TA Connections

2024 Aviation Market Outlook

Experts predict continued growth for the air travel industry in 2024

Market Size, Growth, and Trends Analysis Report for Airlines

The aviation industry has good reason to be optimistic in 2024.

If we had to choose one word to describe our predictions for the aviation market in 2024, it would be advancement.

Steady advancement is a major key to achieving and sustaining growth for any business, and after experiencing contraction and profit losses from 2020 to 2022, the aviation industry has good reason to be optimistic in 2024. After a profitable 2023, experts predict that the market will continue to grow steadily this year — and maybe even reach record levels of air travel.

In this year's Air Travel Market Outlook from TA Connections, we examine the current market for air travel, the trends driving continued growth, and a few tools that airlines can use to continue soaring in 2024.

$25.7b
expected net profit in 2024

7.6%
expected revenue growth

4.7b
expected travelers in 2024

3%
YOY expected traffic increase after 2024

2024 Aviation Market Overview

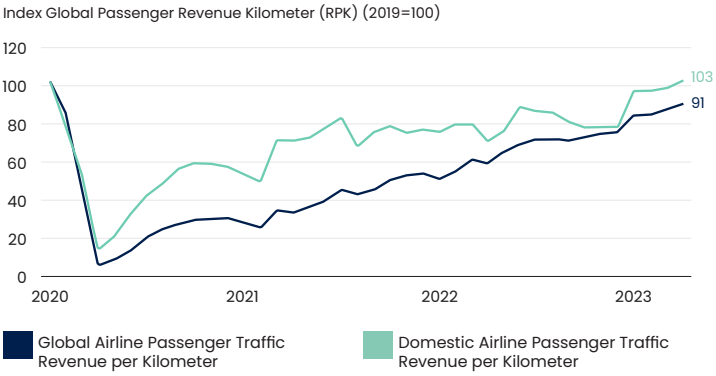
At the beginning of last year, we shared the prediction that the aviation industry would see a return to profit in 2023 after three years of losses. The COVID-19 pandemic caused a sharp decline in travel, with consequential global profits losses of $137.7 billion in 2020, $42 billion in 2021, and $6.9 billion in 2022.

With the global market conditions returning to normal, the International Air Transport Association (IATA) predicted a return to profitability was realized in 2023. Net profits are expected to reach $23.3 billion by the end of the year.

Experts predict that overall, net profits, revenue, and the number of expected travelers will continue to grow in 2024, signaling more consistency for individual airlines and the market as a whole.

- Net profits are expected to reach **$25.7 billion in 2024, a 2.7% net profit margin**, IATA predicts.
- IATA also expects that **total revenues will grow 7.6%** in 2024 compared to 2023 to reach $964 billion.
- Industry-wide passenger traffic is predicted to meet 2019 levels in 2024 then **grow at an average rate of 3% per year**, according to both IATA and Airports Council International (ACI).

Global Air Traffic has Recovered Strongly Due to Pent Up Demand *Source: IATA*



Continued Growth Expected in the Years Ahead

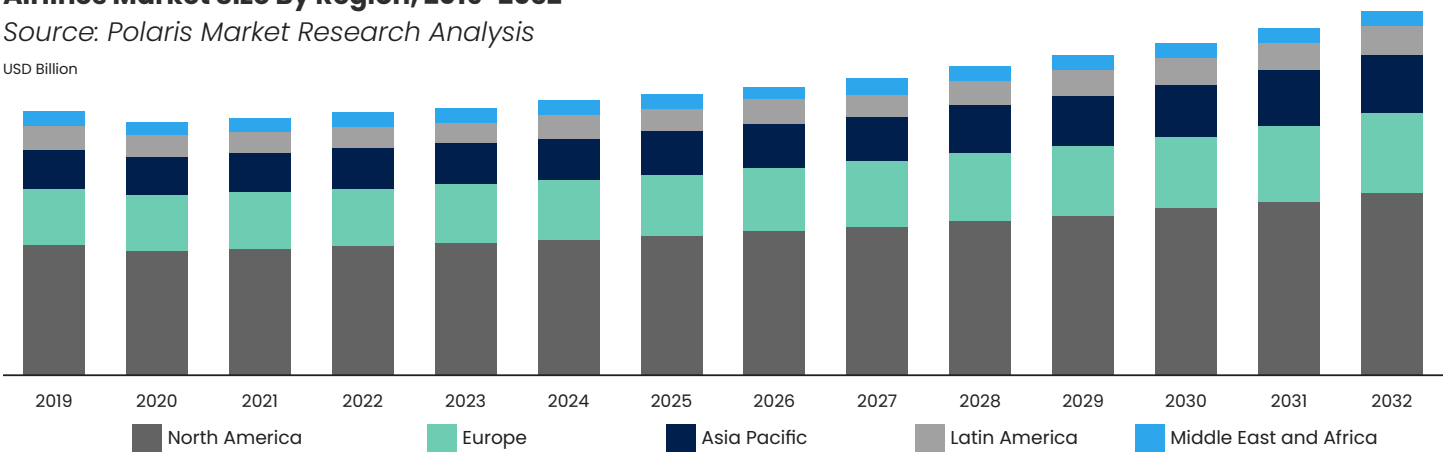
There's reason to hope that consistency will continue for the aviation market over the next decade. The global airlines market was valued at $346.81 billion in 2023, and market research by Polaris predicts that the market will grow at a compound annual growth rate (CAGR) of 3.53% in the forecast period of 2019-2032. At this rate, the market will be valued at more than $473 billion in 2032.

