



## **From Exclusivity to Accessibility: Examining the Shift from Luxury Aviation to Mass Transit and its Impact on Cost Structures**

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### **Abstract**

The aviation sector has experienced a fundamental change in the last several decades as it developed as one of the most exclusive types of service consumed by wealthy travellers to the means of mass transport. Deregulation, technological change, and the rise of low-cost carriers (LCCs) largely brought about this change as they changed how airlines operated and the current cost structure. The current paper explores the luxury aviation to mass transit transformation and the effects it had on the cost of operation of the airlines, policies, and the availability of the market. The study has taken the descriptive analytical methodology using secondary sources gathered in the form of academic journals, aviation industry reports, and financial publications of global aviation associations. The trends that are emphasized in the analysis include the expansion in air passenger traffic globally, the rise in the market share of low-cost carriers, the falling real prices in airfare and variations in the cost constituents of airline. The results suggest that the airlines have embarked on operational models that are efficiency driven such as the standardization of fleet, increased aircraft utilization and dependence on ancillary sources of revenues as a means of surviving the competitive market. The study concludes that democratization of air travel has transformed the economic framework of the aviation sector to be more accessible and at the same time alleviated the competition and management of cost issues among the airlines.

**Keywords:** Aviation industry, Low-cost carriers, Airline cost structure, Air transport accessibility, Airline deregulation, Mass air transportation.

### **Introduction**

International aviation is one of the social sectors that witnessed a major change during the last 40 years turning into a type of transport available to the masses. In the past, air travel was regarded as a luxurious operation and one that was marked by high prices on tickets, low competition, and strict regulation in the business. Routes, fares and entry in the market were highly regulated by the governments and this limited the competition and ensured that the operation remains expensive. But deregulation of the airline industry starting with the Airline deregulation act of 1978 in the United States brought a deep structural shift in the aviation industry. The deregulation has opened up the industry to new competitors, increased competition, and brought new business models which redefined the cost structure and pricing schemes in the industry (Goetz & Vowles, 2009; Gillen, 2005).

Among the most influential changes after the process of deregulation was the rise of low-cost carriers (LCCs). These airlines launched reduced operational patterns which aimed at cutting the operating cost and providing lower ticket prices in order to lure away a wider range of clients. LCCs also ensured that their operations incurred low operational costs relative to the full-service airlines through the reduction of service frills, the use of the standard aircraft fleet, optimized aircraft utilization, and operation at secondary airports (Kazda and Mrazova, 2015).

The growth of LCCs changed the aviation industry to a mass transport rather than a luxurious service. Air transport had become accessible to middle-income communities which used to use rail or road transport due to the low costs' fares and the increased route networks. This liberalization of the air transport resulted in a



significant growth of passenger demand and market growth in developed and emerging economies. Research has indicated that the arrival of low fare airlines generates passenger demand, has an impact on the airport competition, and redefines the regional connectivity (Oliveira & Oliveira, 2025; Barrett, 2000).

The shift to mass aviation has produced a significant effect on airline cost structure, as well. The airlines have managed to come up with strategies to ensure that they remain profitable amidst a very competitive environment that is characterized by low margins. Such strategies are cost minimization by standardizing the fleet, enhancing worker productivity, dynamic pricing processes, and the implementation of additional sources of revenue, including baggage and onboard services (Majer ova et al., 2023).

In addition, technological innovations and digitalization have contributed even more to the anticipation of the transition towards mass accessibility in aviation. The Internet booking, dynamic revenue management system, and automated demand forecasting have helped airlines to maximize prices and capacity assignment. Due to this, airlines can now afford to compete in global markets by both offering low costs and operational efficiency with relative to the competitive advantage.

Along with the expansion of mass aviation, there have been major issues as far as cost control, efficiency and profitability are concerned due to the change. The business of airlines has very low profit margins because of the stiff competition and varying fuel prices. Therefore, the possibility of how the transition between mass transit and luxury aviation has shaped the cost structures of airlines is still one of the main research issues. The paper is intended to review the transformation of the aviation industry structure and to investigate how the shift toward the accessibility transformed the airline cost model and strategy.

### **Literature Review**

This shift of aviation as a mass transport to an exclusive service is a phenomenon that has received a substantial amount of scholarly attention. Early studies on restructuring of the airline industry emphasized more on the economic implications of deregulation. Goetz and Vowles (2009) posited that the deregulation had a major impact of changing the competitive environment, where more airlines came to the market and the average fare dropped, hence, making air travel more accessible to consumers.

