



Premium Travel: The Upper Middle Class Seat Priced for the Upper Middle Class

IdeaWorksCompany explains the economics of long haul Premium Economy and why premium services might represent 50% of airline seats in the future.

Dublin, Ireland & Shorewood, Wisconsin, 05 December 2023: “Premium” has become a post-pandemic buzzword for airlines, and for the travel industry overall. The word is liberally applied to a wide array of travel products, such as first and business class, airport lounges, luxury hotels, big SUV rental cars, and of course, premium economy. Post-pandemic, we have seen a significant reduction in work-related travel and an increased urge by travel consumers to spend more on personal comfort and convenience. It’s these factors that have boosted demand for premium economy.

Long Haul Premium: Upper Middle Class – for the Upper Middle Class was issued today as a 14-page report. It includes the results of a review of 20 leading global network carriers regarding their long haul premium economy cabins. The report describes the trends which support the potential for premium economy to someday deliver more profits than business class:

- **Loss of work-related traffic of around 25% since the pandemic.** Airlines across the world are eager to find an attractive replacement for this missing revenue.
- **The upper middle income market represents 32% of US households.** This high spending group of nearly 42 million households has income in excess of \$7.6 trillion.
- **Major US airlines are growing premium seat capacity by 25% to 75%.** Delta alone has added 15,000 seats to its daily schedule since the pandemic.
- **Premium Select can offer more potential than business class.** Analysis of Delta’s A330 aircraft revealed more revenue potential than business and economy.

Chief Commercial Officer of CarTrawler, Aileen McCormack, commented: “The way in which we travel has fundamentally changed since the pandemic, with segments like premium economy emerging as business travel dipped and consumers began seeking more comfort and space once long haul travel resumed. We’re experiencing similar trends in car rental, where in the US market alone, there has been a +30% increase in the rentals of premium and SUV vehicles since 2019. A key driver for the premium economy market is growing loyalty programmes, where consumers can tap into rewards to unlock more value and choice in their travel selections, whether it’s upgraded airline seats or more comfortable ground transport options, including car rental.”

The full report is available to view at <https://ideaworkscompany.com/reports/>

About CarTrawler: CarTrawler is the leading global B2B provider of car rental and mobility solutions to the travel industry. Recognised for its innovative technology solutions, CarTrawler is the partner of choice for the world's leading travel brands, enabling them to offer car rental, airport transfer and ride-hailing services to their customers. CarTrawler's purpose is to drive successful partnerships, by creating substantial ancillary revenue opportunities for the travel and airline industry.

Founded in 2004 in Dublin, Ireland, CarTrawler's proprietary technology platform connects customers to more car rental options than anyone else in the world. Their team of in-house experts designs, builds and powers tailored software solutions which are easily integrated into partners' websites and intuitive to use. Developed over 18 years, CarTrawler's innovative, bespoke and data-led solutions have proven conversion rates and measurable returns.

CarTrawler's global network connects more than 50,000 car rental locations worldwide, working with the biggest industry players including United Airlines, American Express Travel, easyJet, Uber, Hotels.com and Emirates. Find out more at cartrawler.com.

About IdeaWorksCompany: IdeaWorksCompany boosts airline profits through innovations in ancillary revenue, a la carte pricing, loyalty marketing, and airline retail. The firm was founded in 1996 and has an international client list of airlines and other travel industry firms in Asia, Europe, the Middle East, and the Americas. IdeaWorksCompany enjoys a reputation as a global resource for ancillary revenue strategy, on-site executive workshops, and research reports. Learn more at IdeaWorksCompany.com.

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