



## **AiQ Consulting White Paper**

### **Aviation Industry Recovery – July 2023**



+44 (0) 203 5989124    [hello@aiqconsulting.com](mailto:hello@aiqconsulting.com)    [www.aiqconsulting.com](http://www.aiqconsulting.com)

World Business Centre 3, Newall Road, London Heathrow Airport, Hounslow TW6 2TA UK

## Aviation Industry Recovery – July 2023 and beyond

Now that the aviation industry is thankfully well on the road to recovery following the massive disruption of the pandemic we are glad to be in the position of taking a look forward at future challenges rather than back, and anticipating what lies ahead this summer.

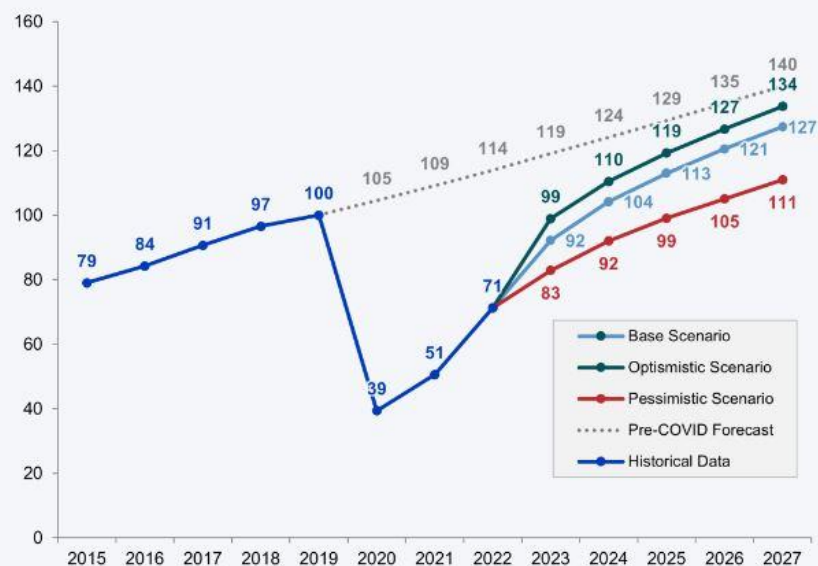
It has been encouraging to see various industry bodies making forecasts of a complete and sustainable recovery and a growth in air passenger demand in 2023.

From [ICAO](#) - Airlines are expected to return to operating profitability in the last quarter of 2023, after three consecutive years of losses. Air passenger demand in 2024 is expected to be stronger, at around 4% higher than 2019.

From [IATA](#) – A slightly more conservative prediction than ICAO but IATA expect industry-wide passenger traffic to recover to 2019 levels in 2024, then grow at an average rate of approximately 3% per annum over its forecast horizon. The recovery and near term growth of passenger traffic will vary across regions, with North America leading the way.

From [ACI](#) - Even with the huge surge in international travel, the recovery of the sector to pre-COVID-19 levels continues to be driven mainly by domestic travel, which is projected to recover to 2019 levels earlier than international passenger numbers. International travel is forecast to recover by 2025.

Chart 1. Medium-term global passenger traffic projection (indexed, 2019 = 100)



Source: ACI World

Thankfully it's looking like there's plenty of reasons to be optimistic as the aviation industry moves through 2023, not least that it is expected to finally [reach a profit in 2023](#) for the first time since the pandemic.

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So what does this long awaited recovery mean for your operation and what are the challenges you may face this summer?

### **Industry challenges**

**Global economy uncertainty** – concerns include the possibility of economic slowdown, rising inflation, high interest rates, less disposable income for passengers, jet fuel prices, the cost of air fares and consumer and business confidence. Despite this, industry bodies and stakeholders remain optimistic about weathering the storm as we can see from projections such as the one above.

