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ANALYSIS OF THE AIRLINE'S SERVICE COMPLEX POTENTIAL FOR DIVERSIFICATION

The paper considers theoretical and practical approaches to analysing the potential of the airline's service complex diversification in the context of increased competition. It is emphasised that the main characteristics of aviation services and methods of their improvement and diversification should be developed in accordance with the needs of the target audience, ensuring customer satisfaction and loyalty to a particular airline. It is concluded that by understanding and taking into account the specific needs and expectations of their passengers, airlines can effectively stand out in a competitive market, gaining new opportunities and channels for generating additional income. The paper analyses regional distribution of revenues from passenger and freight transportations of the "Turkish Airlines". It is argued that diversification of services is a strategic step to strengthen the market position of the airline, its financial stability and long-term sustainability. On the basis of a study of secondary sources of information and the use of the author's survey, practical recommendations on ways to diversify the range of services of Turkish Airlines have been proposed.

Keywords: marketing, airline, services, diversification, integrated services, post-pandemic period, globalisation, aviation sector.

JEL classification: F6, F23, M31

Statement of the problem. As airlines face constant pressure to improve profitability and customer satisfaction, understanding the potential for service diversification becomes crucial. This research delves into how airlines can leverage their existing assets, capabilities, and market positions to introduce new services, thereby enhancing their value proposition and ensuring long-term sustainability.

The airline industry is characterized by intense competition, fluctuating demand, and regulatory challenges. Diversification of services can provide airlines with new revenue streams and mitigate risks associated with market volatility. By analyzing the service complex potential, the research highlights opportunities for airlines to expand beyond traditional passenger and cargo transport. This could include areas such as travel-related services, partnerships with hospitality and tourism sectors, and innovative offerings like premium customer experiences or loyalty programs. Understanding these dynamics is essential for airlines to remain agile and responsive to market changes.

The research on analyzing the airline's service complex potential for diversification is of great significance. It provides a comprehensive framework for airlines to explore and capitalize on new service opportunities, thereby enhancing their competitiveness and resilience. As the aviation industry continues to evolve, the insights from this research can guide airlines in making informed decisions about service diversification, ultimately leading to sustained growth and success in a challenging market environment.

Analysis of recent research and publications. Problems of continued functioning of the aviation market in general and airlines as its separate component, both nationally and globally, related to the practice of a number

of Ukrainian and foreign scientific researchers. So, Khara-zishvili Yu.M., Buhaiko D.O., Liashenko V.I. [6] study strategic scenarios and institutional support for the sustainable development of air transport in Ukraine. The authors Radchenko O., Sabirova I., Khaidarova T. [5] in their works pay attention to the research of marketing pricing in the aviation services market, while Mykhalchenko O. [2] reveals a direction dedicated to the study of the business activity of passenger airlines of Ukraine and the ways of increasing their institutional competitiveness. In the works of Sushchenko O., Pohuda O. [13], Mykhalchenko I.H. [4], Bohomol K.S. [3], Polous O. V., Heiets I., Krapko O. [11], Kniazieva T.V. [1] we can find research on the various factors affecting the competitiveness of air transport services in the world economic system, as well as consideration of various marketing tools that can be directed to maintaining the competitiveness of these services in crisis conditions and after it. The study of the problems of economic activities of airlines, as well as the formation and improvement of certain types of their services, is devoted to the works of such foreign authors as O'Connell J.F., Williams G. [10], Tepeciklioglu A.O. [15], Shaw S. [12], Jennings Ch. I. [8].

Objectives of the article. The purpose of the paper is to explore and evaluate the various opportunities for airlines to expand their service offerings beyond traditional passenger and cargo transport by identifying and analyzing potential areas for diversification, such as travel-related services, technological innovations, and strategic partnerships etc.

Summary of the main research material. The main characteristics of air services refer to the offers of airlines to meet the needs of their target audience. The first such characteristic is passenger transportation. The avi-

ation industry offers transportation of passengers from one place to another by means of air transport. Therefore, there are both regular flights with a structured schedule and charter flights.

Airlines also provide cargo transportation service. Airlines transport complex or non-standard cargo, mail and carry out specific delivery of goods. This happens according to a special schedule with the use of cargo space on passenger transport. This service is necessary for enterprises that expect fast transportation of goods.

Another feature of the aviation industry is airport services. A passenger's journey begins not with an airplane, but with an airport. Therefore, airlines try to meet the needs of passengers even at a distance from the runway. Such services are: ticket counters, flight check-in counters, baggage processing, assistance to passengers with special needs, other. Providing the services described above ensures a comfortable journey for all passengers without exception (Figure 1) [10].

