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Long-Term and Short-Term Dynamics between U.S Business Cycle and Air Travel Demand Volatility

Dr. Fassil Fanta

Brenau University, Georgia

Abstract

This study investigates the long-term and short-term dynamics between the U.S. business cycle and air travel demand volatility, focusing on their implications for marketing strategies in the aviation sector. Utilizing time-series data, the research explores how economic expansions and recessions influence fluctuations in air travel demand across leisure and business segments. Employing econometric models such as vector autoregression (VAR) and cointegration analysis, the study identifies key drivers of demand volatility and examines their varying impacts during different phases of the business cycle. The findings aim to provide actionable insights for airlines and travel-related businesses to develop adaptive marketing strategies that mitigate risks during economic downturns and capitalize on growth opportunities during expansions. This research contributes to the literature on demand forecasting and strategic marketing within highly cyclical industries, offering practical recommendations for resilience and sustained growth in the volatile air travel market.

Keywords: volatility measures, U.S. travel demand, business cycle, macroeconomic fluctuations, consumer behavior, demand forecasting