Where We Expect to See the Most Growth

Air traffic in the United States exceeded 2019 levels in 2022, according to ING, while demand in the Asia-Pacific region lagged behind, with traffic slightly below two-thirds of its 2019 level. However, by the beginning of the fourth quarter of 2023, system seat capacity in the Asia-Pacific region had almost fully recovered to pre-pandemic levels, Aviation Week reported.

The Association of Asia-Pacific Airlines (AAPA) predicted that demand in the area would stay strong in the coming months, which would help contribute to increased global air traffic in 2024 and potential for continued growth from the Asia-Pacific region.

Airlines Market Size By Region, 2019-2032
Source: Polaris Market Research Analysis



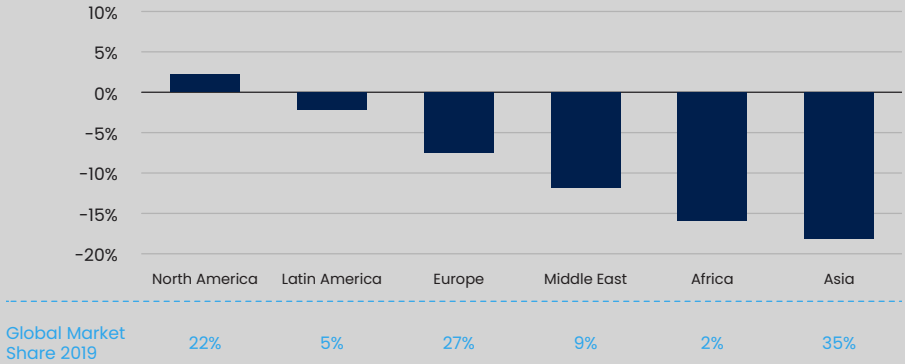
What's Behind Aviation Market Growth in 2024

The main driver of growth for the aviation market? In short, it's that more and more travelers are returning to the skies.

"Considering the major losses of recent years, the $25.7 billion net profit expected in 2024 is a tribute to aviation's resilience," said Willie Walsh, Director General of IATA, in a statement on the 2024 airline industry outlook. "People love to travel and that has helped airlines to come roaring back to pre-pandemic levels of connectivity."

While looking forward to a more consistent year of profitability, airlines can also prepare to meet new external demands and internal challenges. Take a look at the trends that we predict will impact airline operations, crews, and passengers in 2024.

The World's Largest Airline Market - Asia - has the Most Recovery Potential *Source: IATA*



The Impact of Carbon Emissions is Rising

The number of travelers isn't the only increase the aviation industry will see this year. The cost of fuel rose 45% from August 2019 to August 2023 for U.S. airlines. The average fuel price is expected to be around $113.8/barrel (jet) in 2024, according to the IATA, which accounts for 31% of all operating costs for airlines. This increase follows a 120% increase in the price of jet fuel from 2021 to 2022, McKinsey & Company reported, and suggests that the next hurdle for the aviation industry will be dealing with steeply rising energy costs.

A potential alternative to offset the rising cost of petroleum is to increase the use of Sustainable Aviation Fuels (SAF) to reduce carbon footprint, according to the IATA's 2024 outlook. If SAF production rises to 0.53% of airlines' total fuel consumption, the same report from IATA said, it will add $2.4 billion to next year's fuel bill — which is already $281 billion.

