

*L.M.Pobochenko, Ph.D.
(National Aviation University, Ukraine)*

Features of international low-flying airlines activity in Ukraine

With the emergence of low-cost airlines, traditional airlines that use conventional methods of building aviation business, experienced significant competition from their side. Traditional airlines have gone along the way by known methods of crowding out competitors - the creation of major alliances (increasing market share, optimizing the network of routes, offering new opportunities for passengers).

In the conditions of the world economy globalization, the aviation complex of the state becomes an important element of the integration of countries into the modern system of international economic relations. It has particular importance for socio-economic problems solving, improving the quality of the country's life population, and belongs to strategically important sectors of the states economies. The development and improvement of the air transport system makes it possible to establish close social and economic interconnections with other countries, to expand potential markets for aircraft production, to ensure the participation of airlines in the execution of foreign projects and to take a worthy place in the global competitive environment of air transport services.

The ability to move people and goods quickly at long distances to various, including the most difficult places in the world, makes air transportation one of the most promising and most dynamic transport markets. The aerospace industry is developing rapidly and continuously, absorbing all the latest advances in scientific and technological progress, and, together with it, the international market for aviation services is developing in line with the growing needs of the economy, business and population. According to the forecast of the International Civil Aviation Organization (ICAO), in the period from 2017 to 2023, the total demand for air transportation in the world will grow by an average of 4-5 percent annually [6, 8].

Under the conditions of global competition, budget airlines have taken a significant part of the market and are actively influencing pricing, especially in North America and Europe. The global trend on low profile has even led to the fact that it is now possible to observe a certain differentiation in the segment of cheap air travel by indicators such as the level of services provided to passengers, as well as the volume and nature of operating expenses.

Budget airlines continue to aggressively seize the market in Europe. They are ready to continue to reduce tariffs for the full load of planes. Some of them gradually move away from traditional national or regional routes and take a vector for further international flights from Asia to some transatlantic routes [1, p.54].

Taking to attention Ukraine remains like the country with the lowest level of minimum wage in Europe not the first year, it is natural that the low density trend has become widespread in our country. At present, the leader in low-cost air transportation in Ukraine is the Hungarian Low Cassette WizzAir, which is

constantly working on expanding the geography of its transportation, optimizing operating costs in Ukraine [2, p.34.40].

In addition, Air Arabia from United Arab Emirates, Israeli air carrier UP, United Arab Emirates Air Arabia, Israeli air carrier UP, Italian low-cost airline Ernest Airlines, Spanish Vueling Airlines, Greek AegeanAir, Latvian AirBaltic, Turkish AtlasGlobal and Pegasus Airlines , Azerbaijani AZAL jet and Ukrainian Yanair are air transportation services with prices comparatively lower than those offered by traditional airlines [9].

Even UIA the "most traditional" network airline operator in Ukraine, is trying to compete actively in the market, offering Ukrainian low-cost tariffs and low prices for classic carriage. So, in 2017, the UIA provided the largest passenger traffic and transported nearly 7 million passengers, that is in 16.5% higher than in 2016 [5].

The volume of UIA transporting at Boryspil airport, where the company is the main carrier, increased by 18% to 6.25 million passengers, while the share of transfer passengers on regular flights reached 54%. In addition, in 2017, UIA achieved a record high of 40 million passengers transported in its history [3], (Fig. 1.):

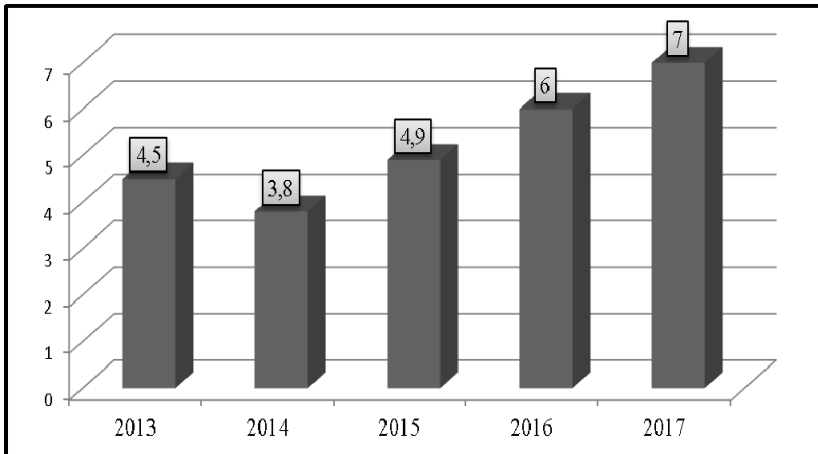


Fig. 1. Number of transported passengers by the airline "International Airlines of Ukraine" in 2013-2017, (million pass).

Note. Built by the author according to the data of the "International Airlines of Ukraine" airline.

In 2018, UIA will develop a hub in Boryspil and will bring new types for Ukraine to the Boeing 777 aircraft [4].

