

Latin America Inflight Catering - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2019 - 2029

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Report description:

The Latin America Inflight Catering Market size is estimated at USD 1.11 billion in 2024, and is expected to reach USD 1.78 billion by 2029, growing at a CAGR of 9.91% during the forecast period (2024-2029).

The COVID-19 pandemic resulted in a full-scale crisis with the imposition of travel restrictions and the suspension of flights in a global effort to contain the spread of the virus. The aviation industry was crippled by the loss of traffic and revenues. Post-COVID-19 pandemic, passenger traffic increased in FY 2021 and 2022, though the sector showed signs of improvement in FY 2021 and 2022.

The primary factor driving this market is the fast-growing aviation sector due to an increase in travel and tourism, both domestic and international. The major restraint on the market is the slump in the Latin American economy, which has been affected by the global commodity price crash. Airport development and expansion plans that are in progress in the region are expected to offer opportunities for inflight catering service providers to expand their presence in the region, which can propel the growth of the market in the coming years.

Latin America Inflight Services Market Trends

Revival in the Passenger Traffic and Growing Aircraft Fleet is Likely to Bolster Demand

An increased number of aircraft deliveries and an increase in the number of passenger traffic are expected to be the main factors that will propel the growth of the market in the coming years. In 2021, around 19.8 million air passengers traveled with LATAM Airlines in Brazil. This country represents the airline's largest segment, surpassing almost 50% of the number of passengers

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transported in its other domestic markets. In the past, airlines in Latin America, such as Colombia's SCADTA (now Avianca) and Brazil's VARIG, have expanded their routes with Boeing aircraft. The growing aviation industry in Latin America has increased the need for new aircraft in the country. According to Airbus' predictions, there will be deliveries of 2,550 new aircraft in the Latin American region between 2022 and 2041. The new deliveries will lead to commercial airlines operating within Latin America witnessing significant growth in their fleet size. This will lead to an increase from the current 1450 aircraft, which are present in Latin America to 2850 aircraft in the coming years.

Latin America is second to last in terms of projected deliveries for the next two decades, only above Africa, which expects to have 1,230 deliveries and 370 aircraft conversions. In Latin America, around 81% of the fleet consists of narrowbody aircraft. Airbus predicts that 92% of deliveries will consist of narrowbody aircraft. Moreover, narrow-body aircraft have gained more popularity in the Latin American aviation industry owing to the rise of low-cost carriers that deploy such aircraft to drive efficiencies and stimulate traffic. The increase in air traffic and the delivery of all types of commercial aircraft will drive the market in the coming year.

Brazil to Dominate the Latin America Market During the Forecast Period

The Brazilian aviation industry gradually recovered from the impact of the COVID-19 pandemic in 2020. According to the National Civil Aviation Agency (ANAC), in 2021, domestic passenger traffic accounted for about 62.5 million, witnessing an increase of 20.4% compared to 2020. As a result of restrictions on Brazilian travelers, international passenger traffic is still growing at a slower pace in the country.

LATAM Brasil, GOL Airlines, and Azul Airlines are the major airlines in the country in terms of passenger traffic during 2020-2021. The airlines still reported 70-80% of pre-pandemic level operations in the fourth quarter of 2020, despite the severe impact of COVID-19. As the market is recovering, airlines are reintroducing domestic and international routes.

LATAM Brasil is the flag carrier of Brazil, which operates a fleet of 129 aircraft including a narrow-body fleet of the A320 family of aircraft and wide-body aircraft of Boeing 767, Boeing 777, and Boeing 787 aircraft. The airline also has 6 aircraft on order.

In April 2021, LATAM Airlines awarded a contract to LSG Sky Chefs for its domestic business in Brazil. The agreement will allow the catering company to provide services to carriers at Sao Paulo (GRU) and Fortaleza (FOR) for additional three years and expand the partnership of airlines in Sao Paulo (CGH) and Rio de Janeiro (GIG and SDU). Under the agreement, LSG catered to an average of 140 flights per day for the airline in 2021 and additional slots planned for 2022.

GOL Airlines is a low-cost airline in Brazil that has a narrow-body aircraft fleet of 138 Boeing 737 family aircraft, with an order for 101 units. The business aviation industry in the country has steadily grown over the past few years. Business jet operations witnessed growth in 2021. This strong demand for business aviation for business and leisure travel is expected to propel the growth of inflight catering in the country.

Latin America Inflight Services Industry Overview

GCG Catering, Gate Gourmet, LSG Sky Chefs, Air Culinaire Worldwide LLC, and Newrest Group are some of the prominent players in the market. Latin American consumers show a preference for sustainable packaging and healthy food products, which the caterers, as well as carriers, take care of while planning value addition and service differentiation. Catering providers can also keep in mind the preferences of economy class passengers while designing the menus, as economy class flights are increasingly becoming the most preferred among the people in the region. Catering providers in the region are incorporating concepts, like a restaurant in the sky, onboard chefs, and collaborations with star chefs, to enhance the inflight dining experience of passengers. This is also expected to open opportunities for reputed restaurants to penetrate the inflight catering market, increasing

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competition.

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