Dean&Francis
ISSN 2959-6130

The development competitiveness of aviation industry

Yichen Xiong

Jiangxi Hanvos Senior High School, Nanchang, China

202004033323@stu.sdp.edu.cn

Abstract:
The aerospace industry is an important part of modern industry, which not only promotes the scientific and technological progress of mankind, but also facilitates the travel and communication of people with the development of the global economy. The aviation industry of cargo, passenger transport and other different ways to give aviation to develop. Through the development trend and the market share announced by the aviation industry in recent years, as well as the competition in the aviation industry, it shows that the aviation industry is a broad market, which involves many different fields. All airlines are constantly developing new technologies, so the plane is one of the safest means of travel, which also promotes the development of human beings. Despite the economic downturn facing the industry, there is still strong momentum and positive prospects for global aviation. The research results of this paper not only have theoretical research value, but also can provide experience reference for the future development of Airbus in reality.

Keywords: Aviation industry; air transportation; Aviation enterprise development

1. Introduction

From a global perspective, the report released by the International Air Transport Association shows that the profit outlook for global airlines in 2024 has improved a lot, and air passenger traffic is also expected to hit a record high. Global aviation safety recorded its best year ever in 2023, with no fatal accidents, demonstrating an improved safety culture and technological advancements in the industry. In addition, IATA also raised the profit forecast of airlines in 2024, predicting that the net profit of the aviation industry will reach 30 billion US dollars, and the net profit margin is expected to reach 3.2%, which indicates that the operating performance of airlines has improved significantly, and the overall recovery of the industry is in a good situation. According to the Statistical communique on the development of the Civil aviation industry in 2023, the transport production of the civil aviation industry has been restored in an orderly and steady manner, and new achievements have been made in high-quality development. Both freight and passenger traffic, etc., showed a strong recovery in the industry. The operating performance of airlines has improved significantly, and the industry as a whole has shown a positive recovery. Specific to the airline level, the operating data disclosed by a number of listed airlines show that the passenger turnover generally saw significant growth, which reflects the strong demand for travel market, airlines generally increased capacity investment, seize the summer and peak season market opportunities.

Airbus had a solid first half, with revenues up 4%. The increase was driven by an increase in the volume of civil aircraft payments and higher sales in the aviation business. Airbus is still trying to increase its production capacity and develop new technologies. By the end of 2024, Airbus is expected to demonstrate its strong competitiveness and technology in the global aviation market.

This paper will discuss the passenger market, cargo market and other different areas, and explain the current status of the aviation industry. Finally, the present situation is summarized and some suggestions are given to modern airlines and the future development trend.

2. Factual analysis of the aviation industry

2.1 The market demand of passenger transport market

The demand of the aviation industry is influenced by the global economy, international trade, tourism, international cooperation and emerging areas such as cross-border e-commerce and cold chain logistics. In recent years, the demand for air transport has continued to grow, especially the rapid development of transnational trade and e-commerce, which has further promoted the prosperity of the air cargo market, and people have paid more and more attention to aviation and contacted the aviation industry to fulfill their needs. Take China as an example. Both domestic and international flights are growing steadily. In particular, the number of passengers this year has already surpassed that of 2023 [1]. The more reason is that the reduction of domestic air ticket prices in China leads to more passengers taking flights, which will have an impact on the profits of China Airlines. In June 2024, global air passenger traffic increased rapidly. According to data released by the Civil Aviation Administration of China not long ago, from the beginning of 2024 to June, China's civil aviation completed 350 million passenger trips, an increase of 23.5 percent. International passenger traffic also recovered to 81.7% in the same period of 2019 [2]. This means that the aviation industry has the ability to continue to increase passenger traffic and aviation awareness, and the global aviation economy will remain stable. In addition, with the improvement of people's living standards and the diversification of travel needs, the air passenger transport market has also shown a steady growth trend, especially in emerging economies, such as China, Malaysia, Singapore, the United Kingdom and so on. Moreover, passengers' demand for fast and convenient means of transportation has also continued to promote the continuous growth of the air passenger transport market, and people's travel demand has increased, especially the increasing demand for transnational international flights and international cooperation. At the same time, the rise of many low-cost airlines and the decline in ticket prices, more and more people regard aircraft as the first means of transportation to travel, further promote the aviation industry market, and make different airlines compete.

