



AIRWAYSNEWS' 2016 AVIATION PREDICTIONS

News / Airlines



As 2015 is coming to an end, 2016 is shaping up to be a year of big announcements and changes in the aviation and airline businesses. To predict just what these will be, our contributors, industry experts, analysts and staff have assembled their own educated guesses about the forthcoming year.

Chris Sloan – President and Founder

United Airlines, long an industry laggard in nearly everything but its powerful, global network, will ascend from its turbulent malaise back into smoother friendly skies. If the past is prologue, once an airline hits near bottom there are few places to go but up – or out of business. Delta, United descendant Continental, and most recently American can all attest to this in making substantial improvements aspiring to go “from worst to first”.

Now it's United's turn. With CEO Oscar Munoz returning to the C-suite, UA is already making important strides forward toward a renaissance.

- **Operations:** on-time arrivals and cancellation rates are the best they've been in years.
- **Fleet:** new Boeing 737-900ERs, 787 Dreamliners o'plenty, and new to the fleet 777-300ERs are entering the armada at a fast clip while ancient 747s, 757s, and 767s are increasingly finding their way out to the desert.
- **Catering:** A new food and beverage program at the pointy end of the plane drew a bit of 154a-united-787-lands-internal-28903 what is going on in the back. Free snacks are back in the form of stroopwafels laying down the gauntlet to Delta's Biscotti as well as and Ily brand java to boot.
- **Passenger Experience Hard Product:** Not a strong United strong suit for years but changes UA_Stripofairways streamlined, consistent wifi; a new domestic First product (replete with tablet holders); and a rumored new BusinessFirst cabin to accompany the new 777-300ERs and A350-1000s
- **Technology:** Among other initiatives, United has invested in a long, overdue new website and app which upped the game.
- **Labor Harmony and Morale:** Simply put, an airline's biggest cost and most important asset are it's people. If there is discord in the ranks then none of the above matters. In a very short time there has been major progress on the front particularly involving flight attendants and mechanics. Many fine folks at United are beginning to feel and show the love again.
- **Shareholders:** Though a rising tide lifts all boats, United's included, the airline has lagged in stock performance and operating margins. As the Chicago based "Friendship" is turned around, stockholders will be rewarded accordingly with a little bit of help from cheap oil.

Mark my words. There will be bouts of moderate chop and build-ups along the way, but United will be the airline to watch in 2016.

Enrique Perrella – Publisher & Editor-in-Chief, Airways Magazine

New Airways owner Enrique Perrella. I see more airlines expanding their inflight service portfolio. More U.S. carriers will begin offering legit Premium Economy Cabins—separating their current increased leg space seats from a real upgraded product. American Airlines has taken the lead by offering their International Premium Economy, and I believe Delta will follow suit with the introduction of the Airbus A350 and new wide-body airliners in the years to come.

Image not found or type unknown I also expect to see the Gulf Carriers adding more routes to North and South America, also to increase their presence in this part of the world that's dominated by U.S. Carriers. With Panama being the next new route for Emirates, Qatar or Etihad may be putting their eyes on cities like Bogota or Mexico City soon.

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Roberto Leiro – Executive Editor

Qatar A350 2

I have the gut feeling that Delta Air Lines will continue its shopping spree in Latin America. As AeroMexico and GOL are now under its influence, the Atlanta-based carrier may now attempt to have a stake in Aerolineas Argentinas, as the state-owned airline currently owns a rather young fleet, is a Skyteam member, and recently has inked a deal with Delta to expand its codeshare. Given the recent political changes in Argentina and Delta's deep pockets, this may materialize in 2016.

Vinay Bhaskara – Senior Business Analyst

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Turkish Airlines will order a substantial number (40+) of Bombardier CSeries aircraft, resuscitating the near moribund Canadian aircraft program.

