Boeing 737 Helps Low-Fare Carriers Show 2nd Quarter Profits

While second-quarter earnings reports generally showed a decline in profitability for airlines around the world, most low-fare carriers managed to report profits and an increase in passengers. Many of the most profitable carriers worldwide appear to have a significant factor in common: the Boeing 737.

"Look at the airplanes low-fare carriers prefer to operate and you'll predominately see the 737 in service," said Carolyn Corvi, vice president and general manager of the Boeing 737 program. "The leading low-fare carrier in the United States flies 737s exclusively, and nine out of 10 airplanes operated by no-frills operators in Europe are 737s."

The low-fare business model is also being replicated outside of the United States and Europe -- in countries such as Canada, Australia and Brazil -- with great success.

A lean business strategy is required to remain successful in today's business environment, with its high fuel costs and decreasing business travel. Low-fare carriers that fly 737s are employing a business model that capitalizes on some of the model's major strengths - maximum airplane utilization, product commonality, reduced maintenance costs, smaller airfields, reliability, short turn-times and point-to-point travel.

"The new 737 models (the -600, -700, -800 and -900) build on the strengths that made the classic 737 models the most successful commercial jetliners," Corvi said. "Boeing incorporated improvements designed for the 21st century on the new 737s. They have the lowest operating costs of any airplanes in their class and also boast a superior reliability and maintainability rate."

Not only are low-fare carriers turning a profit, but they are demonstrating phenomenal growth. In Europe, low-fare carriers have realized a 30 percent increase in passengers, as well as equally impressive revenue and earnings. The leading U.S. low-fare carrier is scheduled to take delivery of more than 50 737s over the next two years, further evidence of continued growth.

To further improve its performance and economic track record, the new 737 models are demonstrating a 15 percent reduction in maintenance costs over earlier 737s, which had set the standard for low maintenance costs.

"Our philosophy is to deliver added value to our customers and, as you can see from the numbers, the 737 is doing just that. It's the perfect airplane for the low-fare, no-frills market," Corvi said.

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