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The Importance of Load Factor for Airline Companies / Havayolu Şirketlerinde Doluluk Oranının Önemi

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ABSTRACT

Airline companies have high fixed costs due to the operations carried out for planes, ground operations and airports. The variable costs controlled by the managers have a small percentage overall. Profit rates are also very small in this high competitive industry. For the airline companies not to lose their small profits, they take a wild and active strategy for pricing. To achieve the targeted profit and the return on the investment are linked with target income, cost, capacity rate and the number of passengers. One of the techniques used to test this is call “costvolume-profit analysis”. The targeted profit important for the airline companies depends on three variables. These are; cost, price and load factor. Load factor is widely used in sectors like airline and tourism. Indeed, this method is another way of using cost-volume-profit analysis and safety margin together. This can be used for comparing companies’ various terms or the same services of different companies. By this, cost, income, load and other strategies of the companies can be compared and revised. In this study, the costs, cost structures and the load factors of the airline companies are examined. Furthermore, based on the real data of an airline company operating in Turkey, load factor approach is examined.

KEYWORDS Airline; Break-even point; Load factor

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