

Turkish Airlines Versus Aeroflot

Prof. Dr. Alexander Eremichev

Faculty of Air Transportation University of Mediterranean Karpasia, Nicosia, North Cyprus

alexander.eremichev@akun.edu.tr

Marif Aslanov

Faculty of Air Transportation University of Mediterranean Karpasia, Nicosia, North Cyprus

marif.aslanov@akun.edu.tr

Abstract

The use of commercial aviation has grown significantly over the last six- seven decades, estimated to be more than seventy-fold since the first jet airliner flew in 1949. This rapid growth is attributed to a number of factors. This is determined by the economic development of different countries. On the other hand, air transport is one of the drivers of economic growth.

Despite all the differences, Russia and Turkey are closely linked both historical and economic. Therefore, from the point of view of aviation management cognitive compare the flag airlines of these countries: Turkish Airlines and Aeroflot.

This was done in this article. Some options for improving the work of these airlines, based on the personal experience of the authors.

Keywords: Air transport, airline, Turkish Airlines, Aeroflot, RASK, CASK.

The use of commercial aviation has grown significantly over the last six- seven decades, estimated to be more than seventy-fold since the first jet airliner flew in 1949. This rapid growth is attributed to a number of factors. This is determined by the economic development of different countries. On the other hand, air transport is one of the drivers of economic growth.

Despite all the differences, Russia and Turkey are closely linked both historical and economic. Therefore, from the point of view of aviation management cognitive compare the flag airlines of these countries: Turkish Airlines and Aeroflot.

The world's Best 100 Airlines for 2018 voted for by airline customers around the world which is presented by the company Skytrax (Skytrax is a United Kingdom-based consultancy which runs an airline and airport review and ranking site) states what Turkish Airlines (TA) took the 18 rank and Aeroflot (AF)- 23 rank. Despite the subjectivity of these estimates voted for by airline customers around the world, they reflect the trends in the development of these airlines. Especially if you compare the data of Skytrax in recent years. They are shown in table 1.

Table 1: Rank of Turkish Airlines and Aeroflot by Skytraks

Year	Rank of Turkish Airlines	Rank of Aeroflot
2012	7	85
2013	9	61
2014	5	51
2015	4	46
2016	7	40
2017	12	30
2018	18	23

Source: <http://skytraxrating.com>

This table shows what over the past 6 years, Turkish Airlines has worsened its position by 11 points, and the Aeroflot has improved its position by 62 points.

In this article we will try to show why the performance of each airline has changed in this way over the past 5 years and analyze their organization and profitability.

History of Airlines

Aerjflot is the largest airline of the Russian Federation. The carrier operates domestic and international passenger and services, mainly from its hub at Sheremetyevo International Airport, Moscow.

Aeroflot is one of the oldest airlines in the world, tracing its history back to 1923. Aeroflot is ranked 4th in the list “Oldest Airlines in the World That Are Still Operating”. From 1925 till 1932 it have the name Dobrolet.

During the Soviet era, Aeroflot was the Soviet national airline and the largest airline in the world. In January 1971, Aeroflot was established within the framework of IATA, and became the sole enterprise of USSR authorised to operate international flights. Abroad, the airline was known as Aeroflot Soviet Airlines. In 1980, Aeroflot carried 120 million passengers. This is noted as the maximum record for airlines in the Guinness book of records. Following the dissolution of the USSR, the carrier has been transformed from a state-run enterprise into a semi-privatised company. Aeroflot is still considered the de facto national airline of Russia. It is 51%-owned by the Russian Government. The airline joined SkyTeam in April 2006, becoming the 10th member of the alliance.

Turkish Airlines is the national flag carrier airline of Turkey. Turkish Airlines operates international and domestic flights mainly from Istanbul Atatürk Airport. There are secondary hubs at Istanbul Sabiha Gökçen International Airport and Ankara Esenboğa International Airport.

Turkish Airlines was established on 20 May 1933 as *State Airlines Administration*. TA is ranked 22th in the list “Oldest Airlines in the World That Are Still Operating”.

Currently, 49% of the shares belong to the Turkish Government and 51% - to private owners.