Likewise, Gillen (2005) noted that deregulation transformed the airline networks and promoted the commercialization of the hub-and-spoke infrastructure within the industry that made airlines enhance operational effectiveness and increase connectedness. These alterations in the networks enhanced growth in passengers and increased availability of markets.

One of the significant topics in the literature is the emergence and the dominance of low-cost carriers. Kazda and Mraz ova (2015) reviewed the development of the low-cost business model in the airline industry and determined that there are several attributes of the business operation that differentiate low-cost carriers with that of traditional airlines. These consist of streamlined service offerings, standard aircrafts, high levels of aircraft utilization as well as point-point networks of routes. These business strategies enable low-cost carriers to realize significant saving in cost and provide lower fares as compared to full-service carriers.

Later researchers have examined the economic and market-wide effects of LCC growth. Oliveira and Oliveira (2025) made a thorough review of the literature that discussed the topic of low-cost carriers and discovered that



the development of LCCs, in its turn, has produced the impact on the functioning of airports, the tendencies of passenger demand, and the economic growth of the area. Their results reveal that low-cost airlines trigger the growth of the market by drawing in new groups of passengers who did not engage in air travel before.

It has also been mentioned that research has emphasized the strategic reactions of traditional full-service carriers in response to the low-cost carrier competition. Windle and Dresner (1999) noted that when low-cost airlines venture into new markets, the existing airlines usually price their tickets downwards to remain competitive which in turn benefit the consumer with low fares.

Besides the pricing approaches, the authors have also observed how airline business models influence the business efficiency and profitability. According to the study by Majerova et al. (2023) there are two prevailing models in low-cost airline segment, including the pure low-cost model and the hybrid model. The pure low-cost model focuses on maximizing costs and minimizing operations and the hybrid models are a combination of cost and services, whereby some services are gainfully added to appeal to a wider customer equilibrium.

The other important research area is the determinants of costs in the airline industry. Research indicates that labour cost, number of fleets, level of operations, among others, impacts greatly on the profitability of airlines. The use of resources efficiently and economies of scale allows airlines to cut their unit costs and enhance their performance in terms of finances within the high competition markets (Stasiulis, 2020).

The book of role of expansion of networks and competition in the market in affecting airline cost structure has been studied in recent researches as well. Based on this observation, Efthymiou (2023) observed that low-cost carriers were able to attain economies of scale by operating large quantities of homogenized planes and by expanding regional bases, which enables them to be able to operate with low operating costs and provide more and more destinations.

In general, the literature indicates that, the deregulation process, the development of low-cost business models, and the development of technologies have been the major factors in the direction of the shift of luxury aviation to mass transit. On the one hand, this change has enhanced accessibility and increased the passenger demand; on the other hand, there has been worsened competition; and on the third hand, this change has compelled airlines to assume more efficient cost-structure. Nevertheless, in spite of the large-scale literature dealing with airline deregulation and low-cost airlines, little is known regarding the effect of this structural change on the overall cost architecture of contemporary airlines. The association between accessibility to the mass and the dynamics of airline cost therefore needs future empirical research.

### **Objectives:**

- To study the change in the aviation industry structure towards a mass service, to a mass transport system.
- To examine how the low-cost carrier (LCC) business models and deregulation affect the cost outlay of airlines.
- To assess the effect of the trend in moving to mass accessibility in the aviation sector with respect to overall performance in areas of operational effectiveness, pricing policies and their management of costs with respect to the overall airline costs.



## Methodology

This current research takes a descriptive and analytical research design to identify how the aviation industry has changed its luxury-oriented service to an affordable mass transit system and its effect on airline cost frameworks. The research will mainly use secondary sources of data since the study is concerned with the trends of the industry, cost models, and structural changes within the aviation industry. Peer-reviewed scholarly journals, reports and other publications of the aviation industry, financial statements of airlines, publications of aerospace aviation organizations, like the international air transport association (IATA) and international civil aviation organization (ICAO), government policy reports and validated databases, including Scopus, Web of Science, and Google Scholar, have been used to gather data. To study the differences in the working as well as cost structures, a sample size of 20 airlines has been taken including full-service airlines and low-cost airlines that operate in major aviation markets in the world to comprehend the difference in operations and cost structures. A purposive sampling technique was used to select the airlines considered in the sample since, in this approach, it is possible to select organizations that most effectively mirror the opposing business models in the aviation sector.