Carbon mitigation, while necessary to reduce emissions, may become a constraint on future growth. A study from Bain & Company showed that airlines would need to start increasing ticket prices by 2026 to fund the goal of cutting greenhouse gas emissions as close to zero as possible by 2050. Additionally, the International Council on Clean Transportation predicted that ticket prices would have to rise by 22% by 2050 to pay for carbon mitigation. To keep up with the rising cost of fuel, McKinsey & Company suggests that some airlines consider re-assessing route profitability, as choosing not to fly certain routes may be more profitable than operating them.

Assessing and Updating Flight Routes

Airlines that are re-assessing route profitability or beginning to take out some routes will need a streamlined platform to plan constantly changing crew logistics. The TA Connections' TA Crew Hub, our crew logistics management suite, fully automates crew layover requirements in real time. The TA Disruption Hub, our proactive disruption system, reduces service staff workload with a browser-based operations dashboard to simplify the management of disruption events.

Artificial Intelligence continues to transform every aspect of aviation.

Artificial Intelligence (AI) has started to impact every aspect of aviation, from optimizing flight operations and air traffic management, to providing real-time information and assistance to customers through AI-powered chatbots. As the capabilities of AI and machine learning have grown, the industry has used technology to create improvements in efficiency and safety, including proactively analyzing data from sensors and historical performance to predict when aircraft components might fail.

The greatest value of generative AI models will come when companies in the aviation industry begin to integrate the technology with their own intellectual property for internal use, according to one perspective published in AIN Online. With more advanced generative AI that is integrated with their existing intellectual property and systems, airlines could optimize flight routes and schedules using historical data, and even decrease fuel consumption. Additionally, AI technology could be used to develop more sophisticated weather patterns, which airlines could use to predict and update flight routes or avoid disruptions based on real-time data. AI can improve the customer experience, too. By integrating AI into existing customer support systems, airlines can automate the check-in and passenger disruption processes. This frees customer service teams to dedicate time to extremely complex, high-touch situations that require more personal service.

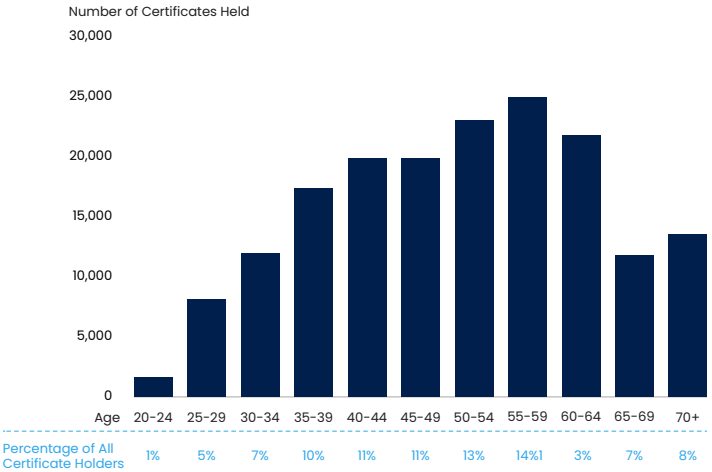
Integrating AI into your airline's operations

The TA Crew Hub and TA Disruption Hub integrate with airlines' existing operations management platforms to automate crew logistics and proactively manage disruptions. The TA Disruption Hub offers real-time passenger and flight monitoring to expedite recovery from disruptions and improve your customers' experience.

The employment gap is still impacting airlines.

As travel began to return to normal levels after the pandemic, the need for pilots and mechanics came back, too. A study by the U.S. Government Accountability Office (GAO) found that the number of individuals qualified to be passenger airline pilots grew from 2017 to 2022, and the number of pilots under the current mandatory retirement age of 65 may increase over the next 20 years. Still, the GAO reported, publicly available data on hiring, employment, and wages demonstrates a strong current demand for pilots, and it's uncertain how projected supply will meet or fall short of the future demand.