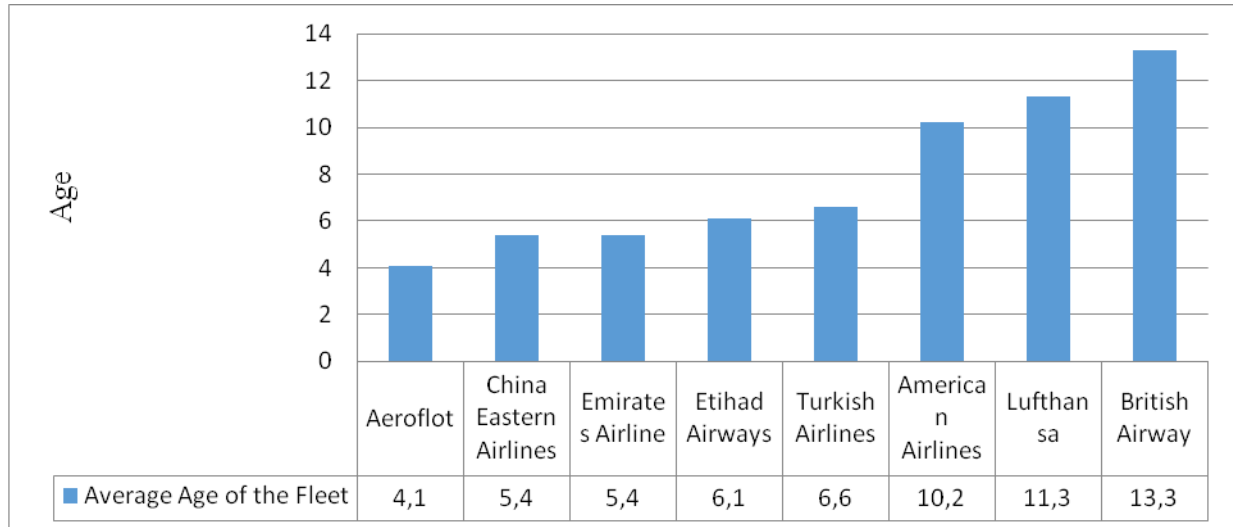
From the above, it is clear that companies have similar forms of ownership and a similar history. It is particularly relevant to note here that among the first three models of aircraft used by TA was the Russian ANT - 12. And the first plane that flew on the local route, both companies had the same- Junkers F13.

Turkish Airlines has been a member of the Star Alliance network since 1 April 2008.

Fleet of Airlines:

Currently, the fleet of both airlines is one of the youngest in the world (see Table 2). Average Aircraft age of Aeroflot is 4.1 years and 6.6 years for Turkish Airlines.

Table 2



Source: <https://ir.aeroflot.ru/> (2018)

Current Fleet of Turkish Airlines and Aeroflot consists Airbus and Boeing aircrafts. Since January 31, 2011 Aeroflot has been using the Russian SuSuperjet 100. (Table 3)

Table 3: Current Fleet of Turkish Airlines and Aeroflot (12.2018)

Aircrafts	Turkish Airlines	Aeroflot Airlines
<i>Airbus A319-100</i>	7	0
<i>Airbus A320-200</i>	20	80
<i>Airbus A321-200</i>	70	37
<i>Airbus A321 NEO</i>	1	0
<i>Airbus A330-200</i>	18	5
<i>Airbus A330-300</i>	37	17
<i>Airbus A340-300</i>	4	0
<i>Boeing 737-700</i>	1	0
<i>Boeing 737-800</i>	82	47
<i>Boeing 737-800 MAX</i>	3	0
<i>Boeing 737-800 WL</i>	19	0
<i>Boeing 737-900ER</i>	15	0
<i>Boeing 777-300ER</i>	33	17
<i>SSJ-100</i>	0	50
<i>CARGO</i>	20	0
TOTAL	330	253

Source: <https://ir.aeroflot.ru/> (2018)

<http://investor.turkishairlines.com/> (2018)

After the change of management, Aeroflot carried out a significant restructuring of its fleet. In 2010 he withdrew the Tu 154M, and in 2014 completed the operation of Il-96. Article (A.Eremichev 2015) shows : the sum of all items of expenditure indicates that on the route Moscow-Bangkok transportation of 100 thousand passengers by IL-96 will cost the airlines 6, 5 \$ million a year more than a Boeing 767. If you use more modern aircraft (A320, B737, B777) the economic efficiency will be higher.

The Turkish Airlines and Aeroflot are full services companies and give the passengers the same special items.

In order to fully cover the entire passenger market as TA and AF has divisions (companies) low-cost airlines. TA have AnadoluJet, founded in 1997. The AF have Pobeda founded in 2000.

Directions of flight:

Turkish airlines serve 255 destinations outside Turkey in about 120 countries. Flights to Europe, Asia, Africa and across the Atlantic to North America and South America.

