



Airlines for America[®]

We Connect the World

Industry Review: Allocating Capital to Benefit Customers, Employees and Investors

Updated May 25, 2023

<http://airlines.org/dataset/a4a-presentation-industry-review-and-outlook/>

The “Golden Age” Myth

“Through the 1930s and into the 1940s, almost everyone flew first class. Airlines did encourage more people to fly in the 1950s and 1960s by introducing coach or tourist fares, but **the savings were relative**: less expensive than first class, but **still pricey**. In 1955, for example, so-called ‘bargain fares’ from New York to Paris were the equivalent of just over \$3,200 in 2023 dollars. Although the advent of jets did result in lower fares, the cost was still out of reach of most Americans... The demographics of travelers did begin to shift during [the 1960s]. More women, more young people, and retirees began to fly; **still, airline travel remained financially out-of-reach for most**. If it was a golden age, **it only was for the very few.**”

Janet Bednarek, University of Dayton. “Longing for the ‘golden age’ of air travel? Be careful what you wish for,” CNN Travel (Feb. 28, 2023)

Source: <https://www.cnn.com/travel/article/golden-age-of-air-travel-downsides/index.html>

Contents

» Core

- » Trends in Traffic, Fares, Operations and Financial Performance
- » Initiatives to Improve Profitability
- » Affordability, Competition and Access to Air Travel
- » Reinvestment in People and Product
- » Customer Satisfaction

» APPENDIX

Economists Are Still Right About Airline Deregulation!

