
- Although demand has picked up, high fuel costs and inflation have emerged as big concerns for airlines.
- As of June 30, 2022, the airline had a fleet of 281 aircraft including 35 A320 CEOs, 146 A320 NEOs, 65 A321 NEOs and 35 ATRs, a net increase of 6 aircraft during the quarter.
- IndiGo operated at a peak of 1,667 daily flights during the quarter, including non-scheduled flights.
- IndiGo has had an on-time performance of 85.5% at four key metros and flight cancellation rate of 0.61%. The airline's debt quarter as of June quarter-end was Rs 39,278 crore.

2.2.9. Skywest Airlines

SkyWest Airlines operates through partnerships with United Airlines, Delta Air Lines, American Airlines and Alaska Airlines carrying more than 36 million passengers in 2021. Headquartered in St. George, Utah:⁷⁷

⁷⁶ IndiGo Q1 results: Net loss narrows to Rs 1064 cr, (2022), , (2022), (accessed on 21.08.2022), available at: <https://www.business-standard.com> › p. 1

⁷⁷ SkyWest, Inc. Announces Second Quarter 2022 Profit, (2022), (accessed on 21.08.2022), available at: <https://www.businesswire.com> › home › 20220728005246, p. 1 - 3

- SkyWest Airlines has fleet of over 500 aircraft connects passengers to 249 destinations throughout North America.
- Second Quarter 2022 results:
 - ✓ Pre-tax income of \$73 million, net income of \$54 million, or \$1.07 per diluted share,
 - ✓ Net income of \$54 million, or \$1.07 per diluted share, compared to a net income of \$62 million, or \$1.22 per diluted share, for Q2 2021
- Financial Results:
 - ✓ Revenue \$799 million in Q2 2022, up \$142 million or 22%, from \$657 million in Q2 2021. This quarter's increase in revenue under SkyWest's flying contracts came from adding 43 aircraft to its operations since Q2 2021, with the remaining revenue increase largely due to COVID-19 revenue concessions given to our major airline partners in Q2 2021.
 - ✓ Operating expenses \$710 million in Q2 2022, up 31% from \$542 million in Q2 2021. The increase in operating expenses was primarily due to \$114 million in payroll support program grants received from U.S. Treasury reflected as an offset to Q2 2021 operating expenses and operating costs from aircraft added to SkyWest's fleet since Q2 2021.
- Capital and Liquidity:
 - ✓ SkyWest has \$975 million in cash and marketable securities at June 30, 2022, up from \$856 million at March 31, 2022 and \$860 million at December 31, 2021.
 - ✓ Total debt at June 30, 2022 is \$3.3 billion, up from \$3.2 billion at March 31, 2022, reflecting the financing of eight new E175 aircraft delivered in Q2 2022. Capital expenditures during Q2 2022 is \$197 million for the purchase of eight E175s .
- Flying contract with American Airlines for 20 E175 aircraft:

- ✓ 18 aircraft are delivered in 2021 and two deliveries are expected in Q3 2022.
- ✓ 15 aircraft are placed into service during Q1 and Q2 2022 and five aircraft are expected to be placed into service by the end of 2022.
- Flying contract with Delta for 16 E175 aircraft:
 - ✓ Two aircraft are delivered in Q2 2022.
 - ✓ 14 aircraft deliveries are anticipated in the second half of 2022.
 - ✓ Flying contract with Alaska for 11 E175 aircraft
 - ✓ Six aircraft are delivered in Q2 2022. Four aircraft were delivered in Q1 2022 and the remaining one aircraft delivery is expected in the first half of 2023.
 - ✓ Combined, SkyWest anticipates placing 47 E175 aircraft into service under these three previously announced agreements by early 2023. As of June 30, 2022, 30 aircraft were delivered and 17 aircraft have deliveries scheduled through early 2023. By mid-2023, SkyWest is scheduled to operate a total of 240 E175 aircraft.

2.2.10. Ryanair

Ryanair DAC is an Irish ultra-low-cost carrier founded in 1984:⁷⁸

Ryanair is one of the largest airlines in the world, carrying more passengers internationally than any other company in the entire history of air travel. They are based in Swords, Ireland, but currently operate from their 84 locations across 35 countries across Europe and North Africa. Ryanair is a subsidiary of the larger Ryanair Holdings Group, it also has some subsidiaries such as:

⁷⁸ Official Ryanair website | Cheap flights in Europe | Ryanair, (2022), (accessed on 21.08.2022), available at: <https://www.ryanair.com>. p. 1

- ✓ Baz - a Polish airline offering charter flights outside Poland as well as connecting flights to Ryanair.
 - ✓ Malta Air - a leading airline based in Malta, offers low-cost flights, which have been put on hold since the beginning of the SOVID-19 pandemic.
 - ✓ Ryanair United Kingdom - with an emphasis on travel between the British Isles and mainland Europe.
- Under its own brand, Ryanair has a fleet of nearly 500 aircraft, consisting of more than 450 Boeing 737-800s and 29 Airbus A320s. With such a huge fleet of 737s, Ryanair manages to transport millions of passengers across Europe each year. In 2019, their number reached a maximum of just under 150 million passengers, exceeding the next largest volume by about 1 million people. To manage such a fleet, Ryanair currently employs 17,268 workers, including about 5,500 pilots. Ryanair's Russian network serves 40 countries in Europe, North Africa (Morocco) and the Middle East (Israel, Jordan and Turkey).
- Under the COVID-19 pandemic, Ryanair's passenger numbers fell by 83% in 2020. In the first quarter of 2021, Ryanair reported revenue of \$ 2.9 billion, which is 66% lower than in 2019.

In a complex scenario due to accelerated cost growth, Ryanair presented its results for the first quarter of its fiscal year 2022:⁷⁹

- For the first time since the start of the Covid-19 pandemic, the company reported a net profit of 170 million pounds (\$204 million).
- However, the outlook for the year is not entirely positive: the war in Ukraine, the lack of predictability of fuel prices and the still latent threat of new

⁷⁹ Ryanair reports profit for the first time after the pandemic, (2022), (accesed on 21.08.2022), available at: <https://www.aviacionline.com › 2022/07 › ryanair-reports, p. 1>

restrictions due to new strains of the coronavirus make it difficult to project a fiscal year with a net profit.

- The average ticket price has decreased by 4% compared to the pre-pandemic scenario and is expected to carry 17 million more passengers, operating costs have increased: from 680 million (for 8.1 million passengers carried) in Q1 2021 to 2.38 billion for 45.5 million occupied seats in Q1 2022.
- Positive numbers do not automatically mean profits for the company's shareholders. The next two years will be devoted to reducing debt rather than paying dividends.
- The average ticket price has decreased by 4% compared to the pre-pandemic scenario and is expected to carry 17 million more passengers, operating costs have increased: from 680 million (for 8.1 million passengers carried) in Q1 2021 to 2.38 billion for 45.5 million occupied seats in Q1 2022.
- Positive numbers do not automatically mean profits for the company's shareholders. The next two years will be devoted to reducing debt rather than paying dividends.

2.2.11. Emirates

Emirates is one of the youngest companies on this list, but since its founding in 1985, Emirates has become one of the leading airlines in the world, offering both quantity and quality of flights. The Emirates is headquartered in Dubai and currently offers routes to 139 locations in 85 countries worldwide. These include 22 locations in Africa, 47 in Asia, 42 in Europe, 15 in the Americas and 13 in the Middle East. In total, they fly about 3,600 international flights each week, bringing 56 million passengers to their 2019-2020 destinations:⁸⁰

- Emirates is one of the world's largest international airline, flying to 158 destinations in 85 countries. Emirates operates 269 aircraft and is the world's

⁸⁰ About us - Emirates, 2022), (accessed on 21.08.2022), available at: <https://www.emirates.com> > a. p. 1 - 2

largest operator of the Airbus A380 and Boeing 777 family of aircraft. The airline's luxurious amenities, regionally inspired gourmet cuisine, award-winning in-flight entertainment system – ice – and unmatched hospitality provided by its iconic multi-lingual Cabin Crew from over 130 nationalities have made Emirates one of the world's most recognized airline brands.

- Emirates operates 269 aircraft and is the world's largest operator of the Airbus A380 and Boeing 777 family of aircraft. The Emirates fleet consists of 255 passenger aircraft as well as 11 cargo aircraft, mostly composed of Boeing 777-300ER and Airbus A380-800. Their entire fleet is made up of wide-body aircraft.
- The current staff of the Emirates consists of about 45,000 employees, from over 160 nations from around the world, including about 4,000 pilots from over 100 different countries. As global travel continues to open up, the Emirates plans to increase its number of pilots and expand to more locations.
- Emirates is a subsidiary of the larger Emirates Group, which manufactures and manages every aspect of aviation within the Emirates subsidiary. This includes cargo planes, engineering services, catering services, IT, and even retail.
- Emirates had revenue of \$ 9.7 billion, down 66% from the start of the pandemic. This marks the first non-profit year in their 30-year history. However, Emirates continues to invest in new aircraft and better technology to position itself at the forefront as global travel continues.

Emirates results in the first half of 2022: ⁸¹

➤ ***Financial results:***

- ✓ Group revenue of AED 66.2 billion (US\$ 18.1 billion) increased by 86% with strong customer demand as worldwide travel restrictions ease.

⁸¹ Emirates Group Announces 2021-22 Results, (2022); (accessed on 21.08.2022), available at: <https://www.emirates.com> › p. 1 - 2

- ✓ Ends year with an improved and strong cash balance of AED 25.8 billion (US\$ 7.0 billion).
- ✓ Emirates reports a significantly reduced loss of AED 3.9 billion (US\$ 1.1 billion) compared with AED 20.3 billion (US\$ 5.5 billion) loss in the previous year
- ✓ Revenue up 91% to AED 59.2 billion (US\$ 16.1 billion), as airline expanded global capacity and reinstated more passenger flights.
- ✓ Airline capacity increased by 47% to 36.4 billion ATKMs, with final five A380 aircraft added to its fleet dnata reports a profit of AED 110 million (US\$ 30 million), a solid turnaround from its AED 1.8 billion (US\$ 496 million) loss in the previous year.
- ✓ Revenue increased by 54% to AED 8.6 billion (US\$ 2.3 billion), reflecting recovery from the pandemic across all business divisions in the UAE and worldwide Expands global footprint with the takeover of easyJet's global onboard retail services and the opening of new cargo, airport hospitality and retail facilities.
- ✓ Total operating costs increased by 30% from last financial year. Cost of ownership (depreciation and amortisation) and fuel cost were the two biggest cost components for the airline in 2021-22, followed by employee cost. Fuel accounted for 23% of operating costs compared to 14% in 2020-21. The airline's fuel bill more than doubled to AED 13.9 billion (US\$ 3.8 billion) compared to the previous year, driven by a higher uplift of 66% in line with capacity expansion and a higher average fuel price which was up by 75%.
- ✓ With the removal of pandemic-related flight and travel restrictions globally, the airline managed to substantially improve its financial results and reported a loss of AED 3.9 billion (US\$ 1.1 billion) after last year's

AED 20.3 billion (US\$ 5.5 billion) loss, and a loss margin of 6.6%, significantly improved compared to 65.6% last year.

