“Airlines face some challenging times over the next few years as Brexit approaches and fuel costs rise. While businesses are cutting back on travel, consumers are still hungry for holidays. However, they will be keeping an eye on spending as the Pound remains weak. Airlines that help consumers manage their spending will stand out from the crowd.”

– Fergal McGivney, Senior Travel Analyst

This report looks at the following areas:

- Opportunities to develop on-board catering
- The rise in smartphone bookings is down to a mobile-first approach

Airlines are facing uncertain times. Brexit is on the horizon and fuel costs are increasing. This could potentially increase costs for airlines, which will be passed onto the consumer. However, passenger numbers have been growing fairly steadily. Over the next five years, Mintel forecasts a slowdown in growth of overseas passenger numbers, while domestic passenger numbers are expected to pick up as businesses look inwards following Brexit.

In terms of airline brands, budget short-haul carriers are expected to continue to do well. However, low-cost long-haul carriers like Norwegian may struggle to sustain profitable business models as fuel costs rise. This has not gone unnoticed but IAG (owner of full-service and UK flag carrier British Airways) has still made substantial bids for Norwegian. Full-service operators recognise the threat that low-cost long-haul carriers pose, so an acquisition could be on the cards if Norwegian continues to struggle in the short term.

In terms of service offering, airlines are also experimenting with new ways to serve food on-board to bring out flavours, and change age-old negative perceptions of airline food. Meanwhile, smartphone bookings are growing at pace, as airlines invest more in mobile technology and consumers become more comfortable making transactions on their phones.

DID YOU KNOW?

This report is part of a series of reports, produced to provide you with a more holistic view of this market.

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.
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