Today's Air Industry

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**Introduction**

Air traveling is used the most by people in the 21st century unlike the previous centuries when ships were mostly used for long traveling. Thus, the air industry has become one of the major industries every country has. This industry is affected by two major expenses that include labor costs and fuel costs. Labor costs are managed by adopting the policy of short-term planning whereas fuel costs depend on the price of oil in the international market. Changing fuel prices in international market oblige the business managers to keep elasticity in the fixation of fuel prices and keep updating the ticket prices according to the expenses on fuel and labor. Indeed, ticket prices are mostly affected by fuel prices. Currently, fuel prices in the international market are uncertain due to rivalry between the USA and Iran. The rivalry between Iran and the KSA was already a setback to the certainty of the fuel industry because these are the major oil producer countries globally.

**Body**

Researchers claim that Fuel should be considered the most vital operating expenditure of a commercial airline and labor expenditure should be considered the second most important factor (Wensveen, 2018). They argue that fuel contributes 28% whereas labor 25% to the running of the air industry business (Lee, Seo, & Sharma, 2013). Apart from that, 75% of all non-fixed prices of airline procedures (Airlines for America, 2015) are represented by Labor.

Current fuel price hikes oblige the patrons to increase the ticket-prices and attempt to decrease the other expenditures to keep the prices in the affordable state. The Middle East is the major producer region in the world and perhaps the most politically uncertain and incoherent region as well. The KSA has a rivalry with Iran and Qatar whereas Syria, Iraq, and Libya are the home of civil wars. The USA also has clashes with Iran that lead to price hikes in the international oil market. For example, Kevin Stankiewicz noted on the official website of CNBC that oil prices increased by 4% in the international market following Qasem Soleimani an Iranian General’s assassination on January 3, 2020, by the US forces in Iraq in less than 24 hours which were followed by more price hikes. This price hike continues and the business managers are obliged to increase the ticket prices.

Air industry business is not so simple that the industry patrons can increase the ticket prices freely following the fuel prices increase because of the competitive rivals they have in the market. The patrons have the dilemma of increasing ticket prices to maintain their expenditures and to decrease them to offer relatively cheaper services to their customers (Cento, 2008). To survive in the market as competent business holders, the industry patrons consider to allow some compromise on other expenditures like food, security, and services although that does not help too much, because of the competitive rivals and the continuous watch of the governmental watchdogs.

**Conclusion**

Fuel and Labor are the major expenses in the air industry and Fuel expenses have more importance, contribution, and also uncertainty than Labor expenses. Labor expenses can be determined and fixed for short time periods, but Fuel expenses are too uncertain that the industry patrons have to watch and follow the quick changes in the oil prices to determine the ticket prices. Fuel prices remain uncertain and changing in normal circumstances, but they are going through serious setbacks currently because of the ongoing clashes between the USA and Iran. These clashes have affected almost every industry and the air industry is not an exception. The industry patrons increase ticket prices following the increase in oil prices, but they face a problem with this increase because it can allow their competitive rivals to lead the market by offering cheaper services. Consequently, the competition among the patrons of this industry has become tough and sophisticated.

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