➤ ***Passengesr and cargo***

- ✓ Emirates' total passenger and cargo capacity increased by 47% to 36.4 billion ATKMs in 2021-22, as the airline continued to reinstate passenger services across its network in line with the lifting of pandemic-related flight and travel restrictions.
 - ✓ From 120 destinations at the start of the financial year, to increased operations and capacity growth across over 140 destinations by 31 March 2022, Emirates was able to respond dynamically to serve customer demand wherever opportunities arose, thanks to the resilience of its people and business model. In July, the airline launched a new route to Miami, bringing its total passenger gateways in the US to 12.
 - ✓ To serve the strong rebound in travel demand, Emirates deployed its flagship A380 aircraft to even more cities during the year, bringing its A380 network to 29 destinations as of 31 March 2022.
 - ✓ Helping travellers access even more destinations, in 2021-22, Emirates reinforced its strategic partnerships with Qantas and flydubai, and expanded its interline and codeshare partnerships across Europe, the Americas, Africa and Asia including with: Aeromar, airBaltic, Airlink, Azul, Cemair, Garuda Indonesia, Gulf Air, Maldivian, South African Airways and TAP Air Portugal. Emirates also signed agreements and launched initiatives with tourism partners in various destinations to support travel and tourism recovery.
- Emirates received its final ***five new A380 aircraft*** during the financial year, all equipped with its latest cabin interiors including Premium Economy seats. It also phased out 2 older aircraft comprising of 1 Boeing 777-300ER and 1

Freighter, leaving its total fleet count at 262 at the end of March. Emirates' average fleet age remains at a youthful 8.2 years.

- Emirates carried 19.6 million *passengers* (up by 199%) in 2021-22, with seat capacity up by 150%. The airline reports a Passenger Seat Factor of 58.6%, compared with last year's passenger seat factor of 44.3%; and a 10% decline in passenger yield to 35.1 fils (9.6 US cents) per Revenue Passenger Kilometre (RPKM), due to the change in route mix, fares and currency. Seat load factor and yield results cannot be compared against the previous year's performance due to the ongoing unusual pandemic situation.

2.2.12. Lufthansa

Headquartered in Frankfurt, Lufthansa is one of the largest airlines in Europe. The carrier operates an extensive network of regional services within Germany and Europe as well as the Asia Pacific, Middle East, North America, Latin America and Africa via primary hubs at Frankfurt and Munich airports. Lufthansa utilises a large fleet of narrow and wide-body aircraft, as well as regional jet aircraft. A publicly listed company, Lufthansa is a founding member of Star Alliance:⁸²

- The Lufthansa Group is an aviation group with operations worldwide. With 105,290 employees, the Lufthansa Group generated revenue of EUR 16,811m in the financial year 2021. The Lufthansa Group is composed of the segments Network Airlines, Eurowings and Aviation Services. Aviation Services comprises the segments Logistics, MRO, Catering and Additional Businesses and Group Functions. The latter also include Lufthansa AirPlus, Lufthansa Aviation Training and the IT companies. All segments occupy a leading position in their respective markets.
- The Lufthansa Group generated revenue of 16.8 billion euros in the fiscal year 2021, around 24 percent more than in the previous year (previous year:

⁸² Lufthansa Airline Profile - CAPA - Centre for Aviation, (2022), (accessed on 21.08.2022), available at: <https://centreforaviation.com> > Airline Profiles, p. 1

13.6 billion euros). An increase in passengers, the transformation and restructuring of the company, and the associated cost reductions contributed to a significant improvement in earnings. The company returned to profit in the third quarter due to strong summer travel months. For the full year, the operating loss was significantly reduced, despite the third and fourth pandemic wave and the resulting travel restrictions.

- In 2021, Lufthansa reports revenue of 16.8 billion euros, operating costs of 20.7 billion euros and a loss of 2.2 billion euros. The value of Lufthansa's assets is 42.5 billion euros.
- In 2021, 460,029 flights were made, 46,949,000 passengers were transported, and 145,139 million kilometers were traveled.

The Lufthansa Group significantly increased its revenue in the second quarter of 2022 and generated an operating profit:⁸³

- On a preliminary and unaudited basis, the Group more than doubled its revenue compared to the previous year. It amounted to approximately 8.5 billion euros in the second quarter (previous year: 3.2 billion euros). The Group's Adjusted EBIT was between 350 and 400 million euros (previous year: -827 million euros).
- The Group benefited from a continuously strong performance at Lufthansa Cargo. Lufthansa Technik achieved a similarly high result to the first quarter. The result of the Passenger Airlines improved mainly due to a strong rise in yields and a significant increase in loads. Seat load factors were particularly high in premium classes. Despite a positive result at SWISS, however, the Adjusted EBIT of the Passenger Airlines segment remained negative.
- The Lufthansa Group achieved a significantly positive Adjusted free cash flow in the second quarter, mainly due to the operating profit and the

⁸³ Preliminary results for the second quarter of 2022, (2022), (accessed on 21.08.2022), available at: <https://www.lufthansagroup.com › newsroom › releases, p. 1>

persistently strong demand for bookings. On a preliminary and unaudited basis, the Adjusted free cash flow amounted to around 2 billion euros (previous year: 382 million euros). Net debt is expected to decrease by a similar amount in the second quarter (March 31, 2022: 8.3 billion euros).

Lufthansa are the latest airline to announce a profitable second quarter of 2022.⁸⁴

The key takeaway from Lufthansa's recently-published second quarter results for 2022 is that the airline group has returned to profitability. With a net profit of €259 million (\$263.7 million) for Q2, the carrier has shown a considerable improvement compared to the €756 million loss it suffered in the same period in 2021.

A key factor in this is that its revenue for the quarter was up by 164% compared to last year, rising from €3.211 billion to €8.462 billion. Of course, with more passengers traveling on more flights, operational costs have also risen. However, with this metric having only gone up by 96%, the Lufthansa Group has managed to score a net profit.

2.2.13. Qatar Airways

Qatar Airways is one of the youngest global airlines to serve all six continents. Qatar Airways connect more than 150 destinations every day, with a fleet of the latest-generation aircraft, and an unrivalled level of service. As aviation faces its greatest challenge, Qatar Airways remain committed to ensuring the highest standards of safety and hygiene on board aircraft at all times.⁸⁵

Throughout the pandemic Qatar Airways not only played a vital role in the world's response to the COVID-19 pandemic but was the only global airline flying consistently since the onset of the pandemic, now operating to more destinations with more weekly flights than any other airline in the region. The airline also significantly

⁸⁴ Lufthansa Returns To Profitability Despite EU Aviation Chaos, (2022),), (accessed on 21.08.2022), available at: <https://simpleflying.com/luf>. p. 1

⁸⁵ About Qatar Airways, (2022), (accessed on 21.08.2022), available at: <https://www.qatarairways.com> ›, p. 1

grew its network to 145 destinations, especially in the US where it now operates to 12 cities with almost 100 flights per week, including to recently added San Francisco and Seattle. Qatar Airways also heavily focused on expansion into Africa with the addition of new routes to Abuja, Abidjan, Accra, Harare, Kano, Lusaka and Port Harcourt, firmly cementing the importance of Africa to the airline.⁸⁶

Qatar Airways Group is celebrating its 25th anniversary of operations with its strongest ever financial performance reflected in the published 2021/22 annual report, 200 per cent above its highest ever annual profit. This profit is not only a record for the Qatar Airways group but also among all other airlines that have reported financial results for this financial year worldwide. Qatar Airways Group announced:⁸⁷

- Net profit of QAR 5.6 billion (US\$1.54 billion) during fiscal year 2021/22.
- Total revenues increased to QAR 52.3 billion (US\$14.4 billion), up 78 percent compared to last year and a remarkable two percent higher than the entire financial year before COVID-19 (ie, 2019/20).
- Passenger revenue increased by 210 per cent over the past year, driven by growth in Qatar Airways' network, increased market share and higher unit revenue for the second financial year in a row. Qatar Airways carried 18.5 million passengers, an increase of 218 percent compared to last year.
- Qatar Airways Cargo remains the world's leading player as its revenue experienced an impressive 25 percent year-on-year growth with cargo capacity (available tonne kilometers) growing at 25 percent year-on-year.
- The group generated a strong EBITDA margin of 34 percent from QAR 17.7 billion (US\$ 4.9 billion). EBITDA was higher than the previous year by QAR 11.8 billion (US\$ 3.2 billion) due to streamlined, agile and fit-for-purpose operations in all business areas. These record revenues are the result of decisions taken during the pandemic to expand Qatar Airways' passenger and

⁸⁶ ATM-2022 | Qatar Airways, (2022), (accessed on 21.08.2022), available at: <https://www.qatarairways.com> ›

⁸⁷ Qatar Airways Group Announces a Record Profit in its 25 Year History of US\$ 1.54 Billion for the FY 2021-2022 , 16 June 2022, (2022), (accessed on 21.08.2022), available at:<https://www.qatarairways.com> ›. p. 1

cargo networks, with a more accurate forecast of the global market recovery, building further customer and trade loyalty and product excellence combined with strong control of the expenses.

- Despite the challenges of COVID-19, the national carrier of the State of Qatar has grown to more than 140 destinations in 2021/22, opening new routes including Abidjan, Ivory Coast; Lusaka, Zambia; Harare, Zimbabwe; Almaty, Kazakhstan and Kano and Port Harcourt, Nigeria, in addition to resuming flights to key markets across Europe, Africa, the Middle East and Asia. The company consistently operates the largest network of any Middle Eastern airline, measured by number of destinations, as well as weekly flights.
- Against the backdrop of pandemic disruption, Qatar Airways Cargo transported more than 3 million tons of air cargo and secured an eight percent share of the global market. Cargo has also transported more than 600 million doses of COVID-19 vaccines throughout the pandemic to date and has also concentrated its efforts in strengthening its renowned Pharma product and industry presence while ensuring commitment to its groundbreaking WeQare initiative. which consists of a series of positive and impactful actions in the form of chapters based on the basic pillars of sustainability - environment, society, economy and culture.

Qatar Airways has again taken the top prize at the AirlineRatings Awards by securing the prestigious ‘Airline of the Year’ award in addition to being named ‘Best Airline in the Middle East’ and also taking home the ‘Best Business Class’ award. This is the second year running that Qatar Airways has scooped the top prize and the fourth year in a row to take home the ‘Best Business Class’ award. The AirlineRatings ‘Airline of the Year’ award acknowledges the best that aviation has to offer, with a focus on product innovation, a strong route network and overall safety. All AirlineRatings

awards are given based on strict assessment criteria put together by industry professionals with extensive expertise and experience in the aviation field.⁸⁸

2.3. GLOBALIZATION AND FINANCIAL OPERATIONS OF GLOBAL AIRLINES

Globalization can be described abstractly as a process by which the people of the world are unified into a single society and function together. This process is a combination of economic, technological, socio-cultural, and political forces. The idea of globalization is, however, also often used to refer in the narrower sense of economic globalization involving integration of national economies into the international economy through trade, foreign direct investment, capital flows, migration, and the spread of technology. Increase in mobility and personal interchanges that air transport facilitates has broader socio-cultural and political implications.⁸⁹

- Air transportation is a major industry in its own right and it also provides important inputs into wider economic, political, and social processes. The demand for its services, as with most transport, is a derived one that is driven by the needs and desires to attain some other, final objective.
- Air transport can facilitate, for example, in the economic development of a region or of a particular industry such as tourism, but there has to be a latent demand for the goods and services offered by a region or by an industry. Lack of air transport, as with any other input into the economic system, can stymie efficient growth, but equally inappropriateness or excesses in supply are wasteful.
- The modern air transport is increasingly operates within a liberal market context. While government controls over fares, market entry, and capacity continue in many smaller countries, they are gradually and almost universally being removed or relaxed. The supply and operation of air transport

⁸⁸ Qatar Airways Wins ‘Airline of the Year’, ‘Best Airline in the Middle East’ and ‘Best Business Class’ at the 2022 AirlineRatings Awards, (2022), (accessed on 25.08.2022), available at: <https://www.qatarairways.com> > p. 1

⁸⁹ The Impacts of Globalisation on International Air Transport Activity, (2018), (accessed on 21.08.2022), available at: <https://www.oecd.org> > greening-transport., p. 5, 8, 9

infrastructure is also becoming more market driven with on-going privatizations of airports and air traffic control systems, or the use of franchising mechanisms to involve private capital and expertise.