Turkish airlines make flights from 51 airports in Turkey. Turkish Airlines are the leader of domestic transportation (49 destinations), taking into account the low-cost division of AnadoluJet. The maximum number of domestic flights per day TA operates between Ankara and Istanbul (14-15 daily flights). (turkishairlines2018)

Aeroflot makes regular flights to 153 foreign airports in Europe, Asia, Africa (Egypt) and America and 49 domestic flights.

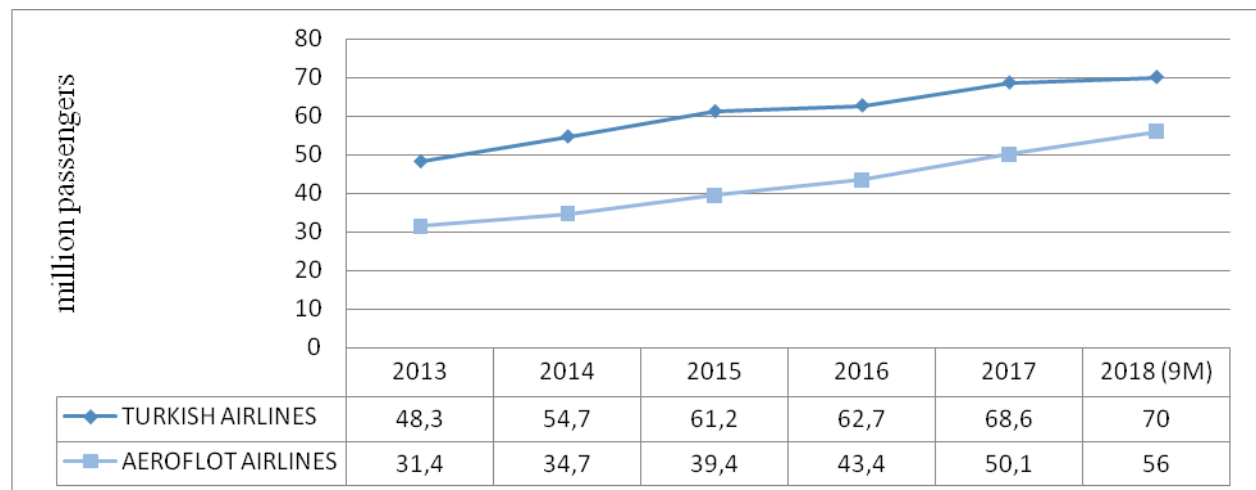
The maximum number of domestic flights per day Aeroflot operates between Moscow and St. Petersburg (20-22 daily flights). (aeroflot2018).

Main Achievements:

From year to year, airlines increase the number of passengers and improve their economic performance.

Table 4 illustrates the increase in the number of passengers.

Table 4: Passenger Carried by Turkish Airlines and Aeroflot (2013-2018)



Source: <https://ir.aeroflot.ru/> (2018)

<http://investor.turkishairlines.com/> (2018)

The main economic indicators for 2017 and 9 months of 2018 are shown in tables 5 and 6.

Table 5: Key results in 2017 (12M)

Airline Statistics 2017	<u>TURKISH AIRLINES</u>	<u>AEROFLOT AIRLINES</u>
▪ Passengers carried, (million passengers).	68 617	50 129
▪ Domestic+International	30 130 + 38 487	27 579 + 22 550
▪ Employment of passenger seats,%	79 1%	81 8%
▪ Domestic+International	84 1 + 78 4	84 3 + 80 6
▪ Cargo and mail transported, (thousand tons)	1 122 697	270
▪ Personal number (thousand)	24 075	22 991
▪ Net Profit	\$ 38 million	\$ 39 5 million
▪ Profit Growth %	4 7	7 5
▪ Growth in passenger turnover	9 3	15 4

Source: <https://ir.aeroflot.ru/ru/reporting/traffic-statistics/> (2017)

<http://investor.turkishairlines.com/> (2017)

Table 6: Key results in 2018 (9M)

