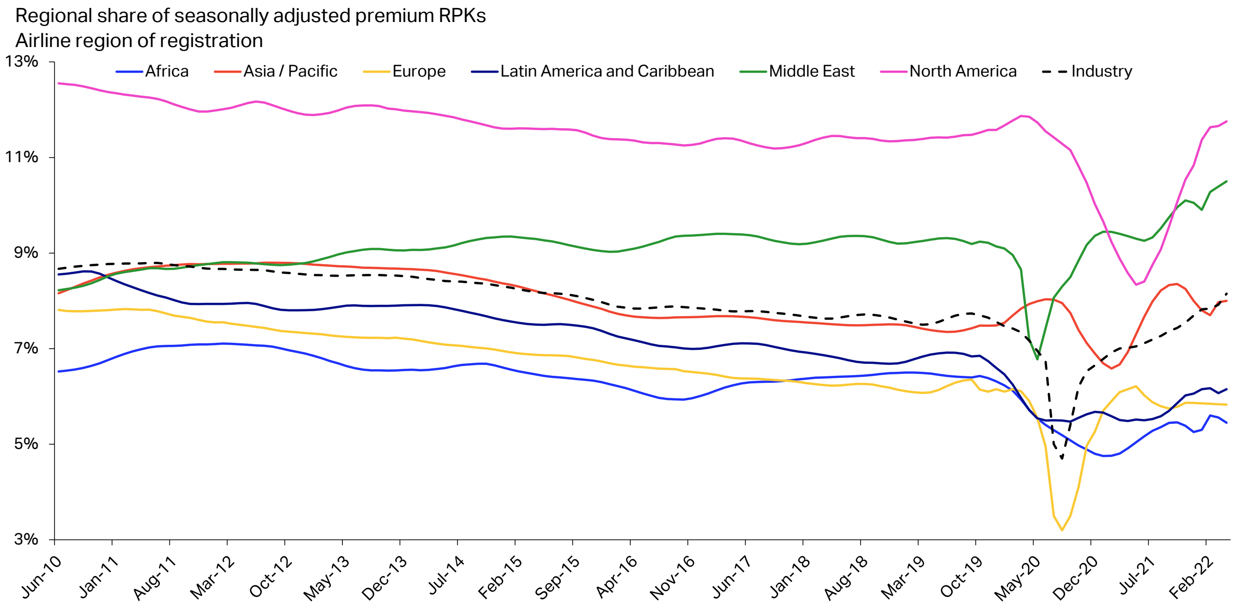
IATA Economics' Chart of the Week

15 July 2022

Premium passenger shares back on pre-pandemic trends



Source: IATA Economics, IATA Monthly Statistics

- For most airline business models, premium cabin classes, which comprise first and business class, contribute to a large part of the air passenger revenue, though with some regional variations. In the decade prior to the pandemic, the share of premium RPKs on regional total RPKs declined steadily in most regions, whereas in the Middle East this share has been increasing since 2010.
- However, a common seasonal pattern is clear regardless of the region of registration. During the peak summer season, premium RPKs tend to represent a smaller proportion of global traffic with an increased flux of economy travelers and slower business activity. On the other hand, premium travel tends to peak a few weeks before the end of the year and through the winter.
- Amid the business disruption caused by uncoordinated travel restrictions across regions and countries led to diverse and sometimes opposite effects on premium travel. While in some parts of the world, the share of premium RPKs dropped significantly from April 2020, others saw it increasing substantially before falling, reflecting the different travel policies on both premium and economy cabin classes.
- Although global air passenger traffic has not yet fully recovered to the 2019 level, our analysis shows signs that the pre-pandemic trend resumed for most regions and that the premium cabin classes remain important for airlines around the globe. At the industry level, the latest data suggest an overall increase in premium RPK shares and shifting trend, from downwards to upwards.
- Even if the European share of premium passengers is low compared to other regions, European carriers lead the industry carrying 34% of industry-wide premium RPKs in 2010, followed by carriers of the Asia Pacific with 26%. Latin American and African carriers had the lowest share of premium travelers over the considered period. This balanced shifted considerably during the pandemic and with Asia Pacific, notably China PR, still gradually reopening, European and North American carriers have now joined those in the Middle East as the leading premium class regions.

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