- The implications of globalization in its many manifestations have been profound for the international air transport industry, not just on the demand side, where the scale, nature, and geography of demand in global markets has led to significant shifts, but also on the supply side, where implicit and explicit international coordination of policies by governments (e.g. regarding safety, security, and the environment) and the private sector (e.g. the internationalization of airframe and aero-engine production) have affected the institutional and technological environment in which air transport services are delivered.

Globalization inevitably means higher demands for movement of people and goods between countries. This leads to increased economic opportunities for air transport, especially by reducing the costs associated with using the infrastructure. International trade is increasing global revenue resulting in more international tourist travel and the delivery of higher value goods. Globalization entails greater mobility of factors for working longer distances, which allows international air transport to be the cheapest mode of transport with opportunities to achieve higher financial results:⁹⁰

- International air transport uses significant economies of scale, volume and density, and major international airports and their accompanying long-haul carriers.
- Globalization involves increased economic activity, which in turn leads to the need for greater transport. In countries with a small land area, much of this additional transport is provided by air. However, in larger

⁹⁰ The Impacts of Globalisation on International Air Transport, (2019), (accessed on 07.10.2021), available at: <https://www.oecd.org/greening-transport>. p 1 - 2

countries, staff movements and cargo where speed is important require greater air transport.

- Globalization, also as a result of increased overall economic activity, leads to higher incomes and consumption in each country even though wealth is not evenly distributed. Air transport facilitates part of this consumption. As incomes rise in more developed countries, people spend more money on home vacations and make more frequent visits to family and friends.
- The financial conditions of the airlines are strongly influenced by the international effects on the trade cycle.
- The financial condition of the airlines is moving within the global trends, there were significant variations in profitability which is a constant impact on world economic trends.

The latest financial results confirm that the pressure on the od airplan industry's operating profitability eased:⁹¹

- The Global airline share price index picked up in January 2022 amid investors' confidence that Omicron-related disruptions might have a smaller impact on the travel industry than previously expected. Nevertheless, the index remains 30% below precrisis levels.
- Jet fuel prices also rebounded from the Omicron-related dip in December and are currently at the highest level since late-2018. The elevated price is adding extra pressure on airlines' operating costs just at the time when travel demand is being hit by renewed travel restrictions.
- The Global airline share price index started the year 2022 on a positive note, rising by 5.8% in the first half of January. The improvement ar driven by investors' confidence that the new Omicron variant will lead to fewer

⁹¹ Airlines Financial Monitor December 2021- January 2022 - IATA, (2022), (accessed on 22.08.2022), available at: <https://www.iata.org/economic-reports/airlines>. p. 1 - 3

hospitalizations than other strains and therefore might cause less disruption than previously expected.

- The global index hides some regional variation. Meanwhile, airline stocks in Asia Pacific fell by 0.5%, reflecting concerns about the impact of a potential interest rate hike in the US.
- Airline stocks continue to trade about 30% below the pre-crisis level in all regions.
- The latest financial results confirm that pressure on airlines' operating profitability eased in Q3 thanks to a gradual improvement in passenger traffic and a booming air cargo business. The industry-wide operating loss was 2.6% of revenues over the July-September period, compared with a 13.6% loss in Q2.
- The EBIT margin improved the most in Europe which airlines benefitted from recovering air travel demand on intra-European routes. The European metric rose from -30% to 3% between Q2 and Q3. The improvement was smaller in North America where the Delta variant's spread delayed the air travel recovery. Asia Pacific airlines showed the weakest operating result in aggregate (-20% of revenues), notably due to still very restricted international travel to, from, and within the region.
- Looking ahead, some of the North American airlines improved their revenue forecast for Q4, stating that travel demand remained robust during the holiday season despite Omicron disruptions.

2. 4. MARKETING OF GLOBAL AIRLINES

Marketing is multi-dimensional, especially in the case of the airline industry. At a bare minimum, the same products are marketed to customers (leisure and business) and distributors differently:⁹²

- An airline marketing aims to reach prospective consumers and turn them into customers of the services as well as keep existing customers engaged. When systematically planned, the marketing covers the four P's of marketing – product, price, place, and promotion.
- The high-level goal of a marketing and advertising for any airline is to achieve a winning advantage over competitors by understanding the needs of customers and adjusting the tactics to meet those needs.
- The airline market can be divided into three parts:
 - ✓ *Airline companies themselves* - Distributors are all the third-party companies that either resell travel products to the customers (OTAs), or to other distributors (wholesalers). Distribution in travel is fully controlled by Global Distribution Systems (GDSs): international companies that established an oligopoly on the travel market, being a central point of connection between airlines and distributors.
 - ✓ *Customers* are the buyers of travel products. Travelers are traditionally divided into segments of leisure and business: Leisure travelers are the largest channel of sales. It requires serious technological infrastructure to operate in that sector. The leisure traveler segment is budget-conscious, so customers are primarily interested in optimal pricing, rather than additional services or higher service class. Business/corporate travelers are people, individuals, or a group, that travel mainly for business. The chief priority here is in optimal route choice and comfort, so high service

⁹² Airline Marketing And Advertising Strategies and Use Cases, (2022), , (accessed on 22.08.2022), available at: <https://www.altexsoft.com › blog › airline-marketing-adve. p. 1>

class is preferable. While business travelers occupy a much smaller part of flights, they typically bring more total revenue compared to leisure travel, especially in traditional airlines that aren't practicing low-cost approaches.

- ✓ As airlines sell their services both on direct and indirect channels, relations with *distributors* are also a part of marketing. Now let's talk about the challenges airlines face in marketing their products.

2.4.1. General characteristics of airline marketing

People live in a very competitive world now, and when it comes to the aviation industry, the level of competitiveness is amazing. Moreover, with new challenges that airlines are facing regarding the COVID-19 pandemic and the world striving for net-zero emissions, getting new travelers and retaining them has become more challenging than ever:⁹³

- ✓ A series of features make marketing challenging in air transportation industry yet interesting for airlines.
- ✓ Perishable product - The actual product is the flight ticket, and the tickets sold by an airline company represent the seating inside the airplane. All the seating space that is not sold is considered a waste of that particular flight.
- ✓ High level of segmentation - Some airlines have had decided to segment their market deeply to be more successful. This way, it is easier for them to provide tailor-made offers to specific travelers.
- ✓ Highly dynamic business Tickets are sold on a per-demand basis, so airlines need to deal with dynamic ticket pricing in order to maximize their profits. Moreover, they have to constantly adapt their service offer

⁹³ Successful Airline Marketing - Aeroclass.org, (2022), (accessed on 22.08.2022), available at: <https://www.aeroclass.org> > ai, p. 2

to the current needs to guarantee a satisfactory experience to the traveler, as it has happened during pandemic times.

- ✓ Dependable business - Many external factors affect the business of an airline. An airline company will usually tailor its marketing and decisions depending on political, economic, social, technological, and any other factors that may have an effect on its business.
- Why is marketing important for airlines:
 - ✓ Marketing is very important for airlines because it is the only way they can connect with potential customers and transform their current customers into loyal travelers.
 - ✓ Also, marketing teams can leverage the factors described above to find opportunities to help the airline company to differentiate from the competition through innovative marketing techniques and impactful campaigns to bring in more customers.
- What do airline sales and marketing do:
 - ✓ The duties of an airline's sales and marketing team may vary from one organization to the other. However, the final goal is usually the same, this being using all the data they can collect to better understand the market trends and their customers to create successful marketing strategies and increase sales.
 - ✓ Knowing this now, let us share some of the most successful and innovative marketing strategies found across the air travel industry.

Unlike organizations that sell tangible products such as cars, stationery or food brands, airlines sell experience to their customers. The experience they provide to

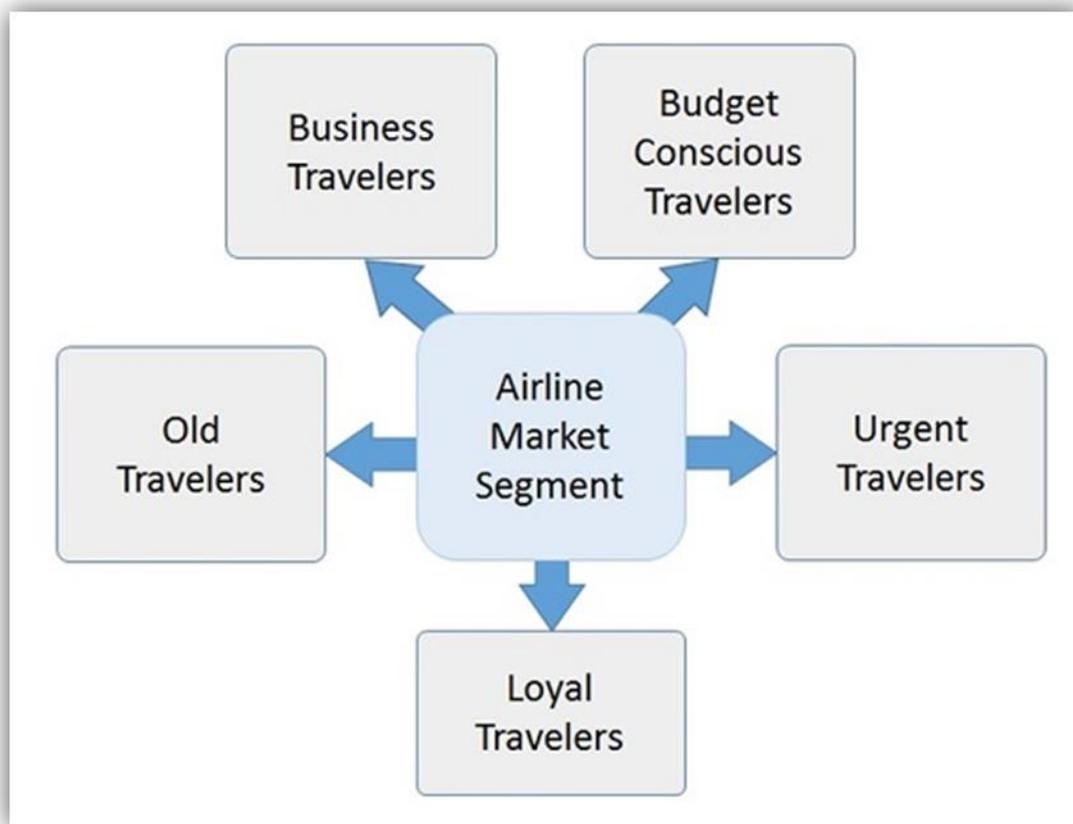
customers is intangible, but also invisible. To market their services, airlines work to understand the psyche, demographics and needs of their customers.:⁹⁴

- ❖ The airline's customers are divided into the following segments:
 - ✓ Old travelers - These are old customers, most likely retired and often on vacation.
 - ✓ Business travelers - They are frequent travelers and form a large segment.
 - ✓ Budget travelers - They are looking for the cheapest airline without knowing much about the various airline services.
 - ✓ Loyal passengers - They travel often and because they often travel with the same airline, the airline offers some benefits for them.
 - ✓ Emergency passengers - They share a small market segment and do not fly often. They fly only for unexpected reasons.