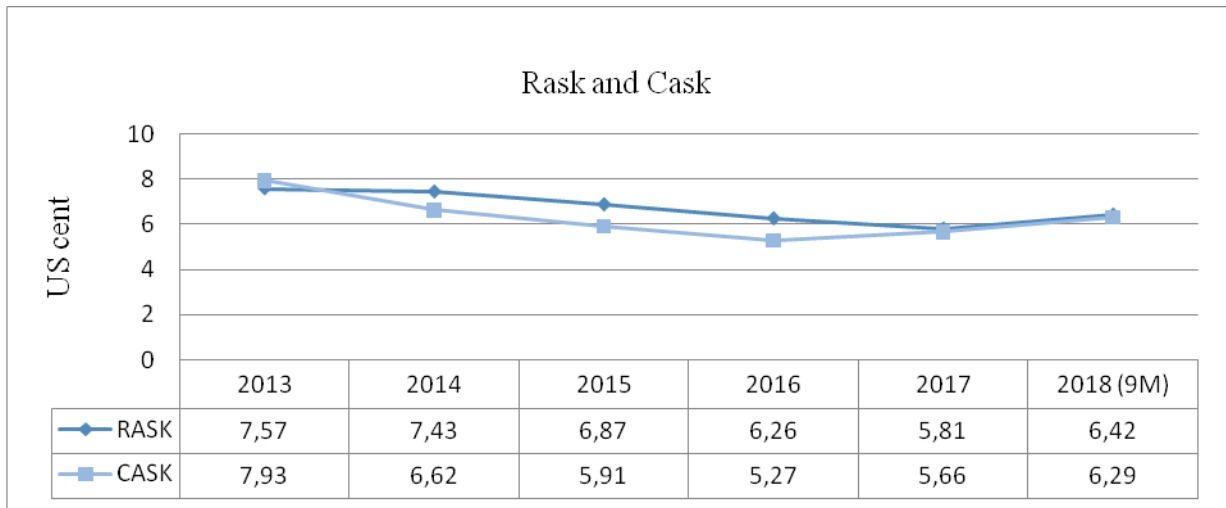
Airline Statistics 2018 (For 9 months)	<u>TURKISH AIRLINES</u>	<u>AEROFLOT AIRLINES</u>
▪ Passengers carried, (million people).	57 573	42 249
▪ Domestic+International	25 338+32 235	18 759+23 490
▪ Employment of passenger seats,%	82 0%	83 4%
▪ Domestic+International	85 5+81 4	84 9+81 9
▪ Cargo and mail transported, (tons)	1 016 075	218 621
▪ Personal number	25 568	35 809
▪ Net Profit	33 800 million dollars	22 440 million rub
▪ Profit Growth %	Decreased by 4 1%	Decreased by 17 2%
▪ Growth in passenger turnover %	Increased by 10%	Increased by 10 2%

Source: <https://ir.aeroflot.ru/ru/reporting/traffic-statistics/> (2018)

<http://investor.turkishairlines.com/> (2018)

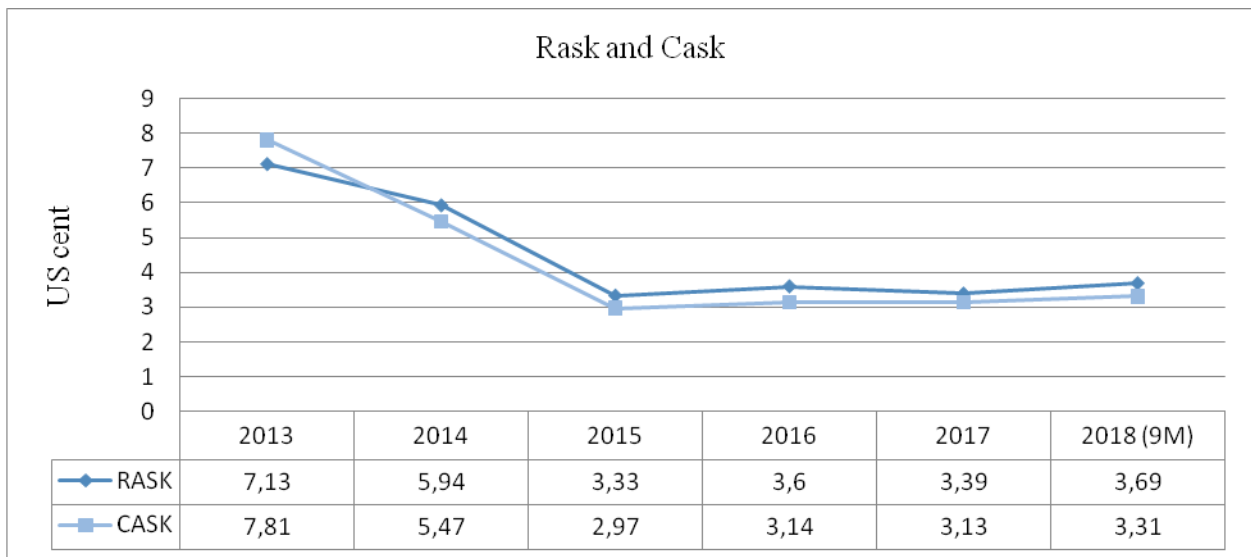
In aviation, for analysis of the performance of the airlines use RASK (revenue income received by the airline for the movement of one passenger per one kilometer) and CASK (cost for the airline movement of one passenger per one kilometer). To compare airlines of different countries, these economic indicators are usually represented in US cents. These figures are presented below for Turkish Airlines (table 5) and for Aeroflot (table 6).