2.1.1 The freight market

At present, with the growth of global trade and the continuous development of e-commerce, the demand for air cargo is rising. In particular, air cargo has played a key role in transporting medical supplies and ensuring supply chain stability and security during certain specific periods. Relevant data show that as of April this year, global air cargo traffic has maintained the strong growth trend at the end of 2023, with an average growth rate of more than 12% in the first four months, and a growth rate of more than 5.3% compared with the same period in 2019 before the epidemic [3]. This means that the aviation industry is indispensable to people in terms of air transportation, and people are increasingly looking at the idea of air freight to help them solve their transportation problems. In recent years, the global shopping season, the global aviation will face capacity pressure, the air passenger market is relatively weak at present, the aviation industry should pay attention to the situation in time [4]. The airline industry faces different pressures, sometimes fatal. And, many airlines are retiring older, larger aircraft that are more than 30 years old, and paying for new aircraft is very limited, resulting in tight capacity supply in the market. Based on the current production order schedule for 2023-2027, there is a shortfall of about 60 aircraft to meet the projected capacity demand in 2027, as previously estimated by Boeing in previous years. What is more, affected by the COVID-19 epidemic in 2020, the global aviation market has rebounded completely. Many airlines have replaced their seats with freighters to cope with the shortage, but even so, the number of planes is still limited. Airlines need to do something innovative to attract consumers to mitigate the current situation, and it's a good chance to get ahead of the competitors [5]. The reason why regional freighters are not favored by the market is also very obvious, the most important reason is insufficient revenue, and the profit of aircraft transportation is very low before the epidemic.

2.1.2 Competition pattern

In the 1960s, Boeing and McDonnell Douglas aircraft in the United States and the world occupied an absolute advantage, and various European airlines were also very competitive, but it was difficult to shake the position of Boeing and McDonnell Douglas [6].Under the absolute competitiveness of Boeing and McDonnell Douglas, the rival basically did not have many resources to survive, and Airbus was not born at that time. But decades later, McDonnell Douglas gradually lost its competitiveness, the Airbus and Boeing form a duopoly in the market. Airbus is highly competitive in the wide-body aircraft market, especially its A350 and A380 families. In addition, there are many competitors that will affect the industry position of Airbus or Boeing. For example, there are a number of emerging aviation manufacturers, including Commercial Aircraft Corporation of China, which is gradually breaking the monopoly position of Boeing and Airbus. Every year, many Chinese take to the air to fly or transport goods to different places. Take ComAC's C919 airliner as an example, which marks an important breakthrough in China's aviation sector and is expected to shake the international market position of Boeing and Airbus in the future. The German aerospace company has the largest civilian testing machine in Europe and the second largest in the world. Its research covers space, energy, transportation and so on [7-8]. German Aerospace has the potential to be a strong competitor in the future. In addition, Southwest Airlines, Ryanair, AirAsia and other airlines occupy an important position in the global aviation market through the operation model of low fares and high load factor. They use effective and savvy operational strategies and cost controls to meet consumer demand for low-cost air travel. There are also some regional airlines, which focus on specific regions or routes and provide diversified air services. They are typically characterized by low service costs and operating costs, and are able to quickly adapt to market changes in the aviation industry to meet the specific needs of different populations and different service objects.