Figure 8

Air traffic market segments

⁹⁴ Aviation Management - Airline Marketing - Tutorialspoint, (2021), (accessed on 07.10.2021), available at: https://www.tutorialspoint.com > aviation_management, crp. 1-3



Извор: Aviation Management - Airline Marketing - Tutorialspoint, (2021), https://www.tutorialspoint.com › aviation_management,

❖ Customers expect before, during and after the flight before choosing an airline:

- ✓ Timeliness of service - Delays at the luggage counters and at the departure of the flight create a permanent negative impact on passengers.
- ✓ Providing reliable service - the airline staff to be committed to the service and the highest customer satisfaction.
- ✓ Convenience - Easy ticketing and booking systems.
- ✓ Attention - the staff of the airline that recognizes the needs of the customers works to fulfill them constructively.
- ✓ Comfort - Adequate space around the seat.

- ✓ Meals - Free in-flight meals,
- ✓ Security and safety - Emphasis on safety and security.

❖ For airlines, it is vital to retain customers, increase their loyalty and facilitate the spread of the positive word. The marketing staff of the airline meets the obvious needs and the real needs of the client. Airlines may need to provide the best flying experience for customers, as customers rely most on their own experience with the airline. If the airline is successful in meeting the needs of its customers, then it creates a brand and money for itself.

❖ Airlines around the world understand that they need to use different ways to reach their customers using social media. For example, Cathay Pacific Airways has created a Facebook page to display deals, promotions, limited time offers and videos for the airline. Qatar Airways has a strong presence on Twitter by sharing news, events, sales and sharing information about how the company operates.

2.4.2. Airline marketing mix

Marketing mix in air transportation companies is a set of actions a aviation business takes to build and market its product or service to its customer:⁹⁵

- Marketing mix helps company to be sure that company is able to offer to customers the right product, at the right time and at the right place for the right price.
- Whereas traditionally the marketing mix is executed through the 4 Ps of marketing, nowadays 3 more additional tools have been added to the mix, making it the 7 Ps of marketing. In Air transportation Businesses use a blend of these marketing mix elements to generate the response they want from their customers.

⁹⁵ How to Develop an Effective Marketing Mix | What are the Marketing Mix Elements, (2022), , (accessed on 22.08.2022), available at: <https://creately.com › diagrams>. p. 1

- There are several benefits of the marketing mix that makes it important to air transportation businesses:
- ✓ Helps understand which product or service can be offered to customers,
 - ✓ Helps plan a successful product offering,
 - ✓ Helps with planning, developing and executing effective marketing strategies,
 - ✓ Helps companies make use of their strengths and avoid unnecessary costs,
 - ✓ Helps companies to be proactive in the face of risks,
 - ✓ Helps companies to determine whether product or service is suitable for customers,
 - ✓ Helps identify and understand the requirements of customers,
 - ✓ Helps companies to learn when and how to promote product or service to customers.

The services offered in the form of transportation, facilities, amenities, discounts and relaxations in the airline are fascinating, tempting and comprehensive. The tangible and intangible benefits provided by companies in the airline services sector are targeted at segmented or targeted customers. Economic growth and the growing connection to global business have resulted in a dramatic increase in passenger traffic. The 7 points of airline services are product, price, place, promotion, people, processes and physical environment:⁹⁶

❖ The airline **product** is quite complex. A product is anything that a company offers to its consumers. It consists of several attributes such as physical goods, experiences, services, places, events, persons, information, properties, ideas, and

⁹⁶ Marketing strategies of an integrated facility of airlines service, (2014), (accessed on 07.10.2021), available at: <http://www.journalcra.com> , crp. 1 - 2

organizations.. The airline product includes two types of service. They are on-site services and flight services:

- ✓ Field services include a convenient airport with parking, duty free shopping, fast and efficient baggage check and efficient booking counter service, airport transfer, etc.
- ✓ Facilities include an in-flight seating configuration, comfortable and spacious seats, food and refreshments, in-flight entertainment such as in-flight movies, advanced seating arrangements, air-to-ground telephone service, a sleeping area, a hot shower and cooking facilities. order, web entry.

❖ Price is an extremely important element in the marketing mix of an airline (7Ps of airline). Though in general sense, travelling with airplane is expensive, the airlines want to compete to be cheaper compared to other airlines in the industry. In terms of air traffic pricing strategy, **prices** are a tool for the success of airlines. The concept of fair price is the most important. The pricing strategy includes premium pricing, value for money, low cost pricing, demand and supply based pricing, competitive pricing and so on.

❖ **Promotion** is an important part of the marketing mix. Promotion is costly, however, it is one of the most important components of the marketing mix of an airline. Airline companies run promotional campaigns by using a number of media. Presence of airlines is often seen on TV, print media, and the Internet. It also uses sponsorships for promotional purposes. Travel agencies play a key role in promoting airline services.

❖ Airline ticket **distribution channels** are direct sales, online sales and through travel agents. Passengers can book their flights online at the WEB page of company. This is the quickest and most convenient method. They can also book their flights online with many other websites. Other ways to book flights are through tour operators and travel agents that offer the service. Some airlines have introduced a powerful and

intuitive platforms that are designed for customers to browse, build, and book their own personalised itineraries including flights, hotel stay, visits to major tourist attractions, and other leisure experiences.

❖ **People:** People is considered an important element in the sale of service products because of direct contact between customers and employees. The people element of in airline marketing suggests that the selection and training of service staff is a sine qua non in overall marketing mix in airline companies. It is equally important that these service staff are adequately motivated and rewarded to provide effective customer pleasing interactions. In this regard customer contact staff should exhibit enthusiastic, positive and customer caring attitude. The concept of marketing mix people in airline services are flight crew, flight attendants and flight safety personnel. The people who make up the ground crews are airport and power plant technicians, aviation technicians, dispatchers, baggage handlers, ticket agents, passenger service agents and booking agents.

❖ **The processes** in the services of the airlines include procedures, mechanisms and course of activities that provide the service. Airline companies carries out a number of activities to deliver its services to customers. For example, flight booking, recruitment, and employee training are some of the important activities in the overall process.

❖ **Physical evidence** includes physical environment, quality of airplane layout, staff uniform, logo, office furniture reservation, waiting room, amenities. Relevant videos and images add beauty to the airline's physical environment. The cabin crews wear stylish uniform and follow certain beauty standards. Stylish offices, lounges at airports, and in-flight entertainment are some other important elements of the airline's physical environment.

2.4.3. Airline marketing strategies

Airlines must identify their target audience and develop marketing strategies accordingly. Traditional advertising methods such as TV and radio ads are no longer

as effective as they used to be. Airlines should focus on digital marketing, which includes social media, SEO and email marketing. Airports can also be used as a marketing tool by promoting the airline brand at the airport and providing passengers with information about the airline. Social media is a powerful tool that airlines can use to connect with customers. Airline websites should be easy to navigate and customer-friendly. Airlines should offer incentives to customers who book their flights online. Also, airline loyalty programs are a great way to keep customers coming back. Airlines should partner with other businesses to create joint promotions.⁹⁷

Innovative marketing strategies are important for most industries, especially for airlines. Without some unique and unprecedented marketing tactics, you can not survive in today's competitive world. People read daily news about flight delays, poor customer service and the like. If an airline really wants to dominate the business, then it needs to focus on the right marketing strategies. As innovative marketing strategies to be used by airlines can be highlighted:⁹⁸

- **Creating a Loyalty Program** - An airline loyalty program can help reach new customers who will become potential customers of the airline's services. Airlines can create a loyalty program in which they can give specific points to customers for free, which they can later use for various trips. Because of these reward points, the customer will always travel with that airline. This strategy can help the airline grow its customer base as well as retain existing customers. Along with the loyalty program, by offering customers free seat upgrades, the meal can enhance the airline's reputation. The airline while creating and offering its loyalty program should be creative and unique, think about the customer and then the profit.
- **Creating Impact** - In any type of marketing, creating influence on target customers is inevitable. Creating influence on the client can be achieved by

⁹⁷ Airline To Connect Customers With Faster Wifi, New In-Seat, (2022), (accessed on 23.08.2022), available at: <https://www.southwestairlinesinvestorrelations.com> >

⁹⁸ Chauhan, A., (2019), 5 Innovative Marketing Strategies Used By Airlines - Hotel, (accessed on 08.10.2021), available at: <https://www.hotelspeak.com>>, crp. 1 - 2

helping society, which then becomes a loyal customer. For example, American Airlines sends free samples of food and packages to people living near New York. It is obvious that people who read about the work of American Airlines in New York will respect their company, and building this respect is the most essential part of any marketing campaign. Customers who trust any company will always buy a ticket from it even though that company charges them extra money..

- **Social Media Campaigns** - Today we live in a world where people spend most of their daily time on social media. Facebook, Instagram, YouTube are the main social media platforms that can be used to reach target clients. Airlines can use paid advertising on Facebook, Instagram and YouTube. With paid ads, you can reach people in certain locations. Through these social media platforms, you can get intensively targeted customers. Many airlines also publish paid advertisements to attract customers. Airlines need to give customers real value. Airlines can also create videos and post them on YouTube to raise awareness of the company's brand. By posting such videos and helpful air travel guides, the brand value of any airline will increase.
- **Orientation of existing customers** - The airline should first target its customers. Existing airline customers will benefit from airlines more than new customers through word of mouth. The airline can provide an in-flight entertainment experience by offering quality equipment, super fast internet connection and allowing customers to watch TV shows, movies on the fly. A \$ 20 voucher on the next flight can carry more sales than any another marketing technique. So, the airline should be committed to retaining its customers. For example, American Airlines provides American Airlines discounts, coupons, loyalty programs, and promotional codes to their existing customers. Providing more legroom and charging less for tickets is another critical strategy that any company can implement to make their customer journey easier and more comfortable. Furthermore, if someone wants to book

their next flight with the airline, some special flight booking offers can be used.

- **Using the power of influencers** - Influencer marketing is currently on the rise. All major industries see the impact of marketing as the best way to get better returns. Airlines also need to implement effective marketing strategies with an influential factor. There are many benefits to an effective marketing strategy that can help all airlines grow their business. Because influencers have millions of fans, people love the things that those influencers promote. Also, because of the extreme trust of influential people, people are more likely to trust you. The storytelling formula can also be applied to increase the brand awareness of the airlines. Adding transparency to the airline's pricing structure and shipping rates is another simple task that an airline can do. Many people like to travel with their pets, but some airlines do not allow pets, while some have strict restrictions. Because of this, many secret passengers avoid traveling through such airlines forever. So, having rules and guides that are suitable for pets can ultimately give more potential customers.

The effects of the pandemic are still reshaping air travel:⁹⁹

- International and domestic travel is recovering, leisure travel is rebounding more quickly than business. Passenger loyalty to airlines is down, and carriers are urgently looking to recapture this lost revenue. As passengers spend more time and money on personal travel than on work-related trips, airlines should be pivoting to offer more flights to vacation spots, greater booking flexibility, and differentiated day-of-travel experiences to capture market share.
- Airlines need to be focusing on omnichannel efforts across web, email, SMS text, and dynamic airport and in-flight screens to deliver the 360° days of travel support users, and drive brand loyalty among new passengers.

⁹⁹ Biondolillo, T., (2022), Top Strategic Opportunities for Airlines in 2022 | Atrius, (accessed on 23.08.2022), available at: <https://atrius.com › blogs › to>.

- After months of working from home, people are treating themselves to more expensive trips and new adventures. Helping people prepare by giving them mobile-friendly access to weather reports, local traffic issues, and security wait times reduces stress. Airline should extend door-to-door support with in-app integrations to reserve a airport parking in advance or book a rideshare for departure, arrival, or both.

