



Aviation Outlook 2013

The aviation industry faces a clear growth trajectory in some areas while others may be more challenging to navigate. To help senior executives address these issues, L.E.K. Consulting has developed an “industry altimeter” for three central issues facing the competitive aviation industry in 2013 and beyond. In addition to our insights below, we have also developed similar outlooks for additional market sectors (e.g., aerospace, retail, etc.) and capabilities (e.g., customer experience & loyalty).



What are the Biggest Challenges and Opportunities Facing the Aviation Industry During the Next Year?

Consolidation could continue to be a central theme in 2013 as airlines plot a course to greater profitability. A merger between US Air and American Airlines could significantly reshape the domestic airline industry and have a ripple effect globally. In this scenario, other carriers may look to bulk up through partnerships or mergers to strengthen their competitiveness against other industry titans and better insulate themselves against volatile fuel prices, softening demand in some regions or other potentially turbulent market conditions.



What’s the Current State of the Industry?

Global carriers are refocusing their attention on the growing Middle Eastern market. Activity picked up significantly this fall with Qatar Airways joining the American Airlines and British Airways Oneworld alliance, and Air France-KLM partnering with Etihad Airways from the United Arab Emirates. L.E.K. believes that the uptick in partnership activity between Western and Gulf carriers foreshadows even more activity in the coming years. Western and Gulf partnerships that can demonstrate the advantages of their combined service in 2013 could find themselves leading the race to grab share in this affluent region.



What Burning Issues are Senior Executives Facing?

The stakes have never been higher for personalizing the travel experience. Many U.S. carriers are working to catch up to their international competitors by continuing to invest in infrastructure that will lay a foundation to truly evolve their offerings in the years ahead. Merchandising will continue to lift carriers’ revenues and underpin their financials, and airlines that don’t get their ancillary revenue programs on target are vulnerable to losing sales and customers.

Our Aviation Practice

L.E.K. Consulting works with the world's leading airlines, airports, and travel & tourism companies to enhance strategic and business performance, which increases shareholder value. We combine deep industry knowledge with rigorous analysis to provide clients with the insights required to make confident, fact-based decisions amid market uncertainty.

Capabilities Overview

Examples of how our capabilities can support an airline's entire operation follow:

- Airline M&A and Consolidation:** L.E.K.'s pedigree in airline M&A goes back more than 20 years to the highly successful merger between Qantas and Australian Airlines. Since then we have been called upon to assess most airline M&A opportunities.
- Airline Strategy:** L.E.K.'s broad strategy services address commercial issues such as network expansion, fleet deployment, new product development, loyalty programs, distribution, commercial sales efforts and alliances – as well as corporate initiatives including business unit strategies, corporate restructuring/reorganization and post-merger/acquisition integration programs.
- Customer Flight Experience:** Not only does L.E.K.'s approach dramatically improve the customer experience (and inherent loyalty to the airline), but it also provides a rich profit stream to the airline through dramatically improved B2B opportunities. During the past five years alone, L.E.K. has led ancillary revenue/merchandising initiatives at five global carriers and four domestic carriers.
 - Consumer Engagement “Beyond the Cabin”:** We offer strategies to enhance a carrier's interaction with increasingly well-informed and brand-promiscuous customers throughout the entire consumer life cycle – from initial engagement, to ticket purchases, to connecting with consumers between trips. For example, we have revitalized underperforming loyalty programs and have helped launch groundbreaking customer-focused initiatives for some of the industry's most respected airlines.
- Operations Optimization:** We analyze and address a range of airline business pain points including operational performance, asset utilization and maintenance operations. We were a key part of the “worst to first” operational improvement program at a major U.S. airline that enabled it to achieve the number-one position for on-time performance (OTP).

Please contact us at aviation@lek.com for additional information.

L.E.K. Consulting is a registered trademark of L.E.K. Consulting LLC. All other products and brands mentioned in this document are properties of their respective owners.

© 2013 L.E.K. Consulting LLC

Meet Our Experts



John Thomas
Vice President



Alan Lewis
Vice President



Dan McKone
Vice President



Darren Perry
Vice President