Turkish Airlines (Turkish: Türk Hava Yolları Anonim Ortaklığı, THY) is an airline company that is the main air carrier of Turkey. Currently, Turkish Airlines has 118 domestic and 37 international flights. The airline is based in Istanbul, Turkey. The main destinations of air transport are Europe, Asia, America and Africa (Figure 2) [7]. Thanks to the extensive network of air transportation, the company "Turkish Airlines" provided itself with a geographically diversified income. This natural mechanism helps to reduce the occurrence of risks.

Applications for the lifting of pandemic restrictions on trips to Europe, Turkish Airlines exceeded revenue by 46%. The result of this was the growth of revenues in the

Far East (by 31%) and in Africa (by 27%). In addition, revenue in the Middle East region grew by 16% [7].

Turkish Airlines attempted to maintain a high level of passenger traffic through strategic capacity management in the destinations to which flights were made. The analyzed data refer to financial indicators of past years, but Turkish Airlines has a planned strategy for the period 2023-2033. The main goal for Turkish Airlines is to achieve a consolidated revenue of more than 50 billion US dollars, it was determined in accordance with the vision of the company's development during the period of 2023-2033. It will also be important to increase the EBITDAR margin to 25% from the current 20% within 10 years [9].

Turkish Airlines is famous for its commitment to passengers. Therefore, it is planned to improve the interaction of customers with the company's brand. One of the goals to achieve is the transformation of the aircraft cabin. This is necessary to provide passengers with quality service and improve their experience when flying with Turkish Airlines. It is also worth paying attention to the expansion of the Miles&Smiles loyalty program and the attraction of more active participants. With the methods described above, Turkish Airlines will strive to become one of the top three airlines in the world. In addition, this path will include the digital experience of passengers before and during the flight and the implementation of new digital transformation projects in the period 2023-2033.

In general, diversification of services is a strategic step to strengthen the company's market position, financial stability and long-term sustainability. Diversification is usually divided into horizontal, vertical, concentric and con-

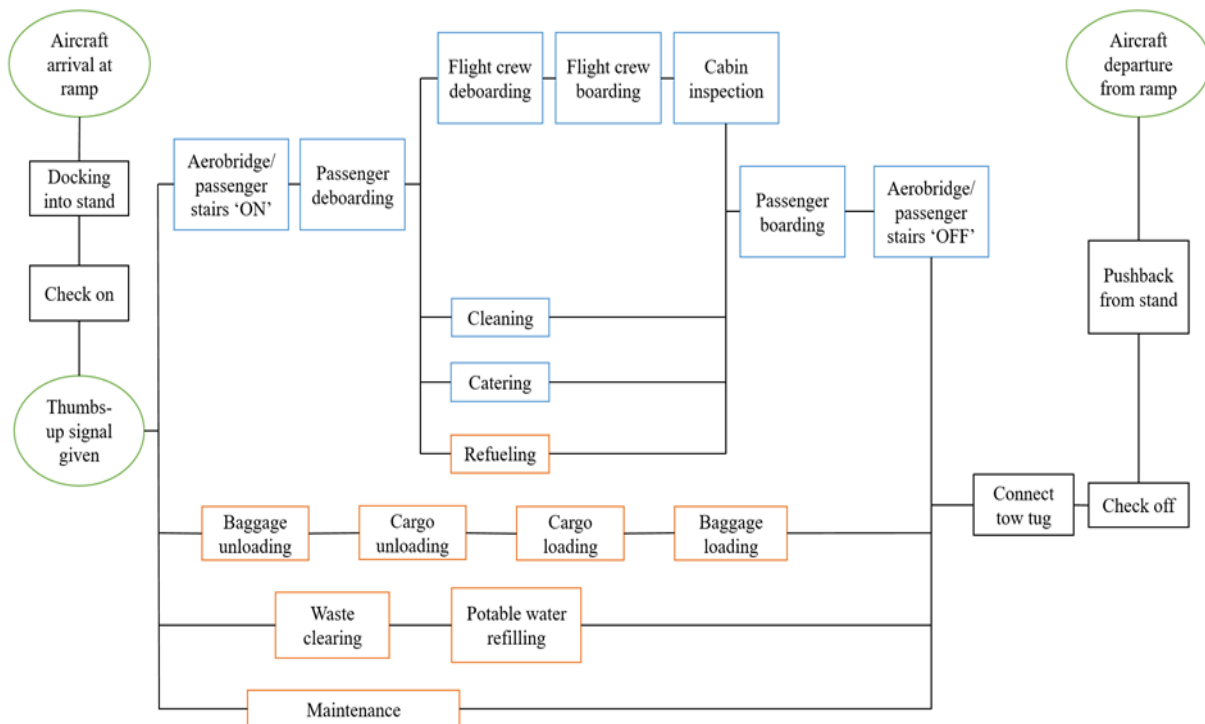


Figure 1 – Scheme of aviation services at each stage of the passenger's journey

Source: [10]

