

Essay about airline industry

[Business](#), [Industries](#)



This is considerably larger than some 620 countries, estimated similarly to the same size as Switzerland. (ATAG, 2012). It is orecast that by 2026, the industry will contribute \$1 trillion to world GDP (ATAG, 2012). Despite the fact there is over 2000 airlines, each airline generally relies upon either one of the two-airline manufactures. These are Boeing or Airbus, both that are extremely wealthy companies. Boeing & Airbus are extremely competitive against each other and often have court disputes against each other.

The most recent dispute was dated in May 2011, where both companies claimed victory after the World Trade Organisation overturned the ruling in which saw Airbus receive billions of Euros in illegal subsidies. BBC News, 2011). The US complained to the WTO as they thought the \$18 billion subsidiary was deemed to 'cause serious prejudice' to US interests (BBC News, 2011). Growth Rate The Airline Industry woes are expected to continue, with humble profits produced mainly by limiting capacity.

Both Boeing & Airbus already have a backlog of orders due to carriers deferring their orders due to the poor growth in clientele and falling flight prices. (The Economist, 2012). Other factors that are damaging the threat of growth in the Airline industry are the threat of terrorism & increase in fuel prices. Are these factors putting people off? In 2009, there was an immediate decline in air travel by 30% (ehow) after the attack on the twin towers. The drastic decline maybe explained by the fact many feared there could be another terrorist attack in the nearby future.

Rising fuel prices in 2012 are set to have an enormous impact on the industry and set to shrink profit margins awfully tight. The industrys global

trade body has warned that annual profits have been cut by \$500m (Financial Times). Due to the increase in fuel prices, many airlines have decided to provide the A380 aircraft, which carries roughly 500 people depending on the configuration. This has helped achieve economies of scale for many companies. Market Share The Airline Industry is incredibly competitive and diverse globally so it is difficult to summarise market share of companies.

However, because of this reason returns are usually lower than expected. This can result in difficulty at times of economic recession. The supply in airline industry is very limited and dominated by Boeing & Airbus, which means there is very little aggressive competition. It is very unlikely to see a supplier vertically integrated. This means it is highly unlikely that Boeing or Airbus would start offering flight services. The bargaining power of airline companies is surprisingly very low.