2.2 Airbus enterprise development status

Airbus 2023 revenue of 65,446 billion euros, an increase of 11%; 2022 revenue of approximately 49.9 billion euros; Revenue in 2021 will be about 49.9 billion euros. Overall, Airbus's revenue has shown a trend of growth, but it has also been affected by other factors, the biggest impact is the pandemic. In addition, Airbus and Boeing together monopolize most of the global market for large commercial aircraft. In different models of the market, the two are fiercely competitive. For example, in the single-aisle aircraft market, Airbus' A320 competes with Boeing's 737. In recent years, Airbus has achieved good results in some market segments, such as January 11, 2024, Airbus announced that its 2023 net aircraft orders reached a record 2,094, while delivering 735 aircraft, exceeding the company's delivery target. Secondly, Airbus has advanced technology and innovation capabilities, constantly introducing new models to meet market demand. Airbus always surprises customers with new products and technologies, in ways that attract more attention. Interestingly, Boeing's planes have a larger share of the long-haul and cargo markets, while Airbus' planes dominate the European and short - and medium-haul markets. Airbus is investing heavily in an all-electric vertical take-off and landing program. Airbus believes that this aircraft is a good opportunity and very competitive in the market. It is also a better platform to develop carbonization technologies that can be rolled out to other products such as helicopters [8]. Airbus needs an electric system to drive the next development, in different ways, Airbus is trying to invent other airlines do not have technology, so as to achieve Airbus's purpose.

3. Airbus in the United States

The United States has proposed imposing import duties on EU aircraft in retaliation for EU subsidies to Airbus. The U.S. government has longstanding profit issues with the EU over Boeing and Airbus subsidies. Specifically, the United States increased import duties on aircraft from the European Union by 5% from 10%, which was announced in February 2020 and came into effect in March . In addition, the United States has also offered to withdraw retaliatory tariffs against the EU as long as Airbus returns the subsidies it previously received from European governments. Also, the world knows that Boeing and Airbus are the two giants of the global aviation industry, and have long competed for various orders around the world, as well as for various market resources. For example, in 2023, Boeing had planned to increase production of its 737 narrow-body aircraft to a record of at least 55 per month by 2025, while Airbus has been independently advancing its own products and operations, enhancing its own service capabilities to compete for more market share. In the history of commercial passenger aircraft, Boeing is like the king. Boeing ruled the United States in the 1990s, when there was no Airbus. When Airbus tried its best to compete for market share and order resources with some models, it found that the Boeing 747 was the largest and most profitable model in the world [9-10]. In the early days, the aviation industry or Boeing did not think much of Airbus as a small company in the industry, because Boeing was the most competitive airline in the

world at that time.
The United States could use tariffs as a tool to impose higher import taxes on Airbus products to increase its costs and weaken its competitiveness in the local market. This could put some economic pressure on Airbus in the short term. There may also be restrictions on the participation of airlines from other countries in the local market, such as requiring them to operate in joint ventures or partnerships, or setting high market access barriers to protect domestic companies.