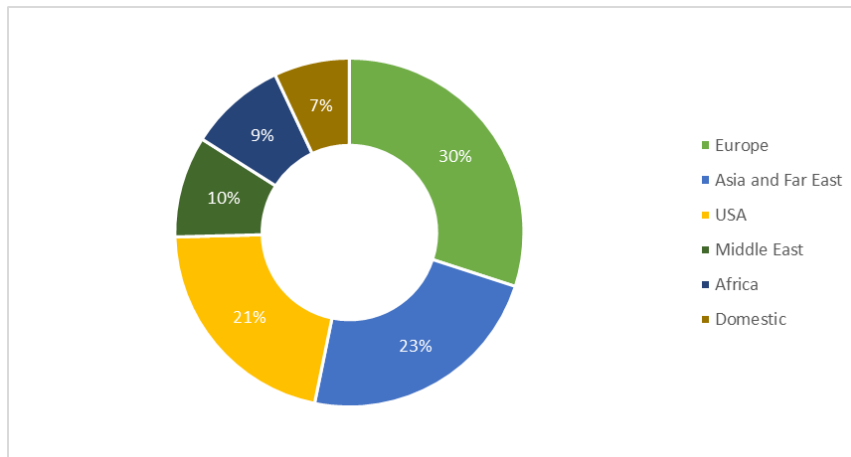


Figure 2 – Regional distribution of passenger and cargo revenues, Turkish Airlines, 2023, %

Source: [7]

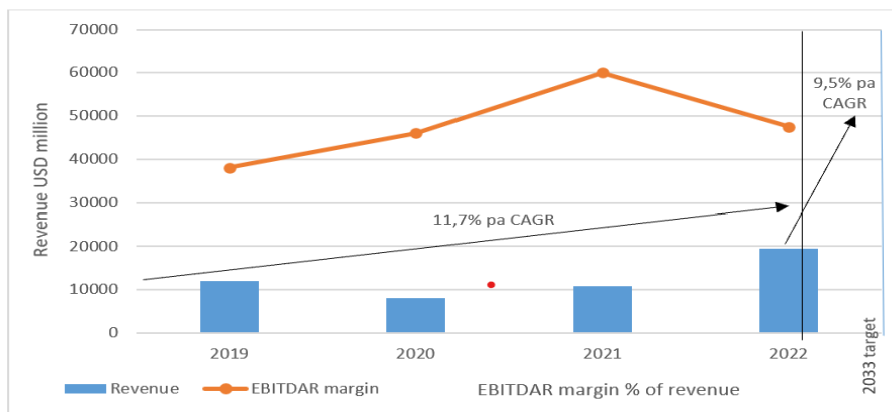


Figure 3 – Turkish Airlines' 2033 targets

Source: [9]

glomerate. Turkish Airlines combines all diversification strategies.

Horizontal diversification includes a new service or product outside the existing range of offerings. Usually, the new service or product is related to existing offerings. For Turkish Airlines, horizontal diversification consists in expanding the route network and acquiring new aircraft. Turkish Airlines has significantly enriched its route network, making it one of the most extensive in the world. However, the constant renewal and expansion of the fleet helps to expand the routes and increase the frequency of flights. The implementation of these methods also affects the services provided by the company. Thanks to the expansion of the route network, passengers can travel more.

Vertical diversification is an opportunity for a company to expand by moving up the production cycle. Vertical diversification includes Turkish Technic and Turkish DO&CO. Turkish Technic is a subsidiary of Turkish Airlines, providing maintenance, repair and overhaul services not only for Turkish Airlines, but also for other airlines. Turkish Technic provides high-standard fleet maintenance and thus generates additional income for the company.

Turkish DO&CO, which is a joint venture, provides catering services and offers in-flight meals to Turkish Airlines and other carriers. This service contributes to diversified income (Figure 4).