The key driver here is the opening of Istanbul's new airport, which I discussed in my analysis of Atlanta Airport. At the 10th annual Airports Council International (ACI Airport) Exchange Conference & Exhibition, Turkish Airlines mentioned that it would be interested in taking on smaller aircraft to add service to “hundreds” regional destinations around Istanbul as per JA on airliners.net. While Turkish Airlines is currently blocked off from building a regional feeder operation like the ones that US and European legacies have due to infrastructure constraints at their core hub in Istanbul at Ataturk International Airport.

But at the new airport, the ATC constraints will go away, allowing Turkish Airlines to build a feeder network to tier 2 and tier 3 cities in the immediate region. And what better aircraft for them to start building this with than Bombardier's CSeries, more specifically the CS100. The CSeries is the perfect size (just under 100 seats) and is economical to operate, with enough range and short runway performance to serve secondary airports across Eastern Europe, Central Asia, South Asia, the Middle East, and Africa. With 2,500 – 2,800 nautical miles worth of range, the CS100 can serve a dual role of regional feeder for both high frequency short haul routes as well as long and thin ones. Turkish Airlines has already built up to serve more than 280 destinations with its mainline fleet – smaller aircraft will help it unlock the next phase of growth.

Henry Harteveltdt – Travel Industry Analyst and Advisor, Atmosphere Research Group

2016 will be the year of increasing focus on Africa and Latin America, stemming from improvements in these regions' improving political stability, economies, infrastructure such as airport and air traffic control, and even technologies such as mobile payments which make it easier for people to buy and pay for airline tickets. Latin America will, I believe, receive more focus and growth than Africa, and Africa itself will likely see more growth and attention focus in the sub-Saharan region.

Latin America's growth will stem from recent changes in the US-Mexico air service agreement, impending opening of US-Cuba flights, and political changes in Venezuela and Argentina will play a significant role, as will cross-border investments such as United-Azul and Delta-AeroMexico.

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The Big U.S. 3 carriers argument against Emirates, Qatar and Etihad (the ME3) is over, and these will be seen as having come out on top. Looks for the new battleground to be the ME3 versus the EU3, namely Air France-KLM and Lufthansa.

Airline loyalty programs will shift elite qualifications purely to revenue spend, and abandon distance flown.

I believe 2016 will bring an increased focus in the passenger experience, not in the premium cabins, but in economy. We will see more airlines announce plans to add premium economy cabins, on domestic as well as long-haul flights. We'll see more airlines invest in amenities, both complimentary and for sale, in the standard economy cabin as well. As companies restrict which employees can fly in premium cabins, and increase the flight duration for which premium cabin travel is allowed, premium economy becomes a financially viable option. Plus, premium economy is an affordable option for leisure passengers who may not be able to afford, or want to spend the money for, a premium cabin ticket, but for whom premium economy is in the budget. Standard economy will be improved because the a la carte business model makes it easier for airlines to recoup their investments and earn money from those investments.

Look for more long-haul, low-cost flying in 2016. Westjet, Norwegian and Wow will continue their expansions, but I believe we will see some additional entrants. It won't be Ryanair. though.

Paul Thompson – Correspondent

In 2016, I predict we'll finally see Boeing provide an answer to the Airbus A321, to fill that gap between the 737-900 and the 787-8. Losing market share from their own customers like American and Delta has got to hurt. They'll announce a launch order at Farnborough. Without this new plane, 2016's orders will take a dip. American LCCs will continue to expand into the Caribbean, Central and South America. Will 2016 finally be the year Southwest adds Hawaii?

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Eric Auxier – Commercial Pilot and Contributor

SWA B738 DCA - LFL

This year, there have been several drone near misses, and in 2016 I predict an enormous spike in these events, and possibly one or two strikes.

Also, expect to see an increase in laser illumination events, as well as severe felony prosecution of the perpetrators in both drone and laser cases.

