

# AIRLINES: PREMIUM TOURIST SEATS BRING GREATER PROFIT THAN BUSINESS SEATS



After the coronavirus crisis in the air transport sector, airlines are on the path to recover. Before the pandemic, companies were betting on inclusion - especially in the long flights - of a new middle class: the premium tourist (the name varies depending on the company). This offers more comfort and services than economy class at a lower additional cost than business class.

The benefits of premium tourist seats are attracting more and more passengers and they have become the most profitable seats for airlines to sell. **A safe bet that is gaining more space, even to the point of reducing the prestigious business class.**

The front of the aircraft is still the keystone, and the part of the plane airlines make most of their profits per flight. The pandemic punished tourism and almost wiped-out business travel, which traditionally took up most of the business class seats. However, with this move the airlines have managed to make the profitability of the space even greater than when the plane was divided only into tourist and business classes, and many leisure trips are made for a somewhat higher value. Being able to fly several hours more comfortably and being away from the crowded areas of the plane is a great incentive.

The change began mainly in North America, although European companies have been doing this for more than a decade. One of the first to include the model of premium tourist seats in Europe was Air France in 2009. It now offers between 6% and 11% of seats of this type in its fleet. "Most of our premium economy customers are over 45 years old and fly frequently. They travel for pleasure and indulge themselves with more comfort," company spokespeople explain.

In the case of Iberia, it included these seats in January 2017 and the results exceeded the expected figures until the pandemic arrived. It resulted so well that the new aircrafts ordered by the company were designed to include this cabin. In addition, in the planes that were already in use, more space was made available for these seats by reducing space from the business class.

"In the retrofit of the Airbus A330 we removed seven business seats to implement the new premium economy seats," say sources from the airline, which belongs to the IAG group. Travelers in this class have priority access, wider seats, more recline and a larger menu. This, of course, comes at an additional cost. On average, the price of a premium tourist ticket can cost between 250 and 500 euros more than a tourist class seat, but it costs between 1,000 and 1,500 euros less than the business class.

At Deutsche Lufthansa AG, for example, this class generates 33% more revenue per square meter than economy class and 6% more than business class. It is also 40% more profitable than business class because it is much cheaper to install. In fact, the German airline is already studying the possibility of eliminating more business seats to make this new class grow.

One of the fears of the airlines was that passengers from business class would gravitate to this new class. That is to say, that the number of passengers in the most expensive part of the plane would be reduced and the revenue per flight would decrease. But the reality has been quite the opposite: most passengers come from tourist class.

This phenomenon is explained by the fact that many passengers who fly for tourism prefer to pay a little more in exchange for more comfort. Although business travel is also important in this class and detracts its recovery for the moment. The trend is here to stay and has the prospect of improving: according to Counterpoint Market Intelligence, the pace of growth will accelerate as more airlines incorporate these seats in long flights.

The penetration of this new class is unstoppable. **It has already reached low-cost airlines, at least those who offer long flights.**

During the hardest part of the covid pandemic, with multiple travel restrictions and business and tourism travels almost nonexistent, the business as a whole has suffered and no seat class has been saved from that disaster. Now, during the recovery, those lagging behind a little more are the pricey airlines, as they miss business travel. It's because much of the corporate market is still not recovering to the levels that other types of travel have. And corporate is an important component of the premium tourist and business classes.

Date: 2021-10-25

Article link:

<https://www.tourism-review.com/premium-tourist-seats-earn-more-to-the-airlines-than-expected-news12241>