## Results and Discussion

Restructuring in cost and operational strategies of airlines has been one of the drastic changes that have been brought about by the transformation of aviation as an exclusive luxurious service to a highly affordable mode of transportation. This analysis will cover the transformations in passenger growth, cost allocation, pricing patterns and efficiency in the aviation industry especially between Full-Service Carriers (FSCs) and Low-Cost Carriers (LCCs). It is analysed using the secondary data that is collected via the reports of the aviation sector, financial statements of airlines and publications of research.

### 1. Growth in Global Air Passenger Traffic

Among the most apparent signs of the transition to mass accessibility in aviation, the increased passenger traffic by a significant degree in the last 40 years deserves to be mentioned.

**Table 1 Global Air Passenger Traffic Growth**

Year	Global Passengers (Billion)	Percentage Growth
1980	0.64	—
1995	1.43	123%
2005	2.08	45%
2015	3.57	71%
2023	4.35	22%

(Source: International Air Transport Association (IATA, 2023); International Civil Aviation Organization (ICAO, 2022))

The figure indicates that there is a considerable growth in air journey traffic performed by the number of passengers worldwide between 0.64 billion passengers in 1980 and 4.35 billion in 2023 respectively denoting an increase of a factor of more than six. This development implies that air travel has ceased to be an elite transportation means to a mass transit system that can be accessible by more people. The introduction of low-cost airlines, better airport facilities and competitive pricing has helped to bolster this growth. The low fares



and increased network services have allowed the airlines to take in passengers who are sensitive to price and who will at least use other means of transport.

## 2. Market Share of Low-Cost Carriers

The aviation accessibility has been in a dire need with the growth of low-cost carriers.

**Table 2 Global Market Share of Low-Cost Carriers**

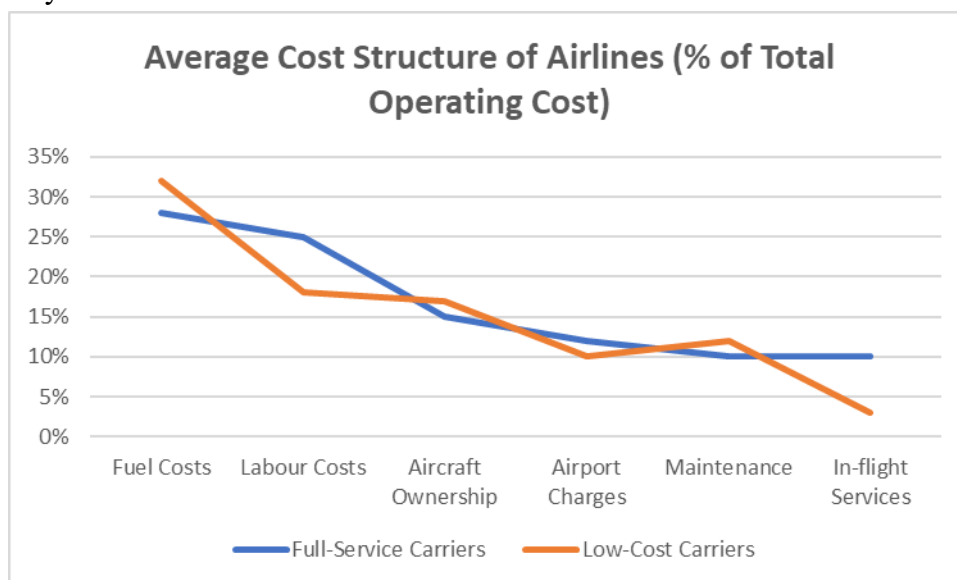
Year	LCC Market Share	Full-Service Carrier Share
2000	12%	88%
2005	18%	82%
2010	25%	75%
2015	31%	69%
2023	35%	65%

(Source: CAPA – Centre for Aviation (2023); O’Connell & Williams (2005), *Journal of Air Transport Management*.)

According to the table, the market share of low-cost carriers has grown by 35 percent because of the 12 percent in 2000 to 35 percent in 2023. This gradual increase is an indicator of increased preference of cheap passengers to air travel. LCC has redefined the aviation industry through new simplified models of services and the use of cost-effective operational models. Since LCCs are expanding their routes and entering new markets, they still drive one to utilize the air routes by making air traveling cheaper.

## 3. Comparison of Airline Cost Structures

The reversal of the trend of cost leadership to accessibility has compelled airlines to transform their cost structures in a big way.



**Fig. 1 Average Cost Structure of Airlines**

(Source: Doganis (2019), *The Airline Business*; IATA Airline Financial Forecast Report (2023).)