Benét Wilson – Founder and Editor-in-Chief, Aviation Queen LLC

Drone with GoPro digital camera

See more of the legacy carriers offering a low-fare “Spirit Airline” like product for passengers. These are people who feel more comfortable on legacy carriers or want to tap into their larger networks. Delta Air Lines has offered its Basic Economy fares on routes that overlap with Spirit since 2012. In October, American Airlines said it was going to offer a similar product in 2016.

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Rohan Anand – Analyst and Contributor

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My top predictions for 2016 include the expansion of Southwest Airlines into Central America and the Caribbean, and possibly will add Hawaii. Recently, they have announced its first international route out of Los Angeles to Liberia in Costa Rica, (also their longest route). And, possibly, will add Hawaii as well.

My other predictions are enlisted below:

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- 1. Detroit will finally land one of the ME3 carriers or Turkish Airlines. Delta will throw a fit;*
- 2. Lufthansa cabin crew will strike again;*
- 3. American will add services from LAX to Asia, ideally to Beijing to challenge Air China's monopoly, as well as secondary Chinese cities. Seoul and Hong Kong are also possibilities;*
- 4. Aer lingus will re-join oneworld and participate in the Transatlantic JV between AA, IAG and Finnair;*
- 5. LATAM will also integrate further with AA, possibly in a JV or deepened codeshare relationship, which will also be extended to include IAG between Europe and Latin America;*
- 6. Korean Air will expand its relationships outside of SkyTeam, and*
- 7. The Heathrow runway decision will either transpire (finally) or be delayed again (probable) and Willie Walsh will blow hot air to threaten moving BA's primary base to London City airport (just kidding!).*

Luis Linares – Correspondent

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2015 did not give Boeing the orders it expected for the current 777 family to ensure a smooth transition (that is no production cuts to the current version) to the 777-8 and -9 program. The next generation of 777 starts production in 2017 and has an expected maiden flight in 2018 followed by EIS in 2020. Factors, such as a major airline like Delta opting to used 777s and lower fuel prices, no doubt contributed to Boeing's unrealized expectations.

This ties into my predictions for 2016, in which I see little hope for a major boost for the current generation of 777s. Production is currently at 165 aircraft per month, and I do not see how Boeing will be able to maintain it until the new generation of 777s takes over. Moreover, healthy airlines in the Middle East and Asia will start shedding older 777s, which additional airlines likely would be willing to buy for great bargains. Boeing would have to offer very popular models, especially the -300ER, at rock-bottom prices with a huge risk to its profits. With current economic condition, especially fuel prices at an 11-year low, airlines will be in no rush to get more efficient aircraft, and those will 777 -8 and -9 models in the order books could even go as far as deferring. It will be interesting to see how Boeing compensates for this significant slow-down in the best-selling 777.

Nicolas Bernier – Correspondent

I believe that we will not see any further delays in the Bombardier CSeries program , and the first CS100 will enter in service as scheduled with Swiss in the first half of 2016. The Canadian-manufacturer will also gain an order of about 50 aircraft from a major North American carrier, which will bring the order book close to 300 aircraft by Entry Into Service (EIS).

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Jack Harty – Former AirwaysNews Senior Correspondent

Bombardier C Series, C Series, CS100, c/n 50005, BBA505, Swiss International Air Lines, Bombardier Inc

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In 2016, I think we are going to see some significant improvements at United, especially operationally. In order for United to compete, it will have to greatly improve its operational performance; while it does not need to have more than 150 days of no controlable cancellations in 2016, some little things, such as building out a flight schedule that allows employees to turn a 757-300 around in more than 10 minutes, could have huge improvements. United will definitely be the airline to watch next year.

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As much as we all love the Queen of the Skies, I have a feeling that Boeing factory tour June 2014-15 call of 747 production before the end of 2016. I truly hope this will not happen, but should the program not receive any more significant orders, it may be time to slowly phase out production.

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SOURCE: AIRWAYSNEWS

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