

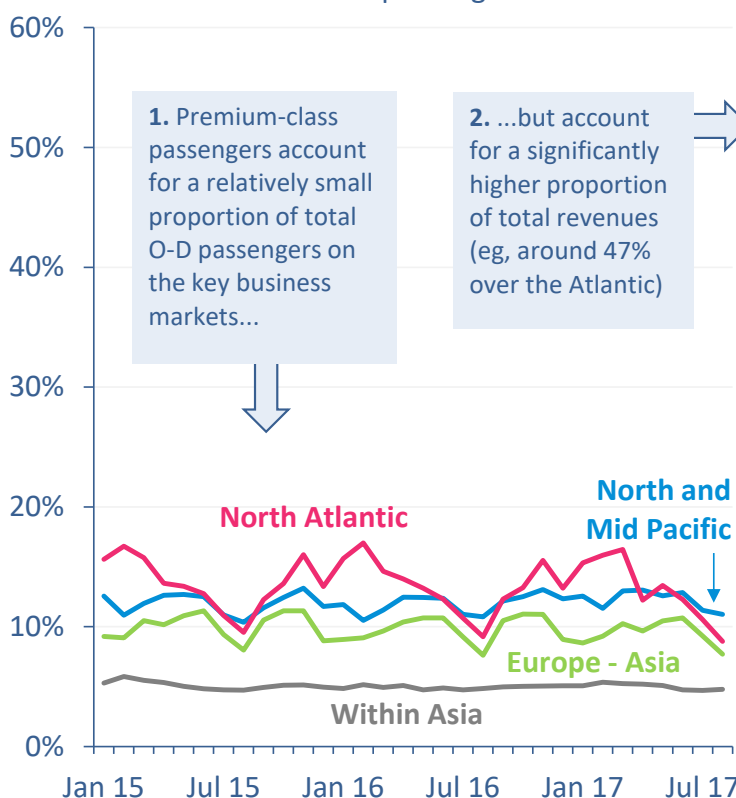


# IATA ECONOMICS' CHART OF THE WEEK

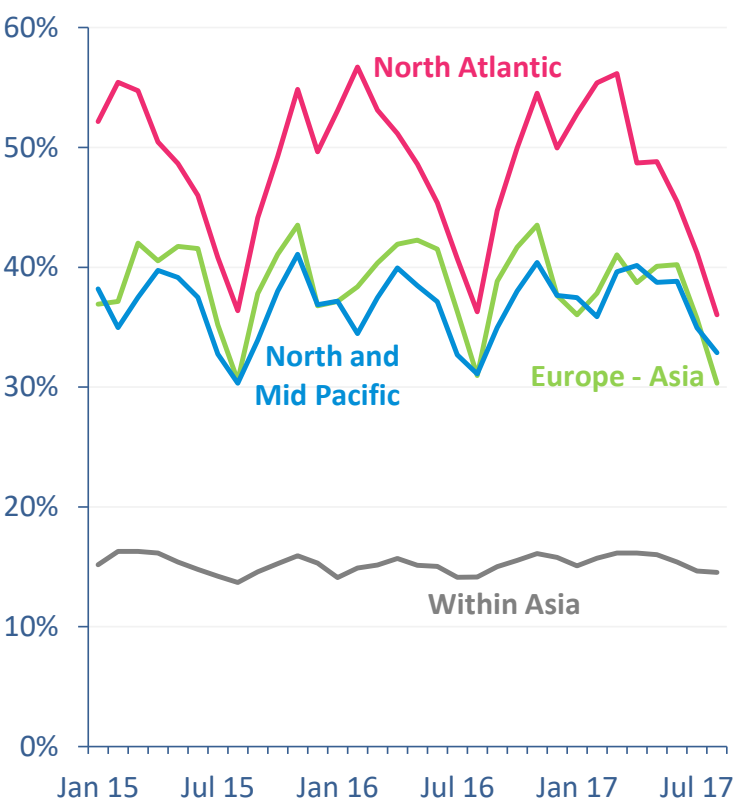
10 NOVEMBER 2017

## WHERE DOES PREMIUM-CLASS DEMAND MATTER THE MOST?

Premium class share of total passengers...



...and revenues



Sources: IATA, DIIO

- As noted in our latest [Airlines Financial Monitor](#), at the industry-wide level premium-class travelers (ie, combined first and business class) accounted for a modest 5.2% of total international O-D passengers but, at 25.5%, accounted for a much higher share of airline revenues in the first eight months of 2017. Perhaps unsurprisingly, these numbers mask a wide range in outcomes at a route level. This week's chart highlights the differing importance of premium-class demand over time on four key markets, which together account for more than 60% of all international premium revenues.
- As shown in the left-hand panel, the premium cabin's share of total passengers ranges from around 5% on international routes within Asia to nearly 13% across the North Atlantic. However, with premium-class passengers paying on average three to six times more than their economy counterparts, it is easy to see how the cabin's share of revenues is much higher. As the right-hand panel shows, premium travel accounts for close to 15% of total revenues within Asia, around 37% between Europe and Asia and across the Pacific, and almost 47% across the North Atlantic.
- Also evident in today's chart is the seasonal variation – or relative lack thereof for the Within Asia market – in the premium share of both passengers and revenue. It is important to understand that this variation can be impacted by variation in the economy cabin. For example, the apparently high seasonality in the North Atlantic market is exaggerated by the much larger seasonal swings in economy (than premium) demand.
- All that said, it is clear that premium traffic remains an important market for many airlines. Granted, its role and relative importance may vary from route to route and over time. But even with the trend to commoditizing air travel, the premium cabin looks set to remain a key contributor to airline financial performance for some time to come.

Terms and Conditions for the use of this IATA Economics Report and its contents can be found here: [www.iata.org/economics-terms](http://www.iata.org/economics-terms)  
By using this IATA Economics Report and its contents in any manner, you agree that the IATA Economics Report Terms and Conditions apply to you and agree to abide by them. If you do not accept these Terms and Conditions, do not use this report.

IATA Economics  
[economics@iata.org](mailto:economics@iata.org)