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**FORMATION OF THE AIRLINE ALLIANCES**

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**Abstract.** *In the article we reviewed the necessity of combining forms, objectives of cooperation between airlines, studied the world's major aviation alliances, their composition and structure. We determined the main aspects of development aviation alliances. Researched the mechanism of forming alliances in aviation companies by dividing effects in the structure of alliances.*

**Keywords:** airlines; association; aviation alliances.

**1. Introduction**

Adapting to the modern conditions for air transportation market forcing airlines to seek partners to create projects and associations. Research the effective organizational forms of business associations made almost a century. In world practice have developed different types of integration associations of undertakings forms, which differ depending on the purpose of cooperation, the nature of economic relations between those involved, the degree of autonomy of enterprises. The desire to find a balance between the benefits of centralization and decentralization of management responsibility in a business combination proves the need for new scientific approaches to organizational and economic design associations of undertakings.

Today, there are three largest airline alliance which could cover their flight routes. We can say that two-thirds of all aircraft passengers take into the skies, by this three giants. These famous airline alliances are: "Star Alliance", "SkyTeam" and "Oneworld". Age any of these alliances is less than 15 years, and the appearance of each preceded by major airlines merge into one entity.

The merger of the largest airlines alliances, due primarily economic benefits. Joining as a whole, the airline achieved greater effect on its operations.

**The purpose** of this article was to analyze the current state and determine the main factors that contribute to entry airlines worldwide strategic alliances.

**2. The main material**

Star Alliance is global network of leading airlines, the largest and oldest of the existing alliances in the

world, was founded in Germany in 1997. Members of the alliance and their units have a high degree of cooperation in the planning, ticketing, loyalty programs, sharing of airport terminals, which reduces costs and allows the experiences exchange. Airlines are members of Star Alliance are among the most prestigious in the world. Together, they offer convenient and comfortable travel to almost any destination in the world.

May 14, 1997 the airline "Thai Airways International Public Company Limited" together with four other leading airlines such as "Lufthansa German Airlines", "United Airlines", "Scandinavian Airlines System", and "Air Canada", officially announced the formation of Star Alliance - international association of carriers. Combining six carriers marked strongest formation in the of commercial aviation alliance history, which has the widest coverage on six continents.

Alliance is the first truly global association of airlines offering flights to customers around the world and maximum comfort during maintenance.

Today, the most representative union has 26 aircraft carriers. Daily Star Alliance members carry nearly 19,700 flights in 1077 airports in 175 countries, using a fleet of 3993 aircraft. Members of the alliance carried 405.7 million passengers, only turnover in 2006 amounted to 95.3 billion

Star Alliance was declared the best international alliance in 2007 by Skytrax.

A global network of trails, uniform standards of service, ease of service, competitive rates, loyalty program - that's what the alliance offers its clients. Star Alliance offers more corporate and products that enable companies of different levels to send their employees on business trips, organize meetings and conferences. It is possible to use the services of all alliance members with favourable rates,

interacting with only one employee. Ally create flexible schedules and the most convenient connections flights, coordinate tariffs give customers the opportunity to gain a mile programs for frequent flying passengers on flights each other and provide other common services.

Program Company Plus, designed to organize business trips of any size, fulfilled for 5 years, there are more than 2 thousand Russian firms. Overall, there are 16 airlines which are members of Star Alliance in Russia.

Passengers high grade and attendance bonus programs elite levels alliance airlines have access to the lounges superior to other companies participating in the alliance.

Founding Airline: Lufthansa, Scandinavian Airlines, United Airlines, Air Canada Thai Airways International.

Other members of the alliance: Adria Airways, Air China, Aegean Airlines, Air New Zealand, Asiana Airlines, All Nippon Airways, Austrian Airlines, BMI, Blue1, Continental Airlines, Brussels Airlines, LOT, Croatia Airlines, EgyptAir, Singapore Airlines, TAM Airlines, South African Airways, Spanair, TAP Portugal, Swiss International Air Lines, Turkish Airlines, US Airways.

The predecessor of the modern system of alliances before 1993. Was close cooperation Airlines Northwest Airlines and KLM. Creating Star Alliance also important part in the history of aviation and helped formed competing SkyTeam and Oneworld.