There are five strategies that can be used in the marketing strategies of airline companies in the world:¹⁰⁰

- **Aviation Marketing through Social Media** - Airlines can use social media platforms to post live updates on flights, including regular information on delays, but also more unexpected and yet super useful updates on things such as weather conditions at their destination. Social media are a great way for connect with customers across territories too, thanks to its global reach.
- **Digital Customer Service Strategies** - It is important to provide quick, accurate information to customers, with things like up-to-date websites, live social updates, and automated texts for flight changes. Having a solid customer service strategy in place is more important than ever—specifically, having one that’s responsive, flexible, and digital. This means offering smart chatbots that can assist with frequently asked questions, detailed guidance online addressing common challenges that customers face, and over-the-phone support in multiple languages that can enhance an international aviation marketing strategy.
- **Mobile Solutions** - All know that the future is mobile—and it’s no different for aviation companies, who have that same pressure to keep up with technological advancements if they want to provide the best service possible for their customers. Smartphones are an integral part of of today's lives, and they’re now just as important as ever, as people are taking their digital

¹⁰⁰ Make Your Brand Fly: 5 Digital Strategies for the Aviation, (2022), (accessed on 23.08.2022), available at: <https://www.tptdigital.com> ›

identification with them on their travels. Aviation companies must recognize the company they keep in the travel space, where mobile apps support customers on their journeys and trips—from navigation to weather and accommodation to ridesharing. Without an interactive app or fully mobile-friendly site, an airline's strategy for marketing won't be as impactful. Mobile apps are also fantastic for driving loyalty programs. With an interactive app where customers can collect and cash in loyalty points, airline not only provide an easy way for customers to enjoy their rewards, but also make flying more accessible and cost-effective.

- ***Content that Creates Real Connections*** - Digital content has the potential to reach a wider audience and, more importantly, turn readers into customers, so it should be included in any airline marketing strategy. Airline should to customers explain exactly what the can do for them, and how company do it. This is of crucial for establishing strong branding and build customer relationships. It's how airlines can differentiate themselves from their competitors and add value to their services. Meaningful content that audience will trust includes user-generated content that offers real insights into what it's like to be a customer of company, such as honest reviews and feedback from real customers.
- ***Omnichannel Digital Experiences*** - Alongside social media, there are a slew of other digital channels that should be considered in digital strategy. This is hugely important because of the myriad ways that consumers interact with the online world nowadays. The point is that brands need to be present across different platforms and digital mediums in order to provide a competitive and effective experience for their customers. For airlines, it's about making sure that no matter what device a customer is using, their journey is cohesive and streamlined. They should be able to switch seamlessly between company website on their laptop and emails on a tablet, with the right information easy and quick to find in a consistently branded way.

2.4.4. Social media marketing in airlines

The aviation industry is increasingly turning to social media marketing to connect with customers and drive traffic to their websites and e-commerce channels. Airlines are some of the most active users of social media, and they're using it to build relationships with their customers and drive traffic to their websites. Many airlines offer exclusive content that's not available elsewhere, and they're using social media to drive traffic to their websites and e-commerce channels. By using social media marketing, airlines are able to create a connection with their customers and cultivate trust and loyalty. So, if you're looking to tap into the aviation industry's huge potential, start building relationships and driving traffic to your website today with social media marketing:¹⁰¹

➤ **How does social media marketing help in aviation industry:**

- ✓ Aircraft manufacturers and airlines are currently witnessing a rise in social media marketing. This is because it aids in driving transactions *by providing valuable information about products and services offered by airlines*. It also helps to build trust and credibility with potential customers, thereby widening their customer base. By engaging with customers on various social media platforms, airlines are able to create a better customer experience, which ultimately leads to increased sales. This means that social media marketing is here to stay in the aviation industry, and businesses should take advantage of its many benefits.
- ✓ *Helps airlines target specific markets* - Airlines use social media platforms to connect with their customers and build relationships. By using these channels, airlines can identify the needs of specific markets and then target marketing campaigns that will meet those needs. This helps airlines save money while also increasing customer loyalty. By monitoring feedback and responding quickly to any concerns or

¹⁰¹ Bin J. S., (202),. Big Rise of Social Media Marketing in Aviation Industry, <https://salmanbinjaffar.com> ›

complaints, airlines create a positive customer experience that builds trust and strengthens the relationship between airline company and its customers.

- ✓ *Social media marketing helps in increasing brand awareness* - Aviation marketing is one of the most efficient ways to achieve brand awareness. Airlines use various social media platforms like Facebook, Twitter etcetera to interact with their customers and create a relationship that goes beyond mere transaction. In this way, passengers get attached to your airline and think of it as part of their personal journey. This in turn strengthens customer loyalty and helps generate leads for your business.

➤ **Benefits of social media marketing for airlines & airports:**

- ✓ *Some of the benefits of social media marketing for airlines & airports include:* creating a better customer experience, increasing loyalty and patronage, connecting with potential passengers before they book a ticket, and building relationships with customers. Airlines and airports are using social media to create a connection with their customers on a more personal level, which is helping them reach new heights in business.
- ✓ *Reduces costs and time taken to resolve customer complaints* - Social media is a valuable tool for airlines and airports to use in order to reduce costs and time taken to resolve customer complaints. By engaging with passengers through social media channels, Airlines can create awareness of their brand while also ensuring that passengers are aware of any updates or changes pertaining to their flight status or the airport. In addition, social media allows airlines & airports to provide customers with more information at one place making it easier for them understand queries related specifically to their airline or airport experience. This improves customer relationships by providing an open channel where

both parties can exchange feedback in a non-judgmental environment. Ultimately, this leads towards better understanding on both sides, hence creating trust and loyalty between these two important entities.

- ✓ ***Improves customer experience*** - Social media marketing can do wonders for customer experience. This is especially true when it comes to airlines and airports, which often have a tough time fulfilling customers' needs. By using social media channels, airlines and airports can improve their services in a variety of ways. For instance, they can resolve complaints quickly and provide better service overall. In addition to this, by connecting with customers on a more personal level through social media marketing, airline companies or the airport authority stand to gain a lot.
- ✓ ***Boosts brand loyalty*** - Social media marketing is a great way to engage passengers before, during, and after their flight experience. By providing valuable insights into customer behavior, airlines & airports can make better decisions that will not only improve the passenger's travel experience but also increase loyalty among customers. In addition, social media helps promote airline and airport brands to a wider audience thereby building brand awareness.
- ✓ ***Increases visitor numbers*** - Social media plays a major role in helping airlines and airports increase visitor numbers. By providing valuable information and engaging with customers, it helps airline customers make informed choices about their travel plans. Furthermore, social media can also be used to reduce ticket price variations between different airlines and airports. This way, passengers can save money on the tickets they buy even if they're travelling on different carriers. Additionally, social media provides an opportunity for airlines to connect with their customer base in a more personal way building trust and loyalty over time.

➤ **Trends in social media marketing in aviation industry:**

- ✓ ***Social media marketing will continue to grow*** in the aviation industry. This is due to the increasing use of social media platforms by airlines as a way to connect with their passengers and build relationships. By following some basic guidelines, airlines can create successful social media campaigns that will help them increase brand awareness and loyalty. Airlines are, also, using social media platforms as a way to monitor customer feedback and respond to customer concerns in a timely manner. By understanding these trends and using social media marketing strategies that work for them, airlines can ensure a successful future for their aviation industry.
- ✓ ***Use of digital marketing tools in aviation*** - Digital marketing tools are being extensively used by airlines for various purposes such as airline branding, customer engagement and social media marketing. One of the most popular digital marketing tools being used in aviation is augmented reality (AR). With AR, passengers can connect with airlines even when they're not on board the aircraft. Airlines are also using digital marketing tools to create a better customer experience. For example, some airlines offer virtual check-in services which allow customers to check in online and pick up their boarding passes at the airport. Additionally, air carriers use social media platforms to connect with their customers in a more personal way. They do this through blogs, tweets and other interactive forms of content sharing.
- ✓ ***Increasing focus on customer experience*** - Airlines are always looking for ways to improve their customer service and ensure that every passenger receives an excellent experience. This is why they are increasingly focusing on social media marketing as a means to achieve this. By following the latest trends in social media marketing, airlines can create an engaging and interactive platform where customers can

share feedback, ask questions and resolve any grievances quickly and easily. Furthermore, by targeting specific demographics with tailored campaigns, airlines can maintain loyal customers while attracting new ones all through effective marketing.

- ✓ ***Impact of social media marketing on the industry*** - Social media marketing is a powerful tool which airlines can use to market their products and services. By using various channels like Facebook, Twitter, and LinkedIn, airlines are able to reach out to a wider audience and build better relationships with them. Airlines nowadays depend on social media marketing in order to keep up with the changing business environment. Social media has revolutionized the way customers connect with businesses- no longer do they have to rely on word of mouth alone.
- ✓ ***Increased use of social media in aviation*** - As airlines continue to embrace social media as a marketing tool, it is no surprise that this has had a significant impact on aviation. Airlines are using social media platforms to reach out to their customers in many ways and keep them updated on the latest news and developments. Furthermore, they use social media for customer service by providing assistance when needed and keeping them informed of special offers and deals. Social media marketing in aviation industry remains an effective way of reaching out to consumers who want instant gratification so be ahead of the curve.
- ✓ ***Use of augmented reality technologies in aviation*** - Augmented reality is quickly becoming an important tool in aviation as it allows passengers to navigate their way around the airport without having to use maps or signs. Airlines are also using it for training purposes, providing pilots with a virtual reality experience that helps them better understand different scenarios before they fly. Social media marketing will continue to play an important role in aviation as airlines seek to connect with their

customers on a more personal level. By conversing directly with them, they can learn more about their needs and how best to serve them.

PART THREE: CHARACTERISTICS OF DELTA AIR LINES

3.1. DELTA AIR LINES BASIC DATA

Delta Air Lines is a major US airline, carrying passengers and cargo across the United States and international destinations in Central and South America, the Middle

East, Africa and Europe. It was founded in 1924 and started operating on June 17, 1929 year:¹⁰²

- The company is one of the oldest airlines in the United States and was formed by merging carriers such as Western Airlines Northwest Airlines. The airline is headquartered at the busiest airport in the world, with Atlanta carrying more than 170 million passengers each year with connections to about 321 destinations worldwide.
- The growth of the airline in providing air transport services can be seen in the increased operating revenues in recent years. However, due to the coronavirus pandemic, the American airline recorded a huge drop in revenue in 2020: from 47 billion US dollars generated in 2019 to only 12.8 billion US dollars.
- As a global airline, Delta connects customers through our expansive global network. In 2019, it served approximately 200 million customers and is the largest airline in the world by total revenue and the most profitable with five consecutive years of \$ 5 billion or more pre-tax revenue from 2015 to 2019. In 2020, significant network adjustments were made as a result of the unprecedented and widespread impact of SOVID-19 and associated travel restrictions and social distance measures that significantly reduced demand for air travel.

Delta Air Lines (NYSE: DAL) is an Atlanta-based global US carrier, serving as many as 200 million people a year, delivering customers through an industry-leading global network of up to 300 destinations in over 50 countries.:¹⁰³

- Through innovative and strategic alliances with Aeromexico, Air France-KLM, Alitalia, China Eastern, Korean Air, Virgin Atlantic and planned joint ventures with LATAM and WestJet, Delta brings greater choice and

¹⁰² Delta Air Lines - statistics & facts | Statista, (2021), (accessed on 08.10.2021), available at: <https://www.statista.com> > del. p. 1

¹⁰³ Airline Tickets & Flights: Book Direct with Delta Air Lines, (2021), About Us, (accessed on 08.10.2021), available at: <https://www.delta.com>, p. 1

competition to customers worldwide. Delta operates major centers and key markets at Amsterdam, Atlanta, Boston, Detroit, London-Heathrow, Los Angeles, Mexico City, Minneapolis / St. Paul, New York-JFK and LaGuardia, Paris-Charles de Gaulle, Salt Lake City, Seattle, Seoul-Incheon and Tokyo.