Table 7: RASK and CASK of Turkish Airlines (2013-2018)



Source: <http://investor.turkishairlines.com/> (2018)

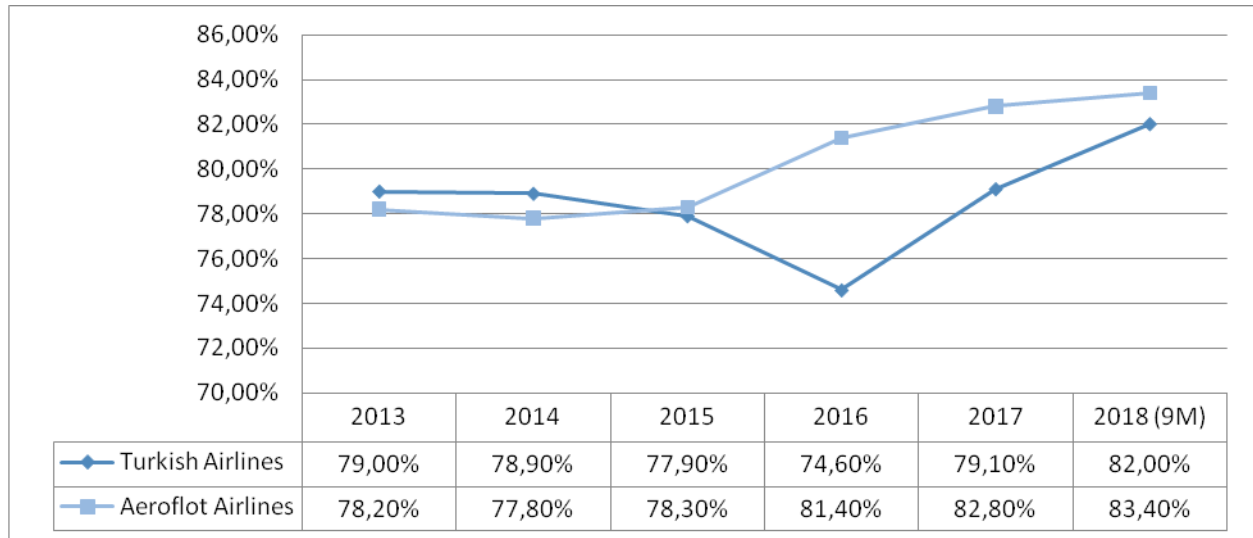
Table 8: RASK and CASK of Aeroflot Airlines(2013-2018)



Source: <https://ir.aeroflot.ru/> (2018)

One of the performance indicators of airlines is Passenger Load Factor showing the average completion of each flight. For this indicator Aeroflot (close to the best in the world) is ahead of Turkish Airlines after 2015.

Table 9: Passenger Load Factor of Turkish Airlines and Aeroflot (2013-2018)



Source: <https://ir.aeroflot.ru/> (2018)

<http://investor.turkishairlines.com/> (2018)

Conclusion

- Both Turkish Airlines and Aeroflot are the most successful in the world and have very big support from the state.
- CASK of Turkish Airlines is significantly higher than that of Aeroflot. This can be explained by the following reasons:
 - higher cost of aviation fuel;
 - higher level of wages. However, in 2018, AF significantly increased them, especially for pilots;
 - Aeroflot fleet uses fewer different types of aircraft;
 - fifth of these aircraft are Russian-made Superjet, which is 3-4 times cheaper than Airbus or Boeing.
- Turkish Airlines calculates the price of tickets in euros and Aeroflot -in rubles. This is one of the reasons why the first airline has a higher RASK than the second.
- Fall of rank of Turkish Airlines in ranking of Skytrax as a result of deterioration in the quality of food on Board the aircraft. This conclusion is based, among other things, on the author's personal experience.

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