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FINAL YEAR PROJECT

**TOPIC: NEW INNOVATIONS AND STRATEGIES TO
REDUCE OPERATING COSTS OF AIRLINES**

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Abstract

With the help of Allah Almighty, assistance of our teacher and our hard work we have made this project which is about modern and latest innovations to reduce the operating costs of airline industry and a locker company named "LOCKERS". This project contains all the operating costs which an airline have to bear while running a business. This project also includes the recommendation and strategies which different airlines around the globes are working in order to compensate for their higher operating costs. This project contains a whole business plan of a company which will be serving locker facilities at the Lahore airport. It contains executive summary, business idea, its core strategy, SWOT analysis and PESTEL of the "LOCKERS". This also contains industry and market analysis as well as business growth. It also contains information about how and who is going to finance "LOCKERS" while converting this idea into real business.

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1. EXECUTIVE SUMMARY

This project is about all the expenses which are associated with an airline's business. It includes the literature about the business's basics. It contains all the operating costs of an airline like fuel, maintenance, human resources and so on. Then there is the procedure and formulae with which airlines calculate their cost. Then comes the recommendations and current strategies which are used by various airlines around the globe. It also discusses the cost cutting strategies of PIA.

This project is also about a locker company at Allama Iqbal international airport, Lahore, named As "LOCKERS".

This company will provide a place for transit passengers to keep their baggage. Our company will also be helpful for those passengers who usually have extra baggage with them so they can't carry all the baggage in the flight so they have to leave some of the baggage at the airport. We will have the validity of keeping the baggage for maximum of 30 days and even more if special cases, so any recognized relative of the passenger can accept their baggage from us but he has to show a specific code to us which we will assign during the submission of baggage. In the start, our counter will be at Lahore airport only but surely we will extend it to other airports. Our main focus will be the transit passenger, tourists and more importantly those Pakistanis who work in Middle East and Europe.

This business plan contains introduction of "LOCKERS", its business growth, industry analysis, SWOT analysis, PESTEL, core strategy and finance related information.

"LOCKERS" will try to serve its customers as smoothly as it can through latest technologies and according to latest demands. We will be looking our business to many other airports of the world. Our objective is to provide best and reliable services to our customers. We should make them feel safe. In future our goal is to increase our business by working at as many airports as we can. Each and every person out of 7 billion people on earth who is using air services through airport is our goal.

2. INTRODUCTION

It is a well-known fact that, in today's competitive aviation industry, saving money is a very good contributor to make money. But still it is not that much simple. In order to achieve greater profits and even to be compatible, airlines have to be very much innovative as well as efficient, in terms of using their resources. But at the same airlines cannot compromise on operational compatibilities. (Bloomfield, 2005)

Airline industry is well known for its very higher costs, like equipment, fuel, ground services, parking charges along with many other navigational and air service costs. Buying very expensive aircrafts is just a single step. Airline's major costs are labor and fuel charges. Normally, labor costs are fixed so they can be predictable but major concern for any airline is fluctuating fuel prices as they depend on the oil prices. (investopedia, 2018)

That is the reason why, airline's analysts pay much attention to the fuel cost in near future. Almost two third operating cost of an airline is fixed but it is the fuel price which largely defines the profit or loss of any airline mainly.