- Delta is the most awarded airline in the world, a prestigious honor that emphasizes the professionalism, care and humanity of the people of Delta. Delta is also recognized as the top 50 of Fortune's favorite airline, despite being named the most popular airline for the tenth time in eleven years. Delta ranks first in the annual Business Travel News survey for an unprecedented 10 consecutive years and has been named one of the world's most innovative companies for the third time in four years.
- As an employer, Delta regularly receives awards from organizations such as Glasdor and is recognized as a top job for women and members of the military.
- Delta has a highly developed social responsibility that lies at the intersection of its core values and core competencies, making a difference in the communities where its employees live, work and fly.
- Diversity, equity and inclusiveness are at the core of Delta's culture and are reflected in its people, the companies it works with, the way it treats its customers and the way it serves the world.

Delta Features in 2022: ¹⁰⁴

- More than 4,000 Delta Air Lines (NYSE: DAL) flights take off every day, connecting people across more than 275 destinations on six continents with a commitment to industry-leading customer service, safety and innovation. As the leading global airline, Delta's mission is to create opportunities, foster

¹⁰⁴ Delta Air Lines, Corporate Stats and Facts | Delta News Hub, (2022), (accessed on 23.08.2022), available at: <https://news.delta.com/corp>. p. 1 -2

understanding and expand horizons by connecting people and communities to each other and their potential.

- Delta's more than 80,000 employees believe customers should not have to choose between seeing the world and saving the planet. Delta is working toward more sustainable aviation by leveraging existing solutions and technologies, investing in the future of sustainable aviation fuel and actively engaging with next-generation solutions.
- People lead the way in delivering a world-class customer experience, and continuing to ensure the future of travel is personalized, enjoyable and stress-free. Our people's genuine and enduring motivation is to make every customer feel welcomed and respected across every point of their journey with us.
- Delta has served as many as 200 million customers annually. Headquartered in Atlanta, Delta operates significant hubs and key markets in Amsterdam, Atlanta, Boston, Detroit, London-Heathrow, Los Angeles, Mexico City, Minneapolis-St. Paul, New York-JFK and LaGuardia, Paris-Charles de Gaulle, Salt Lake City, Seattle, Seoul-Incheon and Tokyo.
- Powered by innovative and strategic partnerships with Aeromexico, Air France-KLM, China Eastern, Korean Air, Virgin Atlantic, and planned joint ventures with LATAM* and WestJet*, Delta brings more choice and competition to customers worldwide.
- Delta believes social responsibility lies at the intersection of values and expertise, which is why Delta return 1% of the company's annual profits to the communities where Delta live, work and serve. Even more importantly, Delta people are making a difference in their communities by devoting their time and talents to a wide array of Delta's nonprofit and charitable partners.

3.2. SERVICES OF THE DELTA AIR LINES COMPANY

Delta Air Lines, Inc. provides scheduled air transportation for passengers, freight, and mail over a network of routes. The Company offers flight status information, bookings, baggage handling, and other related services. Delta Air Lines serves customers worldwide. Delta Air Lines, Inc.¹⁰⁵

- ✓ Regular passenger and freight air transportation in the United States and internationally.
 - ✓ Also provides aircraft maintenance, repair and overhaul services to other aviation and airline clients,
 - ✓ Offers personnel services, professional security and training services and aviation solutions;
 - ✓ Vacation packages; and
 - ✓ Charter aircraft.
- In 2019, Delta Airlines made more than 5,000 daily flights for passenger transportation departures and as many as 15,000 related departures. Delta generates over 70% of its passenger revenue from its home network, centered around Atlanta, Minneapolis-St. Paul, Detroit and Salt Lake City. These core hubs complement the traditionally strong shores of Boston, Los Angeles, New York-LaGuardia, New York-JFK and Seattle. There are agreements with domestic regional carriers that operate as Delta Connection to feed traffic to our domestic centers.
- Through the global network, Delta cargo activities connect the world's major cargo ports. NSO cargo activities generate revenue from cargo on domestic and international markets through the use of cargo space for regularly scheduled passenger aircraft. In 2020, after the onset of the SOVID-19 pandemic, the reduced capacity of the business led to a significant increase in

¹⁰⁵ Delta Air Lines Inc. - Annual Reports.com, accessed on 08.10.2021), available at: <https://www.annualreports.com> >. p. 1

cargo yields, and cargo revenue was also generated by operating only cargo charter flights (ie using aircraft that then not used for passenger travel).

- The aircraft maintenance base, various equipment maintenance, cargo, flight kitchen and training facilities and most of Delta's main offices are located at or near Atlanta Airport. Delta rents ticket counters, gates, operating facilities and other terminal space at most of the airports it serves. Use agreements have been concluded with most airports, which provide for non-exclusive use of runways, taxis and other improvements and facilities. Landing fees are usually based on the number of landings and the weight of the aircraft. facilities outside the airport at certain locations for different terms.

3.3. DELTA DESTINATIONS AND FLEET

Delta Airlines, along with its subsidiaries and regional subsidiaries:¹⁰⁶

- It serves up to 200 million people a year, flies over 5,400 flights daily and serves 325 destinations in 52 countries on six continents.
- Delata and her alliance partners collectively serve over 130 countries and territories and over 800 destinations around the world. In 2019, prior to the onset of the COVID-19 pandemic, Delta offered more than 5,000 daily departures and as many as 15,000 affiliated departures including the premier SkyTeam alliance, of which Delta is a founding member. At the end of 2021, Delta offered more than 4,000 daily departures and approximately 5,500 affiliated departures as began restoring her network.
- It operates major centers and key markets at Amsterdam, Atlanta, Boston, Detroit, London-Heathrow, Los Angeles, Mexico City, Minneapolis / St. Paul, New York-JFK and LaGuardia, Paris-Charles de Gaulle, Salt Lake City, Seattle, Seoul-Incheon and Tokyo.

¹⁰⁶ Corporate Stats and Facts | Delta News Hub, (2021), (accessed on 08.10.2021), available at: <https://news.delta.com/corporate-stats-and-fact>, ctp. 11

- Since December 2020, Delta has operated a fleet of 750 aircraft manufactured by Airbus and Boeing. Delta often tries to procure and use older aircraft, especially those with a narrow body, and has created an extensive MRO (maintenance, repair, and overhaul) organization.

3.4. FINANCIAL AND OTHER OPERATIONS OF DELTA

The financial results for 2020 compared to 2019 are a pre-tax loss of \$ 15.6 billion, a decrease of \$ 21.8 billion compared to the previous year, primarily due to the impact of the COVID-19 pandemic, resulting in 64% reduction in revenue and \$ 8.2 billion in restructuring costs and \$ 2.4 billion in investment impairment and losses from equity methods. The pre-tax loss was \$ 9.0 billion, down \$ 15.2 billion from a year earlier. Adjustments for 2020 were primarily related to restructuring costs from fleet retirement decisions, allowances for voluntary early retirement and separation programs, investment impairments, and losses from equity methods. As a result of the COVID-19 pandemic, Delta is taking action to increase liquidity and strengthen its financial position, which includes:¹⁰⁷

- Completion of financial transactions for the aggregate principal amount of approximately US \$ 25.9 billion discussed in the Financial Activities.
- Receiving \$ 5.6 billion as part of the CARES Law Support Program
- Reduce planned capital expenditures by approximately \$ 2.8 billion for the year to \$ 1.9 billion, including restructuring aircraft orders for future aircraft deliveries, delaying aircraft modifications, and postponing certain information technology initiatives and replacing ground equipment.
- Modification of credit capacities to replace fixed cost coverage ratio contracts with liquidity based contracts.

¹⁰⁷ Delta Air Lines, Inc. - Financials, (2021),), (accessed on 08.10.2021), available at: <https://ir.delta.com/financials,ctp.1>

- Spending the redemption of shares and dividends for an indefinite period of time and postponing the voluntary financing of a pension.
- As of December 31, 2020, I had \$ 16.7 billion in cash, cash equivalents, short-term investments, and total equity required to be raised under our revolving credit facilities. In addition, in January 2021 it receives \$ 1.4 billion in relation to the described expansion of the wage support program.

Delta posted a profit of \$ 652 million in the second quarter of 2021, the first since the start of the pandemic as the latest sign that the airline is recovering. The company is announcing revenue of \$ 7.1 billion with promising indications that the business is returning to normal. Booking trends are recovering as customers buy tickets, with average daily sales exceeding Delta's internal expectations by 20 percent.¹⁰⁸

Delta Air Lines (NYSE:DAL) results for the second quarter 2022 in time of challenging operating environment drove nearly \$2 billion of free cash flow as well as profitability in the first half of the year, and accruing profit sharing:¹⁰⁹

- *Balance Sheet, Cash and Liquidity:*
 - ✓ Adjusted net debt of \$19.6 billion;
 - ✓ Weighted average interest rate of 4.3 percent with 84 percent fixed rate debt and 16 percent variable rate debt.
 - ✓ Payments on debt and finance lease obligations of \$1.0 billion, bringing the first half total to \$2.4 billion.
 - ✓ Free cash flow of \$1.6 billion with operating cash flow of \$2.5 billion and gross capital expenditures of \$864 million.
 - ✓ Air Traffic Liability ended June at \$9.9 billion, up \$805 million compared to March.

¹⁰⁸ Delta Air Lines reports its first profit since the start of the pandemic, (2021), (accessed on 08.10.2021), available at: <https://www.nytimes.com> › 2021/07/14 › business › delta-

¹⁰⁹ Delta Air Lines Announces June Quarter 2022 Profit, (2022), (accessed on 23.08.2022), available at: <https://ir.delta.com> › news.

- ✓ Liquidity of \$13.6 billion, including \$2.8 billion in undrawn revolver capacity.
- *Quarter Cost Performance and Outlook:*
 - ✓ Second quarter non-fuel unit cost performance of up 22 percent compared to 2019 was impacted by lower capacity, higher selling-related expenses and investments in operational reliability.
 - ✓ Operating expense of \$12.3 billion and total adjusted operating expense of \$10.9 billion in the June quarter, both increased 21 percent sequentially.
 - ✓ Adjusted non-fuel costs of \$7.5 billion were up 10 percent sequentially, primarily driven by higher capacity. In the June quarter, Delta repaid \$1 billion of gross debt after delivering strong profitability and generating free cash.
- *Operational Reliability:*
 - ✓ Delta Took decisive action to improve resilience and restore operational reliability for customers and employees, including schedule adjustments for the remainder of the year, implementation of earlier boarding procedures and addition of operational buffers.
 - ✓ July performance is off to a good start, with an average month-to-date completion factor of 99.2 percent and 84 percent of flights arriving within 14 minutes of scheduled arrival time.
 - ✓ Updated airport procedures, including earlier domestic boarding and schedule modifications at the company's largest hubs to help drive more on-time departures and successful connections.
 - ✓ Reactivated Peach Corps, providing employees from the corporate offices the opportunity to step away from daily work routines to assist frontline colleagues while supporting Delta's operation and customers.