**Net Zero Carbon and Sustainability** – IATA member airlines have committed to achieving net-zero carbon emissions from their operations by 2050. The industry is under significant pressure to take measures to reduce the environmental impact of air travel – consumer awareness has risen, along with an acceptance of the industry’s impact on global carbon emissions, resulting in a shift in attitude and a positive move towards genuinely reducing or offsetting carbon emission. In 2023, the world’s first net zero transatlantic flight will take off from London to New York – using solely sustainable aviation fuel.

Measures to consider in order to meet this challenge include fleet renewal, more fuel-efficient aircraft, operational improvements and exploring the possibilities of introducing sustainable aviation fuels.

AiQ have direct experience of helping stakeholders meet the challenge of achieving net zero carbon emissions by 2050. We were recently asked by the airside operational management team at Heathrow to estimate the economic and sustainable impact of replacing current ramp equipment to electric Ground Support Equipment (GSE).

Our challenge was to support a business case by estimating the environmental carbon savings of converting to electric in addition to determining the power and number of EV electric charge point requirements at all terminals for efficient operations. You can [read more about it here](#).

**Improving the passenger experience** – following some of the baggage related issues that occurred post-pandemic we anticipate there will be a push from some forward-thinking airlines in this area to offer electronic tracking to their business class or high-mileage customers. Luggage tracking and recovery will be considered a key part of the business with strategic investments made in these areas.

**Maximising automation** – a big priority for airports should be planning for automation to improve operational efficiency and to build resilience into their operation. In the coming years automated technology is going to be a critical factor in providing increased capacity.

Our [White Paper](#) on check-in automation covers this in detail and takes a deep dive into some of the exciting automation technology being adopted at airport check-in and the ways in which airports and airlines can make use of smarter new technology solutions.

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**Accessibility and inclusion** - individuals with disabilities will also rank highly in terms of airlines' and airports' priorities. On 25 April 2023 the UK Civil Aviation Authority launched a [consultation](#) for views on a proposed framework to improve airline experiences for disabled and less mobile passengers. Running until 21 July 2023, the consultation is seeking further feedback from disability rights groups, individuals, and the aviation industry, particularly around what best practice looks like. This follows the introduction of a similar framework for airports in 2014, which has driven airports to spend millions of pounds improving experiences for passengers with reduced mobility.

Airline accessibility is something we are experienced in having previously carried out an operational assessment of [passenger buggy operations at Heathrow](#) for both PRM and Premium users.

**Sector wide labour shortage** – the global aviation industry faces a labour shortage in all areas of the business, from pilots to baggage handlers, ticket agents, flight attendants and aircraft mechanics. A recent [report by Canadian aviation training company CAE](#) estimates that the commercial aviation segment will need to recruit and train 1.18 million workers while business aviation needs to hire 106,000 people to fill vacancies arising from retirement, attrition and the expansion of the aviation industry.

Hiring has been a relatively slow process, compared with the pace of recovery in travel demand, after many aviation workers were laid off during the pandemic and moved into other occupations or more flexible work options.

The industry now needs to focus on recruitment and retention. Airlines and airports need to ensure everything is done to minimise staff turnover and put in place measures that engage and reward staff to keep retention high and reduce the costs that come with staff churn. Creative ways of recruiting and retaining personnel need to be explored that can ensure a steady pipeline of highly trained staff for the next decade and beyond.

As part of the [Generation Aviation programme](#), Heathrow airport has set the target of creating 10,000 jobs and apprenticeships, as well as providing 15,000 work experience days for aspiring aviation workers, by 2030.

## **Conclusion**

There's definitely plenty of reasons to be optimistic as the aviation industry moves through 2023, not least that it is expected to finally [reach a profit in 2023](#) for the first time since the pandemic.

We know from some of our recent projects that airports and airlines have learnt from the experience of last summer and as a result have been planning how to avoid the same issues this summer, such as unacceptable queues and delays. There is no question that the passenger experience should be a lot smoother this time round!

For more information about how we can assist you with any of your challenges in 2023, [contact us](#) today. Our award winning team of operational and analytical experts are dedicated to analysing, modelling and optimising every aspect of an airport. Specialising in airport capacity, we are trusted to realise capacity and solve complex operational challenges. Read some of [our testimonials](#).

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