Also, in 2017, UIA carried out 57.2 thousand flights, which is the largest number of all air carriers operating in the Ukrainian market. LOT Polish Airlines performed 26.7 thousand flights, and Belavia - 14.5 thousand flights [5], (Fig. 2.):

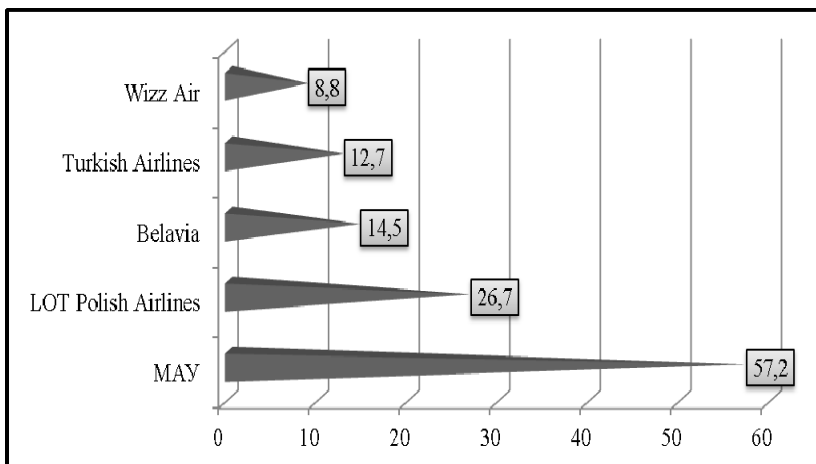


Fig. 2. Number of flights performed by the largest air carriers on the Ukrainian market in 2017, (ths).

Note. Built by the author according to the State Aviation Service of Ukraine.

It should be noted that on September 3, 2018, the Irish Flywheel Ryanair performed its first regular flight to Ukraine. It became the Berlin-Kyiv route. Ryanair will fully expand its operations in Ukraine by the end of October 2018. The airline will open 15 destinations: 10 destinations from Kiev and 5 destinations from Lviv to Europe. During the first year Ryanair expects to transport 1 million Ukrainians [4].

Also, the carrier Ryanair intends to open flights to Kherson, which considers it as a hub in the south of Ukraine. Today Kherson airport, the passenger traffic of which already exceeds 100 thousand passengers, is the most attractive in Ukraine. By the end of 2018, the number of passengers of the airport in Kherson will be 130-140 thousand.

Ryanair will definitely makes its adjustments to the price policy of current market players. Ukraine has become the 36th country the world's largest low-cost carrier to fly to Ryanair. Ryanair, founded in 1985, received the title on behalf of its founder Irish businessman Tony Ryan. The Rockstar Rio was not immediately available, but only in 1991, when it was decided to restructure and reject the usual model of work. Ryanair has ceased to compete with traditional airlines, began to fly from secondary and remote airports from cities, stating that buses are the main competitor. There are cases when a transfer from the airport to the city is more expensive than the plane ticket itself [1, p.56].

Ryanair mostly uses new aircrafts because they are cheaper to operate. Until recently, the airline ordered hundreds of liners from only one manufacturer - Boeing. But recently, Ryanair has announced the purchase of an Austrian carrier Niki in an Austrian racer Formula 1, which has 50 Airbus aircraft.

It has recently become known that a new national budget airline SkyUp Airlines, which will start charter flights, domestic flights and international regular flights this year, will appear in the wake of the "low-boom" in Ukraine. The cost of all regular flights by SkyUp Airlines will be formed by the low-cost model and will depend on the time of purchase and the routes that logically intersect with the popular travel destinations of Ukraine's JoinUp tour operator! Such a startup is quite interesting. Taking into account the tour operator's base, it can become a real competitor for the louquost segment.

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On May 11, 2017, the EU Council officially approved the granting of a visa-free regime to Ukraine with the European Union. Visa-free regime is a status that allows Ukrainian citizens to freely cross interstate borders of the European Union countries without first consulting the embassy to obtain a permit. This event has resulted in a significant increase in the volume of transportation by air transport, the creation of new airline companies in Ukraine, in particular, companies that provide passenger transportation services at relatively lower prices than traditional airlines in exchange for a waiver of most traditional passenger services [10].

To sum up, it should be noted that the introduction of a visa-free regime in Ukraine will lead to an increase in the total passenger flow, which will depend in general on the economic and political situation in Ukraine. An important factor is the growth of purchasing power of the population and stability in the economy.

In general, it can be stated that the operation of low cost companies has determined new conditions in the aviation market, which greatly exacerbated the competition of carriers not only in civil aviation, but also in other modes of transport.

Traditional airlines have gone along the way by known methods of crowding out competitors - the creation of major alliances (increasing market share, optimizing the network of routes, offering new opportunities for passengers).

In the face of rising price pressures and the presence of low cost carriers, higher tariffs for passengers are no longer relevant. Traditional airlines are forced to change their priorities and reorient their activities towards increasing efficiency by developing alternative models designed to facilitate the return of passengers.

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