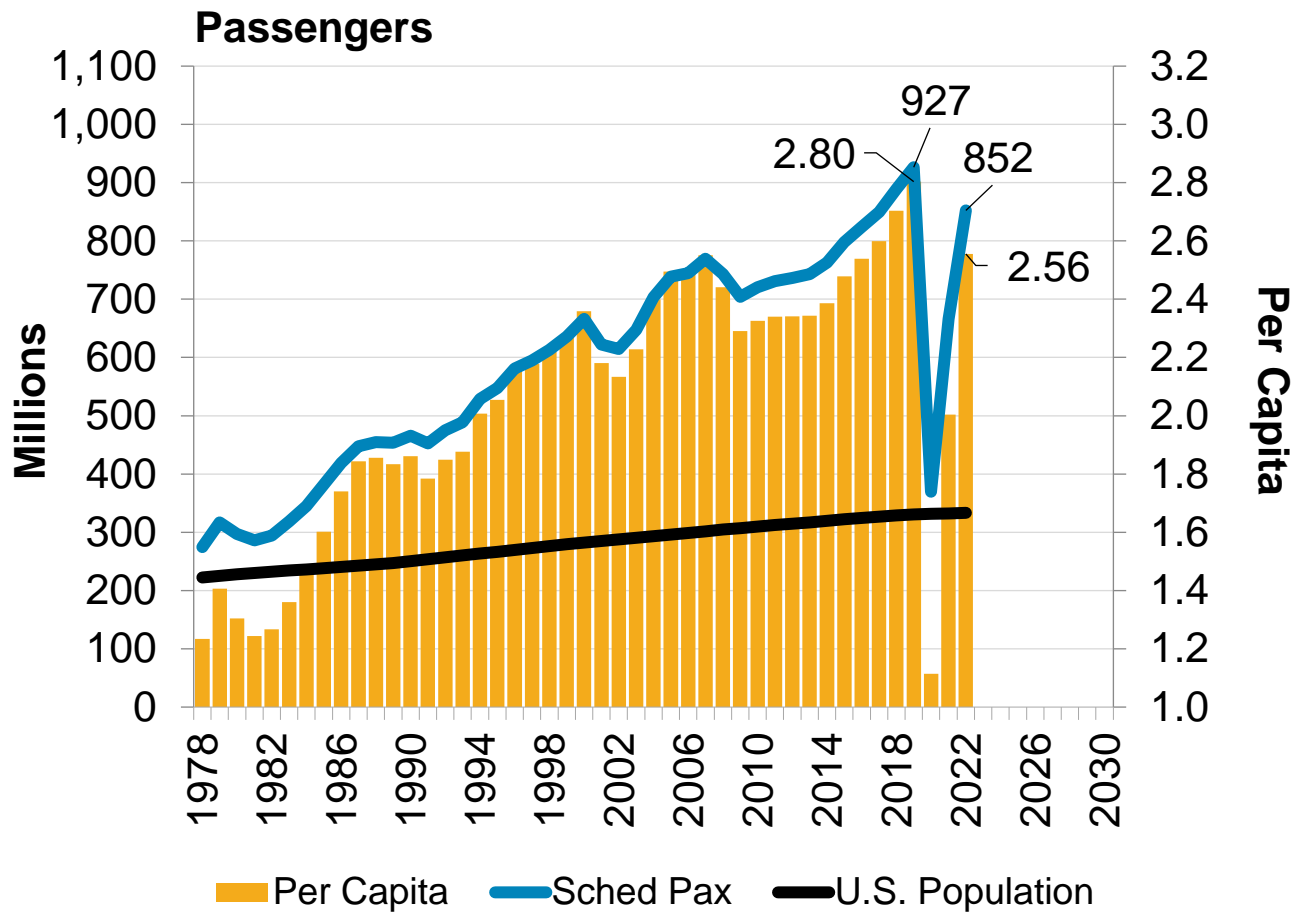
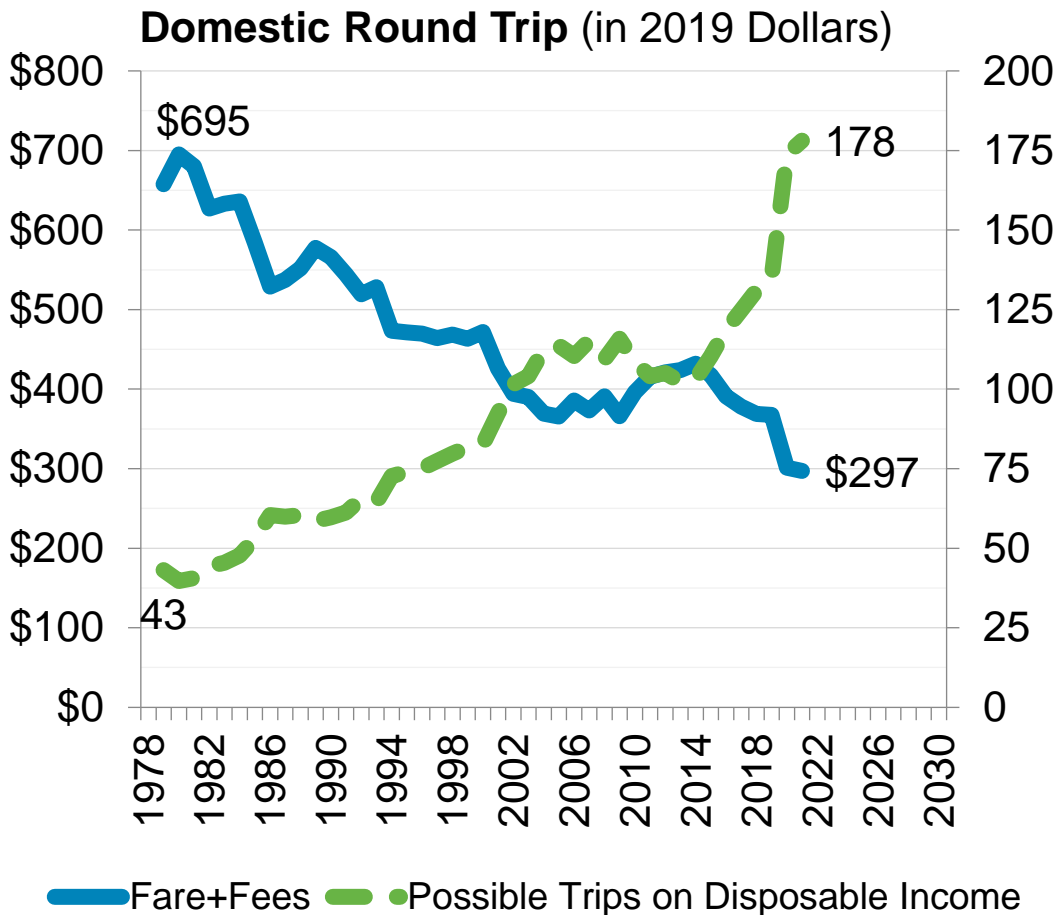
By Clifford Winston

“The airline industry has periods of fat profits, but **those profits are notoriously fickle**. And if they’re expected to stay in business in down times, airlines can’t be expected to sacrifice revenue generated when demand is high without trying to make it up elsewhere.”

Source: “Economists Are Still Right About Airline Deregulation!” Milken Institute (January 18, 2023)

As Real Airfares Plunged Since Deregulation, Growth in Flyers Sharply Exceeded Population

Ancillary Services Included, 2021 Domestic Air Travel Was ~55% Cheaper Than in 1979



Source: Bureau of Economic Analysis, Bureau of Labor Statistics and Bureau of Transportation Statistics (Data Bank 1B) via Airline Data Inc. and T1 scheduled service for U.S. airlines)