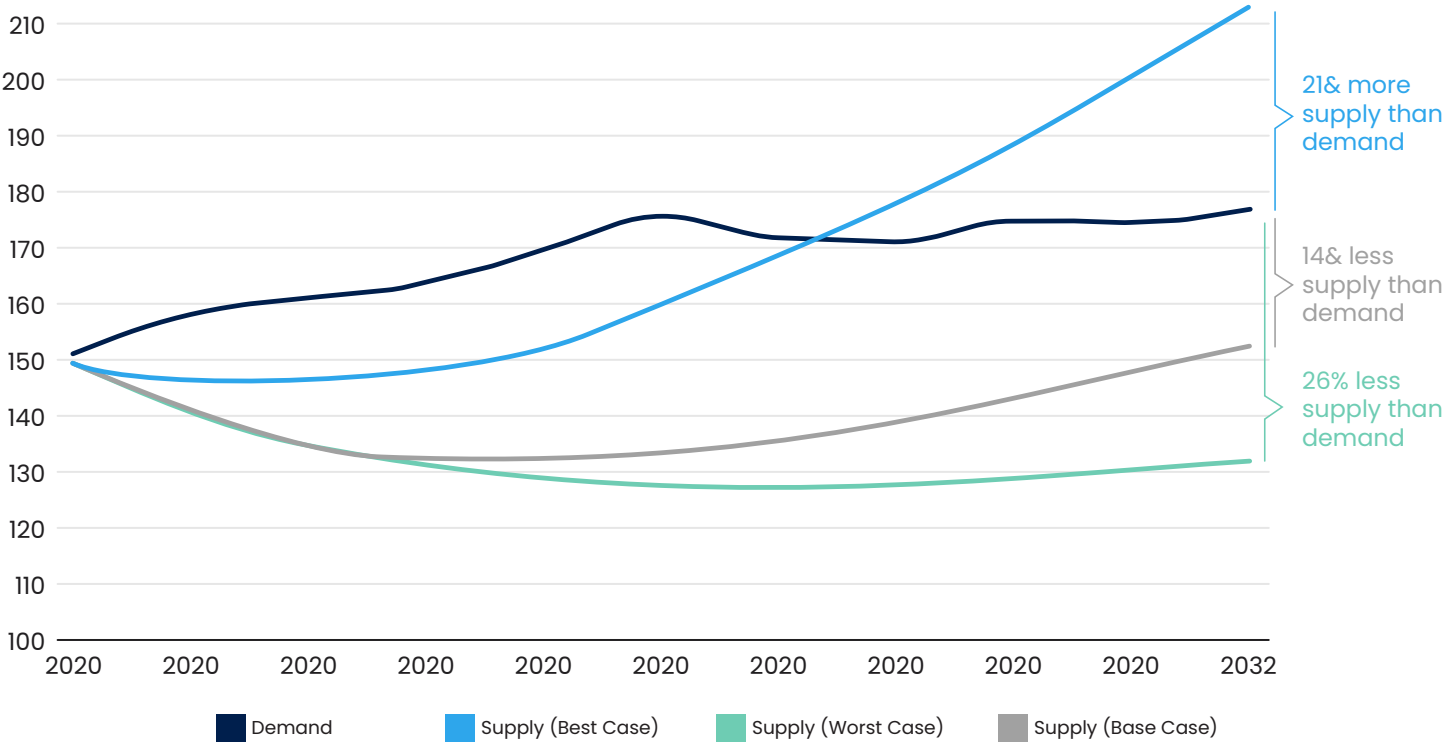
Distribution of Active Airline Transport Pilot Certificates in 2022 by Age Group *Source: GAO*