SkyTeam Alliance, which created 22 June 2000, is the second largest airlines alliance after Star Alliance.

#### Development stages

Founded in 2000, SkyTeam Cargo is now the world's best alliance in the field of air cargo.

September, 2000 .: Four carrier, already a member of the alliance passenger traffic SkyTeam, joined forces to present at the cargo market. Aeroméxico Cargo, Air France Cargo, Delta Air Logistic and Korean Air Cargo announced the creation of SkyTeam Cargo.

April 2001 .: Czech Airlines Cargo joins the alliance SkyTeam Cargo.

August 2001 .: Alitalia Cargo joins the alliance SkyTeam Cargo.

November 2001 .: established a US Cargo Sales, a joint venture Air France Cargo, Delta Air Logistics and Korean Air Cargo to ensure that customers can enjoy the benefits of the joint staff in sales,

centralized reservation and service centre, a large network of routes, general line products for export traffic from the US.

October 2002 .: SkyTeam Cargo introduces new products and services: «Equation», «Cohesion», «Variation» and «Dimension», designed to extend the global presence of the alliance and provide solutions for customer convenience.

August 2003 .: There restart skyteamcargo.com with enhanced tracking and requests, schedule carriers, dynamic product lines, easy access to key functions.

May 2004 .: Air France KLM and merge, creating the largest at that time airline in the world by gross operating income and passenger kilometres.

September 2004 .: KLM Cargo joins the alliance SkyTeam Cargo.

May 2005 following innovations in products: SkyTeam Cargo develops «Variation Pharma», ideal for transportation pharmaceutical and medical goods.

September 2005 .: Northwest Airlines Cargo joins the alliance SkyTeam Cargo. April 2008 .: Delta Air Lines acquires Northwest Airlines, creating the world's largest commercial airline.

November 2010 .: China Southern Cargo joins the alliance SkyTeam Cargo.

May 2011 .: Aeroflot joins the alliance SkyTeam Cargo.

October 2012 .: China Airlines became a member alliance SkyTeam Cargo.

June 2013 .: China Cargo Airlines is a member alliance SkyTeam Cargo.

November 2013 .: Aerolineas Argentinas Cargo joins the alliance SkyTeam Cargo.

The third largest airline alliance in the world, consisting of 10 airlines have Oneworld. It was established in 1999 and was the first alliance airlines, which uses a centralized management system.

Oneworld it's the only airline alliance that has complete coverage of Australia and the only member of the Union of South American (LAN Airlines). Oneworld it's the third largest airline alliance in the world - after Star Alliance and SkyTeam. Airlines Allies and their units have a high degree of cooperation in the planning, ticketing, loyalty programs, sharing of airport terminals, which reduces costs and allows the exchange of experiences.

Oneworld was established in 1999, was the first airline alliance, which uses a centralized

management system. Located in New York, the central office is operated by Oneworld Managing Partner, who reports to the Alliance Board, which consists of the heads of each of the airlines - members of the alliance. Chairman is elected on a rotating basis. Reports managing partner of Chapter divisions: Commercial department, IT, PR, Department of Airports and work with consumers and Global Project Director.

Airlines - Allies also apply common principles, as far as possible, keep the same policy and use the same procedure, cooperate in the technological field. Costs Allies optimized through a single purchase.

Oneworld has been recognized as best airline alliance in 2013 by Skytrax Research.

After joining SriLankan Airlines in 2014 an alliance was to serve 992 destinations in 152 countries around the world, performing more than 14,000 daily flights. SriLankan alliance will strengthen presence in South Asia. Oneworld is the only airline alliance that has complete coverage of Australia (Qantas) and the leader of the largest economic region of Latin America (TAM Airlines and LAN Airlines). Given that joined in 2014 the airlines in the alliance can say that Oneworld moved in 2013 about 507 million passengers on a total of 3324 aircraft. Last year, the alliance made a net profit of 1.019 billion \$US.

Factors contributing to the entry of such units:

1. Changes in the global economy. In today's context of globalization of the world are becoming more economically dependent, causing increased demand for air travel worldwide. Formation of Star Alliance and was a response to this tendency.