## Interpretation



The comparison denotes that there are significant differences between low-cost carriers and full-service carriers. There are also high labour costs and in-flight service costs which in LCCs are much reduced since they have few employees and minimal on-board service. As contrast, FSCs have an increased service cost owing to high-quality services like business-class seating, in-flight entertainment and free meals. The LCC model insists on the operational efficiency and reduction of costs which allow airlines to sell much lower prices.

#### 4. Average Ticket Price Trends

The second evidence of the exclusivity to accessibility transition is the declining average airfares.

**Table 4 Average Inflation-Adjusted Ticket Prices (USD)**

Year	Average Ticket Price
1980	\$580
1995	\$450
2005	\$380
2015	\$320
2023	\$290

(Source: U.S. Bureau of Transportation Statistics (2023); Goetz & Vowles (2009), *Journal of Transport Geography*.)

The figures indicate a steady decrease in real prices of tickets with time. The mean airfare went down as far as 580 in 1980 down to 290 in 2023 or close to half in real terms. Heightened competition, enhanced operational efficiency and the increased growth of low-cost carriers have been some of the major reasons behind decreasing airfares. The price of tickets will have been influenced by lower prices and hence made air travel affordable to middle-income travellers and has turned the aviation industry into a way of transport.

#### 5. Operational Efficiency Indicators

Another supplementary factor that is crucial in airline cost structures is operational efficiency.

**Table 5 Operational Efficiency Comparison**

Indicator	Full-Service Carriers	Low-Cost Carriers
Aircraft Utilization (hours/day)	10–11	12–14
Average Turnaround Time	45–60 minutes	25–30 minutes
Seat Density (Seats per Aircraft)	150–180	180–220
Ancillary Revenue Share	8–12%	25–35%

(Source: Boeing Commercial Market Outlook (2023); ICAO Air Transport Report (2022).)

The table shows that low-cost carriers are more efficient in their operations due to the increased usage of aircrafts, reduced turnaround time, and increased seating density. All these render operating costs of a unit to be reduced substantially. Also, LCCs earn a larger share of revenue in ancillary services such as baggage charges, seat reservation, and inflight purchases. This is revenue diversification which enables them to keep the base fares low and at the same time make profits.

#### Overall Findings



As shown in the analysis of data, the aviation sector has experienced an initial radical structural transformation. Deregulation, coupled together with the development and emergence of low-cost airlines has greatly increased the number of individuals able to access air travel. The trend toward mass availability has also forced airline companies to pursue more effective cost models and new avenue forward in revenue generation. Although the premium segments of air travel are dominated by full-service carriers, the low-cost carriers have had a critical role in the democratization of air travel through the provision of low-cost and efficient transportation services.

### **Conclusion**

The paper has brought out the profound change of the aviation industry that was a luxury service formerly into a mass transportation network. Analysis shows that deregulation, technological developments and the advent of low-cost carriers have had a central role in democratizing the air travel across the world as well as the growth of passenger demand. The growth in the market share of the low-cost carriers, the decreasing real airfares, and the rising number of passengers are clear indications that the aviation has taken the mainstream status as a means of transport by a larger segment of the society. Moreover, the trend towards accessibility has forced airline companies to reorganize the system of their costs through specializing in efficiency of operations, unification of their fleets, increased work of their planes, and diversification of their revenues through ancillary services. Such developments have seen airlines being able to stance competitive pricing as well as operate in a highly competitive market climax. Altogether, the shift to exclusivity to accessibility has altered the economic relations in the aviation industry, as well as the strategic options employed by airlines to control the expenses and further their reach to a larger market.

### **Recommendations**

To continue enjoying the advantages of easy air traveling without compromising financial stability, airlines and policy makers ought to work on policies that would make them more efficient in their operations and cost reduction. Technology-based solutions that airlines must implement to enhance pricing strategies, demand forecasting, and improve should include advanced revenue management systems, online booking, and data analytics. Also, the costs of long-term operation can be lowered by investing in fuel-saving aircraft and sustainable aviation technology to tackle the issue of environmental concerns. The policymakers are also encouraged to encourage the growth of the regional airports and infrastructure to enable further growth in low-cost carrier services networks as well as enhance connectivity in the emerging markets. Moreover, airlines can consider the idea to use hybrid business strategies that will blend both cost efficiency and selective service improvements in order to satisfy the emerging needs of passengers. Through such means and strategies, the aviation industry will be able to remain affordable, resuscitate their operations and sustainably grow as the aviation industry goes in mass air transportation.

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