The next approach is concentric diversification. Concentric diversification is the expansion of offerings with the help of products or services that are additional to the main product and/or service. Usually, a position is chosen that identifies the company and uses the same production and technological tools as for the main product or service. Turkish Airlines has created the Miles&Smiles loyalty program. Membership in this program guarantees frequent flyer rewards, upgrades and exclusive benefits. Implementation of this idea improves interaction with customers and attracts potential consumers (Figure 5) [14].

Turkish Airlines Holidays offers comprehensive travel packages that include flights, hotel bookings and tours, catering to tourists looking for a one-stop solution. Therefore, the main service for Turkish Airlines is the provision of air transportation offers. It also includes improved in-flight service with a variety of dining options, state-of-the-art entertainment systems and comfortable seating in economy, business and first class cabins. The aviation

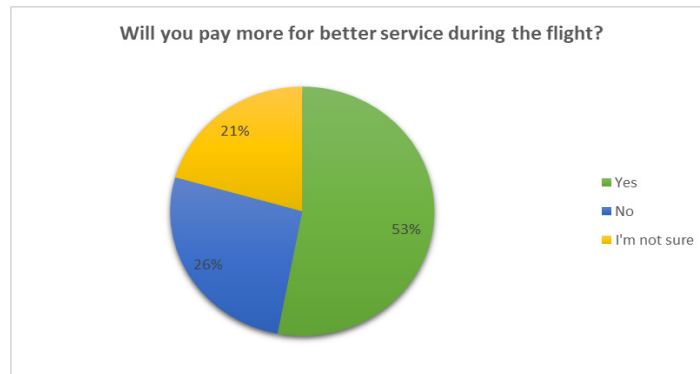


Figure 4 – Consumer survey data on wiliness to pay more for better services, Turkish Airlines, 2023, %

Source: compiled by the authors



Figure 5 – Consumer survey data on the Miles & Smiles loyalty program, Turkish Airlines, 2023, %

Source: compiled by the authors

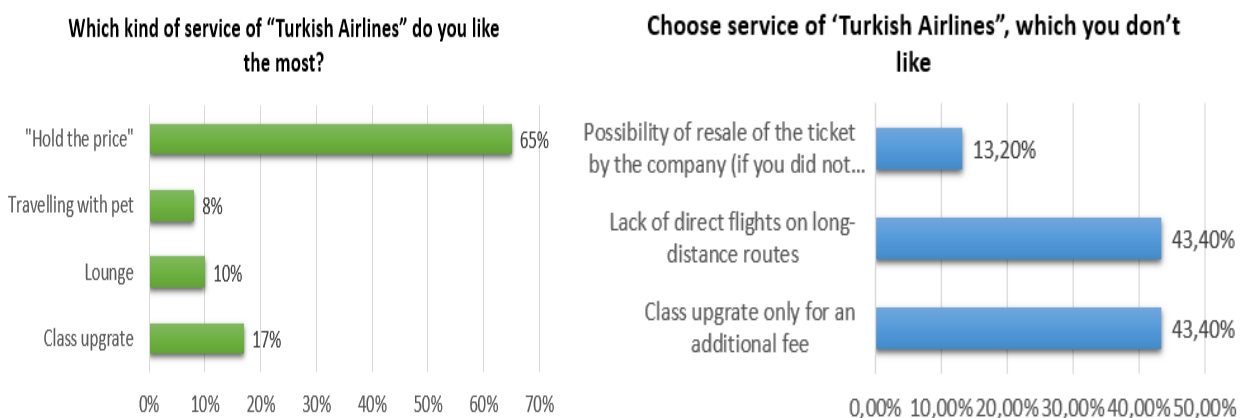


Figure 6 – Evaluation of consumer loyalty to different services of "Turkish Airlines", 2023, %

Source: compiled by the authors

industry is competitive, so companies try to stand out with custom services. For example, the provision of specialized cargo services through Turkish Cargo, including transportation of perishable goods, live animals and bulky items (Figure 6).

So, expanding the range of services offered by Turkish Airlines can significantly increase its appeal to a wider range of travelers. Therefore, the main recommendations of the Turkish Airlines company for improving the range of services are described below (Table 1).

Table 1 – Recommendations on ways of airline's service complex diversification for “Turkish Airlines”

Reasons	Recommendations
Limited frequency of flights	Expansion of directions
Offer of standard cargo transportation	Providing cargo transportation for perishable goods, pharmaceuticals, high-value items
Insufficient interaction with partners	Improving interaction with partners
Unoriginal style of passenger flights	Cultural experience
The menu is too European	Culinary experiences
Charter flights only as a premium service	Charter flights as a regular flight
Outdated check-in and passenger verification system	Interaction of technologies
Company doesn't have enough environmental initiatives	Environmental initiatives

Source: compiled by the authors

Therefore, Turkish Airlines should increase investment in economy aircraft, carbon offset programs and waste reduction initiatives to minimize environmental affect and attract environmentally conscious travelers. By diversifying its range of services in these areas, Turkish Airlines can strengthen its competitiveness in the global aviation industry and attract a wider customer base.

