

The competition and
many m. for instance,



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The level of competition in airline industry is very intense, for a number of reasons.

First of all, the industry has already a saturated market and it is in the mature stage of the business cycle. Moreover, the industry has high exit barriers as well as high entry barriers. The reasons are the extremely elevated fixed costs in the industry, that's why the very same companies stay in the long run.

The products involved are highly complex which also heightens the competition. In addition, the expected market growth is relatively low 3% – 4%, in developed countries. However, it is higher in developing countries, for instance Latin America, Africa, Asia Pacific, and Middle East are expected 6.1% – 5 % growth rate, respectively (Figure 1). Which is impacted by the higher demand for air traveling.

Moreover, According to UK-based aviation data monitor OAG, the busiest air route is, surprisingly, not from Los Angeles to London, but from South Korean Island of Jeju to Seoul, which is mostly occupied by leisure travelers, and its popularity has grown so fast that domestic flight from Seoul leaves in every 15 minutes. Additionally, the number of airline passengers is expected to grow at a compound annual growth rate (CAGR) of 4.7 percent. The companies can only grow by capturing market share from each other, which leads to high competition and many M. For instance, TWA airline merged to American Airlines in 2001, American West and U.

S. Airways also merged to American Airlines in 2013. Secondly, the products are difficult to differentiate, that's why there are low switching

costs, and it means that the competition is lessened by the brand identities of different companies, every company has its own character, and there are low-cost to luxury airlines. Ryanair, EasyJet, WizzAir as low-cost carriers, where they try to cut costs by having limited amenities and remain competitive, for instance, Ryanair do not have rear pockets, recline of a seat, or in-flight entertainment, which reduce costs of maintenance and cleaning. Qatar airways, Emirates, and Singapore Airlines as luxurious airlines. Within these companies, customers can switch to different carriers easily with their preferences. Investment in marketing has also increased for attracting customers and retaining market share. Companies can differentiate themselves by providing more services in the same, or lower costs compared to other airlines, so that customers will switch to better offers.

For example, providing free in-flight Wi-Fi, while some companies have additional fees on that.