2. The successful development of other existing alliances. Globalization leads countries to introduce policies of free trade, privatization, open markets and open policy of air space. This led between commercial airlines around the world. Combine airline alliances have become a necessity that prefers to route networks that one airline could not build by themselves through high costs and lack of necessary resources. Alliances are formed to help airlines in the allocation of common costs (combined offices, booking and sales, etc.).

3. Changes the needs of passengers. Before the Star Alliance, the airline, which is now part of it, conducted a study trying to find out what customers expect from the airline and what the requirements to process flight are. It turned out that in the era of news and information technologies, people began to travel more choice available vehicles become more

diverse. The study found that passengers prefer direct flights airlines. Star Alliance was formed to effectively meet these requirements, which could do no taken separately airline.

Benefits that can get party alliance:

1. Increase of competitiveness. Airlines in today's violent and increasingly competitive aviation industry, where in order to consolidate positions in business have formed alliances can not operate independently on the market. One airline can compete effectively with others and as a result it gives their customers a stronger opponent. Individual carrier faced with a number of restrictions on passenger demand compliance, Star Alliance enhances the quality of services provided and promotes competitive throughout.

2. Increase of destinations worldwide. In the era of free trade as one of the major factors that influence the success of airlines, admittance to all parts of the world. Airlines that are members of Star Alliance, expanding the area of coverage of the global route network. This is one of the advantages that encourages passengers.

3. Creation of universal image of the airline. When Star Alliances formed, signed an agreement on what the word "Star Alliance" will be advertising the brand image and global network airlines. It primarily supports and strengthens the unique image of the participating airline alliance, goods and service airlines, increased competition in the world.

4. Increase resource efficiencies airlines. As a result of fierce competition in the aviation industry, airlines around the world have begun to pay more attention to cost control resources and reduce costs. Airlines Allies have more opportunities and options for lower cost than the airlines, which operate independently. Airlines one member of the alliance can allocate resources, some of them - a joint sales offices and offices of reservation, shared lounges at airports, market power in cases of procurement of spare parts and services other companies developing hardware and software systems to improve the services provided to passengers.

Therefore, it is safe to say that in today's market of aviation services occupy a very important place for aviation alliances that provide a large number of benefits and opportunities for its members.

### 3. Conclusions

Forming the global alliances has become a mirror image of economic integration processes, which are manifested in Europe, North America and Asia-

Pacific region. However, unlike most sectors of the economy where the globalization of the economy led to the formation of transnational corporations in the field of air transport real mergers and acquisitions have been a long time impossible, since the concept of the national air carrier is considered an integral part of national sovereignty. That political constraints led to the formation of a global alliance of airlines in their current form. Based on the analysis of the theory and practice of creating alliances in the aviation resolved scientific and practical task to develop theoretical and methodological approaches to the formation mechanism of alliances aviation enterprises through distribution alliances effects in the structure, which is essential for sustainable development of airlines. Revealed that airlines entering the existing strategic alliances can achieve: strengthening the competitiveness of airlines and, consequently, the entire national air transport industry as a whole; increase profitability and investment attractiveness; increase in air transport, expanding the network of flights, increasing the availability of air transport;

providing services that meet the quality level of the world's leading air carriers.

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У статті досліджено сучасний стан кооперації міжнародних авіакомпаній, визначено основні фактори, які сприяють об'єднанню авіакомпаній у всевітні стратегічні альянси. Обґрунтовано значення створення глобальних альянсів авіакомпаній та їх діяльності на ринку авіаційних послуг, а також з'ясування можливостей розвитку та процесів глобалізації у світовій авіації.

**Ключові слова:** авіакомпанія; авіаційні альянси; альянс; об'єднання авіакомпаній.

#### **Е.М. Крапко. Формирование авиационных альянсов**

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В статье исследовано современное состояние кооперации международных авиакомпаний, определены основные факторы, которые способствуют объединению авиакомпаний во всемирные стратегические альянсы. Обосновано значение создания глобальных альянсов авиакомпаний и их деятельности на рынке авиационных услуг, а также выяснения возможностей развития и процессов глобализации в мировой авиации.

**Ключевые слова:** авиакомпания; авиационные альянсы; альянс; объединения авиакомпаний.

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