➤ *Culture and People:*

- ✓ To reward Delta people for their dedication and excellence, Delta implemented a 4 percent base pay increase for eligible scale and merit employees globally on May 1.
- ✓ Recorded a profit-sharing accrual, which is expected to pay out to
- ✓ Introduced industry-only boarding premium pay for flight attendants, marking continued investment in our operational performance.
- ✓ Recognized as the No. 1 corporate blood drive sponsor with the American Red Cross for the fifth consecutive year.
- ✓ Resumed The Delta Air Lines Foundation Matching Gifts to Education program, matching Delta employee and retiree donations to accredited, eligible educational institutions.

➤ *Customer Experience and Loyalty:*

- ✓ Record number of new SkyMiles and American Express co-brand cardholders to our programs.
- ✓ In partnership with American Express, launched a first-of-its-kind, limited-edition Reserve credit card made with airplane metal of a retired Boeing 747.
- ✓ Enhanced premium offering with new domestic First Class seat on the A321neo, with larger, improved privacy space, more stowage for personal items and enhanced memory-foam seat cushions in all cabins.
- ✓ In partnership with Misapplied Sciences, launched PARALLEL REALITY™ beta experience at DTW, a groundbreaking technology allowing customers to simultaneously see personalized content tailored to their unique journey on a single digital screen.

- ✓ As part of Delta's commitment to create a values-led experience, added onboard snack and beverage options from small businesses, global suppliers, and woman- and LGBTQ+-led brands.
- ✓ Introduced new in-flight entertainment from MasterClass, a streaming platform offering exclusive access to select classes, alongside hit movies, bingeable TV shows and curated audio playlists.
- *Environmental, Social and Governance:*
 - ✓ Delta leveraged existing infrastructure to accept a batch of sustainable aviation fuel for a Delta flight from New York's LGA and support the scaling of lower carbon intensity fuels.
 - ✓ Participated in the SkyTeam Alliance's Sustainable Flight Challenge, an initiative where partner airlines share learnings and innovations with the common goal of reducing the industry's carbon footprint.
 - ✓ Launched new skills-first career development program establishing a long-term goal of filling 25 percent of corporate management roles with talent in frontline roles and removing career barriers of four-year degrees, supporting economic equity through access to higher-earning jobs across the company.
 - ✓ Joined forces with the Responsible Business Initiative for Justice (RBIJ) to launch Unlock Potential, a program that helps drive economic and social mobility for young people disconnected from education or employment, to create meaningful career opportunities for at-risk young adults.

3.5. DELTA MARKETING STRATEGY

Delta is one of the leading airlines with a large market share and a strong presence in the North American market. Delta Airlines' leading market position in the

United States can be attributed to its large fleet and leading partnerships. The company employs about 88,680 people. Delta Airlines marketing strategy analyzes the brand with a marketing mix framework that covers 4Ps (product, price, place, promotion). There are several marketing strategies such as product innovation, price approach, promotion planning, etc. These business strategies, based on the Delta Airlines marketing mix, help the brand succeed. Delta Airlines marketing strategy helps the brand / company to position itself competitively in the market and achieve its business goals and objectives.¹¹⁰

Delta Airlines marketing strategy helps the brand/company to position itself competitively in the market and achieve its business goals & objectives. The core purpose of Customer Value Driven marketing strategy is to build an engaging, right relationship with the right customer:¹¹¹

- The strategic choice of target customers is critical because Delta Air Lines can't serve all the customers in the Airline industry. Delta Air Lines choose, who are the customers that it can best serve based on its resources and capabilities.
- Market segmentation is the process through which Delta Air Lines decides to segment the overall market in smaller segments and groups that have similar attributes, buying behaviour, socio economic background, etc. This is done to reach out to the group of consumers more efficiently and effectively. Consumers in the Airline industry vary in their needs, wants, demands, resources, locations, access to technology, cultural differences, buying attitudes, and end use of the products and services.

Highlights from marketing strategy of Delta in 2022 include:¹¹²

¹¹⁰ Delta Airlines Marketing Strategy & Marketing Mix (4Ps), Published by MBA Skool Team, (2021), (accessed on 08.10.2021), available at: <https://www.mbaskool.com> › Marketing Strategy › Services

¹¹¹ Delta Air Lines (United States) Marketing Segmentation, Targeting, Differentiation, Positioning Solution, (2022), (accessed on 23.08.2022), available at: <https://embapro.com> › 26888. p. 1

¹¹² Delta spotlights strengthened competitive advantages and brand momentum, (2021), (accessed on 23.08.2022), available at: <https://ir.delta.com> › news › news-details › Delta-spotlight. p. 1

- Competitive Advantages: Delta's actions during the pandemic further strengthened its competitive advantages and enhanced its position as a trusted consumer brand.
- Industry Leadership: Delta is leading the industry operationally and financially by demonstrating agility, operational excellence and discipline.
- Brand Preference: Delta continues to elevate the customer experience through its best-in-class service and by investing across the travel ribbon, enhancing brand preference and loyalty.
- Earnings Power: Delta expects to deliver meaningful profitability in 2022 on its path to improved earnings power beyond pre-pandemic levels by 2024.
- Financial Foundation: Delta's top financial priority is restoring its financial foundation, with a focus on efficiency and cash generation to achieve investment grade metrics by 2024.
- As profitability improves, Delta is focused on reducing debt and strategically investing to build on leadership position, compelling strategy that Delta believe will allow her to exceed 2019 financial performance, deliver industry-leading margins and generate significant cash.

3.5.1. Delta Product Strategy

In marketing strategy, product is not viewed as a tangible product, but the source of value to be delivered to the customers. Value to the customers of Delta Airways can be delivered in numerous ways such as – point of sale equity, convenience of availability , physical product , word of mouth references, quality assuring brand name, priming and pre purchase education provided by sales staff, financing plans to purchase the products, installation and repair services etc:¹¹³

¹¹³ Delta Air Lines, Inc. Marketing 4P Mix Analysis - EMBA Pro, (2022), (accessed on 23.08.2022), available at: <https://embapro.com › 16060. p. 1>

- *Identification of Opportunity* – Market research and customer research is done to identify the needs of the customers that Delta Airways can cater to with its present and acquired resources.
- *Design and Testing* – Product is designed based on the value proposition that customers are seeking and one that Delta Airways can deliver. The key consideration regarding product design and testing are – customer value proposition, regulatory requirements, Delta Airways skills and resources, opportunities for differentiated positioning, and profitability.
- *Delta Airways Product Launch* – It includes decision regarding pricing, communication strategy, distribution channel management, and building infrastructure to provide post purchase services.
- *Product line* - There are three major product line planning decisions that Delta Airways can take – Product Line Breadth decision, Product Line Length decision, and Product Line Depth decisions. Some of the considerations that marketing managers at companyname need to take while making product line decisions are:
 - ✓ How the new product brand launch will impact the overall brand equity of the Delta Airways present brands and products. For example often launching a no frill product may end up impacting the image of the company as an innovator in the field. This is one of the reason why Apple stopped selling its plastic phones as it negatively impacted the image of the company as a deliverer of superior hardware products.
 - ✓ Will the product will be viewed completely different from the existing products of the firm and how much is the risk of cannibalization of the present brands by a new brand.
 - ✓ Does the product launch or product extension launch satisfy potential customer needs and wants in a way that can deliver profits to the firm.

➤ Delta Airlines offers two main services for passenger and freight, which is the marketing strategy of the company's products. Delta Airlines provides well-defined and differentiated products to cater to different segments of its customers. Transform your service into a bestseller. Five different travel experiences are offered that include:

- ✓ Delta One TM,
- ✓ First Class,
- ✓ Delta Comfort+ TM,
- ✓ Main Cabin и
- ✓ Basic Economy.

The first three include premium amenities and services such as free refreshments, drinks, extra legroom, etc., while the main and basic customers receive basic services that can be upgraded according to their preferences. Delta Cargo uses cargo space on regular passenger planes to transport cargo both domestically and internationally.

➤ There are several premium conveniences included as a part of Delta Comfort+ which include among others, snacks and complimentary Starbucks, beer, wine and spirits on most flights. Delta Premium select on the other hand is a superior economy cabin available only on select international routes of Delta airlines. Some of the premium conveniences included as a part of Delta Premium Select include dedicated flight attendant, high-resolution entertainment screen as well as TUMI amenities and priority Sky service among many more. Apart from its large range of premium services, Delta also offers Basic Economy (E booking class) services. Other services by Delta airlines include Delta cargo, shuttles, private jets and Delta vacations. The company also offers special services for passengers with disabilities.

3.5.2. Delta Pricing Strategy

Delta Airlines has adopted an approach that enables it to meet the demands of different customer segments, including basic and economical to premium pricing. This pricing strategy has helped it maintain its market share in the face of strong competition while maintaining its image customer-oriented airline.¹¹⁴

- Flight prices largely depend on jet fuel prices. Delta uses a fuel protection program to reduce the risk of changes in fuel prices. Delta Airlines offers differentiated services in different price ranges to cater to different customer preferences. Delta One™, First Class, Delta Comfort+™ are premium services and therefore have a high price. The main and basic are affordable classes, but passengers can buy additional amenities according to their requirements. Customers can also take advantage of discounts through the Delta Frequent Flight Program.
- In addition to the basic economical services through which Delta offers flights at competitive costs, the company has brought a wide range of premium services for wealthy travelers. In this way, Delta flight services are available to customers at different price points based on their preferences. However, the large range of premium services has helped to attract wealthy customers. The diverse pricing strategy has helped the company manage pricing competition.

To a large extent pricing depends upon the other 3Ps of marketing – product, place and promotion. Conceptually perceived value is the maximum price a customer is willing to pay for Delta Airways product in the given competitive context:¹¹⁵

- Under cost based pricing strategy – Delta Airways can work out what it takes to produce the product and put a markup based on profit it wants earn. In a

¹¹⁴ Delta Airlines Marketing Strategy & Marketing Mix (4Ps), Published by MBA Skool Team, (2021), (accessed on 08.10.2021), available at: <https://www.mbaskool.com> › Marketing Strategy › Services, p. 1 - 2

¹¹⁵ Delta Air Lines, Inc. Marketing 4P Mix Analysis - EMBA Pro, (2022), (accessed on 23.08.2022), available at: <https://embapro.com> › 16060. p. 2

highly competitive strategy with dynamic pricing the strategy may not be feasible.

- *Value Base Pricing* - Value Base Pricing is a pricing strategy which is based on customer perception of value. It inculcates put the number on both tangible and intangible benefits with a clear understanding of elasticity of demand and competitive pressures.
- *Market Penetration Pricing* - Delta Airways can employ this pricing strategy where it launch a new product either at loss or at very low margin to get a foothold in the segment.
- *Market Skimming Pricing* - For certain well established brands, Delta Airways can increase the prices as customers can pay higher price.
- *Good Value Pricing* - Offering right mix of product features, quality, and service combination at fair price. For example offering a limited frill option - customers can have initial product experience at an accessible price. GoPro use this strategy extensively.
- *Competition Based Pricing* - The pricing strategy is based on the competition in the market. Under this strategy Delta Airways focus is to match the prices of the competitors and focus on reducing the cost of operations to increase profitability.