Conclusions. The aviation industry is one of the most important components of the global economy, ensuring the rapid movement of people and cargo around the world. It has a great influence on the development of tourism, international trade and cultural exchanges. With the growth of the world economy, the number of passengers and cargo transported by air transport increases. According to forecasts, demand for air transport will continue to grow, especially in developing countries. Low-cost airlines continue to expand their presence in the market, offering passengers affordable prices and minimal services. This forces traditional carriers to adapt and find new ways to attract customers.

Turkish Airlines offers a variety of service classes, including economy, business and premium economy. The

company is famous for its high-quality cuisine, offering passengers a wide variety of dishes, including traditional Turkish dishes and international cuisine. Turkish Airlines provides passengers with modern entertainment systems with a wide selection of movies, TV shows, music and games. In addition, Wi-Fi is available on some flights. Miles&Smiles is a loyalty program from Turkish Airlines that allows passengers to accumulate miles for flights and spend them on various privileges, such as free tickets, upgrades and access to lounge areas. Turkish Airlines pays great attention to flight safety and service quality. The company constantly improves its safety procedures, undergoes regular inspections and certifications to meet the highest international standards. Turkish Airlines, as one of the leading players in this market, demonstrates a high level of professionalism, innovation and service quality. Thanks to the constant improvement of its services and expansion of the route network, the company continues to strengthen its position and provide comfortable and safe travel for millions of passengers around the world.

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АНАЛІЗ ПОТЕНЦІАЛУ ДИВЕРСИФІКАЦІЇ КОМПЛЕКСУ ПОСЛУГ АВІАКОМПАНІЇ

У статті розглянуто теоретико-практичні підходи до аналізу потенціалу диверсифікації комплексу послуг авіакомпанії в умовах посилення конкуренції. Підкреслено, що основні характеристики авіаційних послуг та методи їх вдосконалення та диверсифікації мають розроблятися у відповідності із запитами цільової аудиторії, забезпечуючи задоволеність клієнтів та їх лояльність до конкретної авіакомпанії. Підсумовано, що розуміючи та враховуючи конкретні потреби та очікування своїх пасажирів, авіакомпанії можуть ефективно виділитися на конкурентному ринку, отримуючи нові можливості та канали отримання додаткових прибутків. Усвідомлюючи що подорож пасажирів починається в аеропорту, де початковий досвід контакту із послугами авіакомпанії «задає тон» усій подальшій подорожі, авіакомпанії прагнуть задовольнити потреби пасажирів за допомогою безперебійних процедур реєстрації, комфортних залів відпочинку та ефективної обробки багажу, що можливо лише при обранні найбільш вигідного аеропорту базування. Проаналізовано регіональний розподіл доходів від пасажирських і вантажних перевезень авіакомпанії «Turkish Airlines». Виявлено, що після зняття обмежень, які діяли під час пандемії COVID-19 на поїздки до Європи авіакомпанія «Turkish Airlines» підвищила свою виручку на 46%, зокрема, завдяки зростанню доходів на Далекому Сході (на 31%), в Африці (на 27%) та в регіоні Близького Сходу (16%). Авіакомпанія «Turkish Airlines» відома своєю прихильністю до пасажирів, що підтверджується розгалуженою мережею маршрутів та високоякісним обслуговуванням. Авіакомпанія «Turkish Airlines» намагається підтримувати високий рівень пасажиропотоку за допомогою стратегічного управління пропускнуою здатністю за всіма напрямками своїх рейсів, що логічно вписується у її бачення розвитку компанії на період 2023–2033 років, головною метою якого є досягти консолідованого доходу понад 50 мільярдів доларів США. Аргументовано, що диверсифікація послуг є стратегічним кроком для зміцнення ринкових позицій авіакомпанії, її фінансової стабільності та довгострокової стійкості. На основі проведення дослідження вторинних джерел інформації та використання авторського опитування було запропоновано практичні рекомендації щодо шляхів диверсифікації комплексу послуг авіакомпанії «Turkish Airlines».

Ключові слова: маркетинг, авіакомпанія, послуги, диверсифікація, комплексне обслуговування, постпандемічний період, глобалізація, авіаційний сектор.