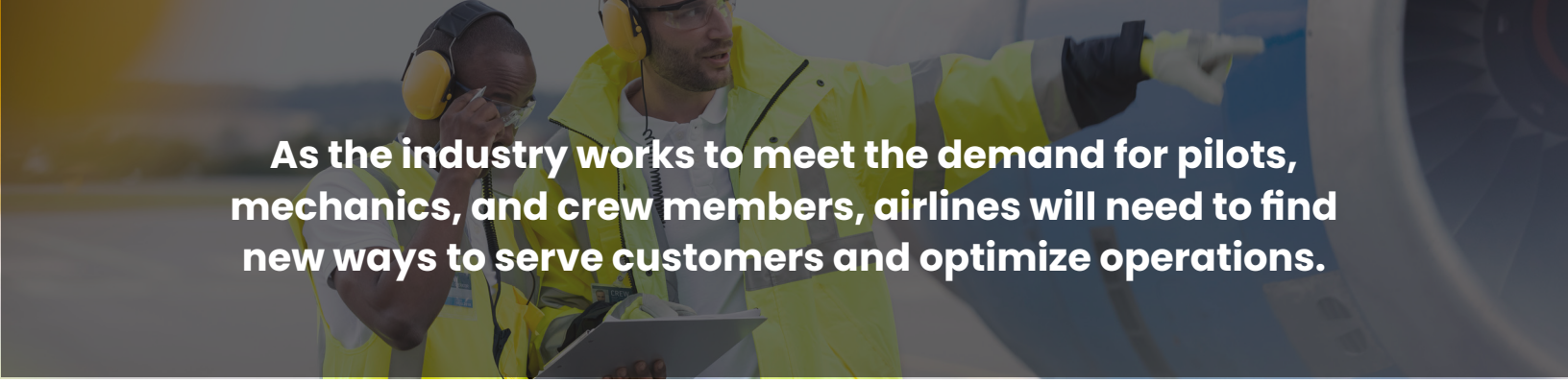


This uncertainty about the demand for pilots is paired with a shortage of aviation mechanics. According to a 2023 report by OliverWyman, there could be a shortfall of somewhere between 12,000 and 18,000 aviation maintenance workers. By 2027, the report found, there could be a deficit of more than 48,000 aircraft maintenance workers.

There's a piece of good news, though. Industry stakeholders are addressing the workforce supply concerns by increasing pay for pilots and mechanics, and airlines are creating flight schools to train more pilots, the GAO report said.

North American Aviation Mechanic Supply and Demand *Source: OliverWyman*





As the industry works to meet the demand for pilots, mechanics, and crew members, airlines will need to find new ways to serve customers and optimize operations.

Preparing for an employment gap in aviation

As the industry works to meet the demand for pilots, mechanics, and crew members, airlines will need to find new ways to serve customers and optimize operations — possibly with a smaller staff. TA Inflight and TA Ramp are designed to digitize operations and reduce your staff's workload. With TA Inflight, your crews have a digital cabin at the touch of their fingers, that enhances inflight service with a quick integrated point of sale solution and brings all the information your crew needs into a single application. Your team can access manuals and checklists, manage crew checks and training, and make your reporting digital. TA Ramp easily scans, tracks bags and alerts passengers if their checked back doesn't make it on a flight, all from personal devices your baggage team already has in their pocket, so you don't need to buy new hardware.

Plus, TA Crew Hub reduces airlines' operations center workload through self-service mobile and web platforms for crews.

Bleisure travel is driving growth.

Business travel is back.

Global business travel spending is expected to exceed 2019 levels in 2024, according to the Global Business Travel Association's (GBTA) Business Travel Index Outlook. Business travel spend is predicted to reach $1.4 trillion in 2024, and almost $1.8 trillion by 2027, according to the report.

As more companies restart in-person meetings and events and international business returns, it's likely that business travel will grow quickly. At the same time, bleisure travel — trips that are a blend between business and vacation — will also drive growth for the aviation market. A survey by Hilton found that in 2024, 46% of global full-time and self-employed workers plan to travel for business or bleisure. The same survey reported that globally, more than a third of Gen Z and Millennial business travelers plan to extend a business trip in 2024 to have leisure time before or after their work obligations.

Leaning into bleisure travel

Airlines can offer great customer service to business, leisure, and bleisure travelers with the TA Disruption Hub's self-service portal, which allows travelers to quickly manage any disruption event from one place, including rebooking flights. With TA Airport, airlines can also create digital and contactless airport experiences, which grow ancillary revenue and improve passenger service. And airlines can tailor in-flight services to these new travelers with TA Inflight, a solution that creates a digital cabin with in-depth passenger information, including booking details and personal preferences, all equipped with a retail point of sale (POS) system.

TAConnections

CREW MANAGEMENT

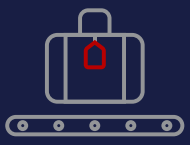
TA CREW HUB
Automated crew layover management

DISRUPTED PASSENGERS

TA DISRUPTION HUB
A self-service passenger disruption platform

DIGITAL HUB

TA AIRPORT
Mobile Departure Control



TA RAMP
Digital Baggage System

TA INFLIGHT
Inflight Service at Your Fingertips

Reach New Heights in 2024

As the airline industry's leading source for end-to-end operational management, TA Connections understands the different needs of our clients around the world — and offers advanced technology to help airlines drive consistent growth. Whether it's managing disrupted passengers, monitoring and organizing aircraft turnover and ramp operations, or fully automating crew layover management to improve efficiency, our intelligent applications can transform operations.

Request a Demo

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