3.5.3. Delta Distribution Strategy

Place or Distribution Channel is a set of processes through which Delta Airways delivers its products to the customers. Distribution & Marketing channels fulfill various purposes such as – providing customers information about the products , providing extensive product assortment using product line – breadth, length, and depth, enabling product customization options at the point of sales, reducing purchase lot size thus enabling opportunities for individual customers to buy products, after

sales services and installation services, easy availability of the products to end consumers, providing product quality assurance, and logistics:¹¹⁶

- Delta Airways implement a distribution system which is – Direct, Indirect, hybrid. The channel design decision involves - understanding of customer value proposition, current customer convenience points, length breadth and depth of Delta Airways product line, and competitors' distribution systems.
 - ✓ *Direct Distribution System* – Delta Airways putting its own direct distribution channel and reach directly to the customers. It can be through opening its own stores or just selling all the products online.
 - ✓ *Indirect Distribution System* – Delta Airways including channel partners such as wholesalers, retailers, logistics companies, and distribution agents.
 - ✓ *Hybrid Distribution System* – Delta Airways should implement a hybrid model where the critical aspect of distribution system are managed by Delta Airways, and secondary functions such as logistics, warehousing, store management etc are delegated to various channel partners.
- Delta Airlines' marketing or distribution strategy can be understood with its wide range:
 - ✓ Major centers include Amsterdam, Atlanta, Boston, Detroit, London-Heathrow, Los Angeles, Minneapolis, St. Paul, New York-LaGuardia, New York-JFK, Paris-Charles-de-Gaul, Salt Lake City, and Salt Lake City.
 - ✓ The network is centered around a hub system, an international port and key airports. Each center collects traffic from the surrounding regions and distributes it to other centers.

¹¹⁶ Delta Air Lines, Inc. Marketing 4P Mix Analysis - EMBA Pro, (2022), (accessed on 23.08.2022), available at: <https://embapro.com> › 16060. p. 3 - 4

- ✓ Delta Airlines has alliances with international as well as regional operators to expand its network.
- ✓ It has a joint transatlantic venture with Air France and KLM and Alitalia, which is used to cover routes between North America and Europe.
- ✓ Transatlantic joint venture with Virgin Atlantic Airways, which operates flights between the United Kingdom and North America. Trans-Pacific joint venture with Virgin Australia Airlines for flights between North America and mainland Australia.
- Delta has a retail, distribution-oriented approach with well-defined and differentiated products for our customers. Through improved product segmentation, it offers a variety of travel experiences with clear value propositions that enable customer choice and include exceptional in-flight
- Tickets are sold through various distribution channels, with 59% of tickets sold through direct channels. These include digital channels, such as delta.com and the Fly Delta app, and booking specialists that provide more direct, personalized customer interaction with reduced distribution costs. Indirect distribution channels include online travel agencies and traditional agencies. Ticket and product information is made widely available through these channels in an effort to ensure customers receive the best information and service options.
- Delta implements distribution channel marketing initiatives to enable customers to better understand product offerings, facilitate the purchase of the products they want, and increase customer satisfaction.

3.5.4. Delta Promotion Strategy

Promotion Mix or Integrated Marketing Communication strategy is a mix of various promotion tools that are at disposal of Delta Airways. They are – Advertising, Sales Promotion, Personal Selling, Public Relations, and Direct Marketing: ¹¹⁷

- Delta Airways can use all these five communication tools to persuasively communicate to customer – existence of the product, price of the product, differentiating features of the product, places where people can buy the products, and finally how consumers can effectively use the products or services.
- Email Marketing is form a direct marketing approach that Delta Airways take to directly reach out to its potential customers. Email Marketing help the Delta Airways to reach out high probability prospects based on the data collected by the company using its kiosks, trade marketing, and customer survey.
- Another popular form of advertising is search engine marketing where advertisements are shown to the customers based on their search history and browsing history. Like email advertising this can result in relevant advertising to high potential prospective customers who are already interested into products and looking for information regarding it.
- The promotion strategy in the Delta Airlines marketing strategy is as follows:
 - ✓ Delta Airlines has a strong brand image due to its excellent promotion strategy. The brand is promoted through several channels such as TV commercials, print media, online campaigns, social media engagement and other forms of digital marketing.
 - ✓ Delta Airlines has an extensive and popular frequent loyalty flight program called Sky Miles. Clients earn credit for mileage by flying to

¹¹⁷ Delta Air Lines, Inc. Marketing 4P Mix Analysis - EMBA Pro, (2022), (accessed on 23.08.2022), available at: <https://embapro.com> > 16060. p. 5

Delta or its affiliates or by using partner companies such as credit cards, hotels, car rentals. Mileage credit can be redeemed for air travel or membership in Delta Sky Clubs. Delta also has a website and application where it promotes its various offers and discounts.

- ✓ The most common channels used by leading airlines include digital channels and social media. The website and application are the leading marketing and promotion channels for Delta Airlines. Social media is also one of the leading channels for promotions, publicity and information sharing with travelers and followers around the world.
- ✓ Delta calls its marketing strategy customer-oriented marketing. In addition to digital promotions, the company uses other channels to gain publicity such as fashion shows and art projects. An important factor that helped the company increase its popularity and strengthen its position in the American aviation industry is its focus on the customer experience.

3.5.5. Delta People Strategy

Delta Airlines emphasizes the well-being of its employees. Delta employees are highly trained and this increases the quality of service and customer satisfaction. Delta understands the value of human capital and invests in it:¹¹⁸

- Increases the basic salary of its employees whenever they work well, and offers generous profit-sharing plans. Delta Airlines also takes into account the suggestions of its employees. The new Delta uniforms are designed taking into account the suggestions of the employees:
- Delta believes that its employees are the strongest competitive advantage, and the high quality service they provide sets them apart from other airlines. As of December 31, 2020, it employs approximately 74,000 people,

¹¹⁸ Delta people | Delta News Hub, (2021), (accessed on 08.10.2021), available at: <https://news.delta.com> › tags. p. 1 - 2

approximately 72,000 of whom are based in the United States. involuntary dismissal of an employee.

- The main goals of human capital management are to attract, retain and develop people who understand and are committed to delivering quality that is the essence of the Delta brand. To support these goals, human resource programs are trying:
 - ✓ To prepare employees for key roles and future leadership positions through various training and development programs.
 - ✓ Rewarding through highly competitive total compensation and benefit programs designed to share success, promote teamwork and support the full well-being of people,
 - ✓ Improving the culture through efforts aimed at creating attractive, fair and inclusive jobs.
 - ✓ To encourage the professional engagement of the employees and the community.
 - ✓ The health and safety of employees are the basis for achieving these goals.
 - ✓ Commitment to diversity, equity and inclusion is also critical to the effective management of human capital in Delta. As a global airline, Delta is committed to bringing people together and believes its business should reflect the diversity of its customer base. To achieve this goal, different talents are sought internally and externally in an effort to achieve wider diverse representation throughout the company.

3.5.6. Delta Process Strategy

Delta Airlines is constantly trying to improve its various processes. Optimize your flights to maximize profits. Processes are optimized to reduce delays and costs.¹¹⁹

- Delta is increasingly selling its tickets online, this has simplified the ticket buying process. Hence, this covers Delta Airlines' marketing strategy and marketing mix.
- Operational effectiveness is an important area for Delta focus. In recent years, Delta has made major investments in technology to improve its operating efficiency and offer its customers greater comfort and superior flying experience.
- The company has made major investments in customer-facing technology, such as delta.com, mobile applications, logging kiosks, customer service applications, biometric technology, airport information displays, and related initiatives, as well as security of these initiatives. The company has also upgraded and continues to upgrade its technology infrastructure and associated IT systems. Higher operational efficiency results in superior customer experience and improved processes that have led to greater popularity and increased demand.

3.5.7. Delta Physical Ambient Strategy

Delta Airlines' huge fleet of more than 700 aircraft is its physical setting. Also, its centers and salons serve as a physical setting. Delta is trying to sell its services, so the services increasingly have a tangible component:¹²⁰

¹¹⁹ Delta Airlines Marketing Strategy & Marketing Mix (4Ps), Published by MBA Skool Team, (2021), (accessed on 08.10.2021), available at: <https://www.mbaskool.com> › Marketing Strategy › Services, p. 6

¹²⁰ Delta Airlines Marketing Strategy & Marketing Mix (4Ps), Published by MBA Skool Team, (2021), (accessed on 08.10.2021), available at: <https://www.mbaskool.com> › Marketing Strategy › Services, p. 5

- Delta has both a website and an application. As a service brand, its main physical ambience is the experience that passengers get every time they fly with the airline.
- Tangible aspects of the flight experience include the fleet, airport infrastructure and branded products. The website and application, as well as online transactions, have replaced the need for paper bills. However, the huge Delta fleet, as well as the comfort of flying, are an important part of the physical environment for its business processes.

CONCLUSION

The 21st century has seen the continued internationalization and globalization of the world's economy. There is also evidence of deeper globalization of cultures and politics. Air transport has played a part in fostering these developments, but airlines, and to a greater degree, air transport infrastructure has had to respond to changing demands for its services.

Air transport is a facilitator and, as such, the demands for its services are derived from the requirements for high-quality, speedy, and reliable international transport. Globalization, almost by definition, means demands for greater mobility and access, but these demands are for different types of passengers and cargoes, to different places, and over different distances than was the previous norm.

International air transport is less than a century old, but is now a major contributor to globalization and is continually reshaping itself to meet the demands of the economic and social integration that globalization engenders. Economically, in static terms, globalization occurs to facilitate the greater division of labor and allows countries to exploit their comparative advantage more completely. Perhaps, however, more importantly, in the longer term, globalization stimulates technology and labor transfers and allows the dynamism that accompanies entrepreneurial activities to stimulate the development of new technologies and processes that enhance global welfare. To allow the flows of ideas, goods, and persons that facilitates both static and dynamic efficiency on a global scale, air transport has played a role in the past, and it seems inevitable that it this role will continue in the future.

From an economic point of view, globalisation is development towards increasingly interconnected global circuits of production, distribution and consumption. An important force driving globalisation processes is the liberalisation of world trade. Aviation industry and air traffic itself is a prototype of safety, speed, effectiveness and constant development tendencies and interconnecting information.

All these attributes characterize globalization and separately define globalization elements.

International air traffic accounts for about 40% of world trade in value, albeit much less in physical terms. The market is served by a variety of carriers, some specializing in international long-haul routes and others in short-haul markets. Air transport offers a vital lifeline for communities that do not have a proper road or rail network. For many remote communities and small islands, access to the rest of the world and basic services, such as health care, is often only possible by air.

Airlines have become the leading engine for driving economic development in any country. The success of the aviation industry in the field of airline business has revolutionized the national economy in various areas, including the increase in gross domestic product (GDP), availability of employment opportunities and airlines, and they also help to secure investment and earnings.

One of the major positive impact of globalization can be seen in the expansion of airlines outside their country. People travel to other countries for both business and leisure purposes, leading to 7% increment in air travel per year. As a market is globalized, those involved will evolve into global customers who go in search of suppliers running on global base. This leads to a growth in business travel due to the global involvement of companies in terms of investments, production chain, supply and customers.

Thus, the participation of air transport in facilitating the world trade is prodigious. Aviation implements another economic benefit of the air transport by providing consumer welfare to individuals while considering the environmental brunt such as the air quality, congestion and noise in the proximity of airports.

As a leading global airline, Delta's mission is to create opportunity, foster understanding and expand horizons by connecting people and communities to each other and their potential. Delta Air Lines, Inc., typically referred to as Delta, is one of the major airlines of the United States. Delta is headquartered in Atlanta, Georgia. The airline,

along with its subsidiaries and regional affiliates, including Delta Connection, operates over 5,400 flights daily and serves 325 destinations in 52 countries on six continents.

Delta Air Lines is one of the favorite airlines of most of the travelers in the US and all over the world. People like it because of its commendable services and on-time arrivals. Being one of the oldest Airlines in the world, it is being connected to a lot of data and has gained many achievements. Besides that the airline has been awarded as world's best airline for its brilliant services.

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