



## **Business Aviation Gains Travelers While Premium Airline Ridership Languishes**

**San Francisco – June 10, 2008** – An extensive analysis by the Stanford Transportation Group, a leading U.S.-based aviation consultancy, has revealed that the number of best-paying passengers of U.S. airlines has stagnated at low levels while the number of travelers using business aircraft is reaching new highs. The results indicate that travelers on business aircraft now generate a record 41% the number of passenger trips as those made by airline first-class, business-class and full-fare coach passengers combined.

(See Figure on following page.)

Stanford Transportation Group (STG) has completed its biennial review of premium passenger activity in the U.S. domestic airline and business aviation markets. STG analyzed the number of one-way U.S. domestic passenger-trips by fare category and developed estimates of ridership on business aircraft—jets and turboprops. “Premium” airline traffic is defined as those passengers traveling on first class, discounted first class, business class, discounted business class and full-fare coach tickets as reported by the U.S. Department of Transportation’s 10% ticket sample. These are passengers who pay a premium for added comfort, privacy or the need to depart without advanced planning.

“As a group, the number of premium trips has fallen from 20% of overall airline travel prior to 9/11, to less than 10% of airline travel,” said STG Managing Director Gerald Bernstein. Business aircraft travel is estimated from analysis of FAA and NBAA data, commercial data sources and utilization surveys; it is all considered “Premium.”

“Premium airline travel has remained static and at a low level for several years,” said Bernstein. “Despite the rise in total airline passenger trips through 2007, the number of premium trips has stalled at 41 million. Airline reports for early 2008 indicate reductions are likely this year.”

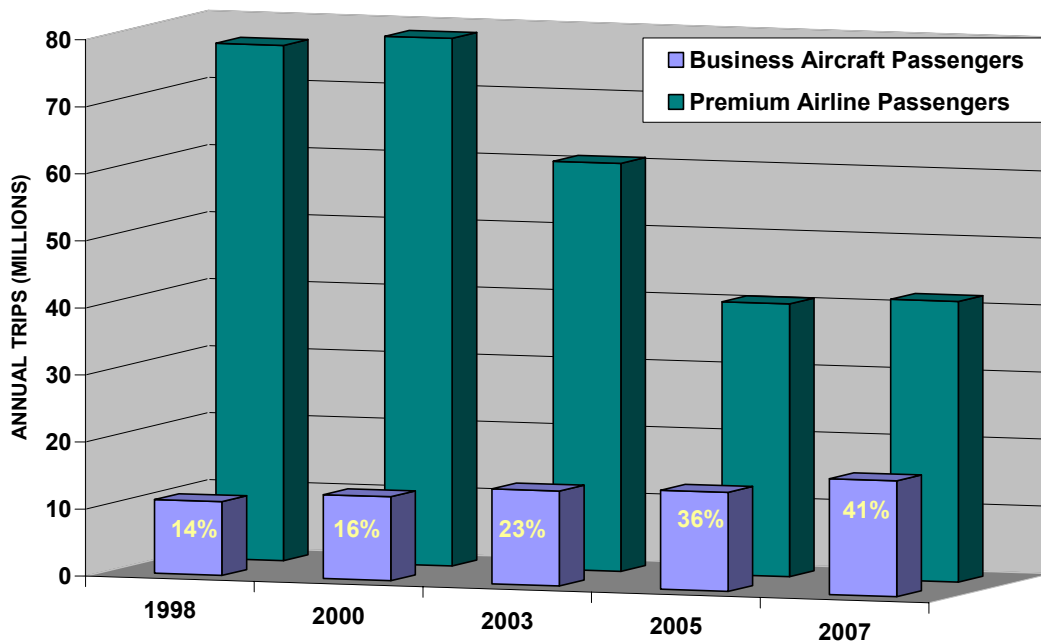
“Conversely, growing business aviation acceptance, fleet growth, the expansion of fractional programs, pre-paid flight card programs, and the development of new business models enabling lower trip costs have driven a steady expansion in the number of travelers using business jets and turboprops,” he said. “There are approximately 16 million one-way trips taken annually on business jets and turboprops. In 2007, the number of trips using these aircraft was 41% the number of trips made by Premium airline passengers. This is clearly a vastly different competitive landscape than existed even eight years ago when business aviation travel account for only 16% the number of Premium airline trips.”

“This can’t be a desirable trend for the airlines,” Bernstein continued, “it’s tough for most of the carriers to make a decent profit with over 90% of passengers flying on discount fares. This erosion of Premium travel diminishes the one group where the airlines are able to make a profit,” he added.

Stanford Transportation Group ([www.stgsf.com](http://www.stgsf.com)) was founded in 1995 to specialize in market and business strategies for regional, business and general aviation aircraft manufacturers and users. Its headquarters are in San Francisco, California. Other offices are in Washington DC and Tokyo. STG has worked closely with clients on three continents, including major airframe manufacturers, engine manufacturers, airlines, investors and financial institutions. STG’s mission is to provide clients with industry-focused counsel to affect optimal decision-making in the complex and highly competitive aviation marketplace.

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### **RISING SHARE OF BUSINESS AVIATION AMONG PREMIUM TRAVELERS** **(percentages indicate business aviation trips as share of airline trips)**



Source: STG analysis