4. Discussion

The global aviation industry is gradually recovering from the impact of the COVID-19 pandemic and showing optimistic prospects for development. According to the International Air Transport Association report, the profitability outlook for global airlines in 2024 has improved, with net profit expected to reach $30.5 billion and net profit margins expected to reach 3.1%, both higher than the same period in 2023. In addition, total industry revenue and total spending are expected to reach $996 billion and $936 billion, respectively, in 2024, marking the important role of aviation in the global economy . As one of the top airlines, Boeing's success has many factors, such as a joint venture in India with Tata Group to make aircraft parts for Boeing; Partnering with Embraer to expand its presence in overseas markets. Second, Boeing is promoting contacts with local suppliers and universities in Vietnam to develop the supply chain. In India, Boeing has more than 300 Indian suppliers in its supply chain, providing Boeing with robust and efficient commercial systems and different types of components. Boeing is also constantly innovating to maintain its industry position and market share, such as the use of advanced technologies and materials in aircraft design and manufacturing. But in 2005, that is a milestone for Airbus, he and the year's competitive very strong Boeing out of the victory. Airbus in 30 years in the passenger aircraft global market share reached 50.2%, controlling more than 50% of the global market share. Airbus has also used its dominance to keep itself competitive for many years. In recent decades, due to market problems in various fields, economic instability has resulted, and the aviation industry has also been implicated. In recent years, Boeing has forecast that China's air passenger fleet will grow by more than 5% a year and reach 9,740 aircraft, higher than the global average growth of 4.7% [10].This means that Boeing is very optimistic about the Chinese market, which is also a smart place for Boeing. Boeing has frequently worked with local or corporate partners since the company's inception. In the coming decades, China is likely to be a competitive market for all kinds of airlines, and China may become the largest market for air services. Airbus can strengthen international cooperation and strategic alliances, deepen existing partnerships, jointly advance joint research and development projects, and share technological achievements and market resources. At the same time, Airbus needs to actively seek cooperation opportunities with emerging markets and countries with technological advantages, jointly develop new products and services, and broaden market channels.
Airbus should strengthen its presence in other countries. For example, Airbus has established an aircraft life cycle service center in Chengdu, China, which is its first one-stop service center outside Europe, demonstrating the importance of Airbus to the Chinese market. In the future, Airbus should further expand its influence in this field and provide a full range of solutions, including aircraft parking and storage, subleasing, upgrades and modifications required for the resumption of operations, airframe maintenance, disassembly and recycling, and second-hand usable aviation materials trading .

5. Conclusion

The aviation industry is a broad market, it involves many different areas. Whether it is the cargo market or the passenger market, aviation has a great contribution to people and help, aircraft is also one of the safest travel tools, including intelligent driving instruments, fuel efficiency improvements and new material applications. Through the introduction of advanced artificial intelligence technology, intelligent driving instruments realize automatic takeoff, automatic cruise, automatic landing and other functions, which greatly reduce the burden of pilots and improve the accuracy and safety of flight. Not only that, the aerospace industry will also develop outer space equipment. Aviation is an industry full of challenges, and all airlines will continue to invent different new technologies, seize more market shares, and strengthen the strength of various companies in order to better compete. Despite challenges such as the weak global economic recovery and regional tensions, the global aviation industry is still showing strong recovery momentum and optimistic development prospects. Through the aviation industry, the future will be better.

References

[1] Guan Zichen, Niu Qingyan. Report Card of Aviation Summer Transportation: New highs and Potential [N]. Beijing Business Daily,2024-09-04(003).
[2] Peng Xunwen, Liu Yaoyang. Global air passenger market stable growth [N]. People's Daily overseas edition, 2024-08-21

(008). The DOI: 10.28656 / n.c. Nki NRMRH. 2024.002753.
[3] Chen shanshan. Cross-border outbreak of electricity demand push hot air freight market [N]. The first financial daily, 2024-07-01 (A09). DOI: 10.28207 / n.c nki. Ndycj. 2024.002468.
[4] WEI Jun. Slow recovery of global civil aviation market [J]. Large Aircraft,2021,(10):62-66.
[5] REN Zhilu. Regional Opportunities in Air Cargo Market [J]. Big Aircraft,2021,(12):55-59.
[6] Hu Wenyuan. Airbus: "Latecomers" win in the "future" [J]. State-owned Enterprise Management,2017,(11):94-97.
[7] Chen Peiru. Professional Laboratory: Strategic Core of future Aviation Competition [J]. Big Aircraft,2022,(12):26-30.
[8] Chen Shanshan. Fourier, CEO of Airbus: "ComAC will bring competitive solutions" [J]. Big Plane,2023,(10):8-11.
[9] ZHU Guoshun. Airbus up, Boeing down [J]. Xinmin Weekly,2024,(30):3.
[10] Boeing forecasts, China's economic potential is the true portraiture of [N]. The global times, 2024-08-29 (014). The DOI: 10.28378 / n.c. Nki NHQSB. 2024.005212.