Airlines for America Projects Thanksgiving Travel Up as 25 Million Passengers Fly for Thanksgiving 2014

Higher Demand Reflects Fact that Airfare Remains Affordable; U.S. Airlines Continue to Improve Product, Service Through Reinvestment

WASHINGTON, Nov. 6, 2014 — Airlines for America (A4A), the industry trade organization for the leading U.S. airlines, today projected that 24.6 million passengers will travel globally on U.S. airlines during the 12-day Thanksgiving travel period, a slight increase over last year. To accommodate the increase, and as enabled by improved profitability, airlines are adding seats, paying down debt and increasing investments in the customer experience.

The Thanksgiving air travel period extends from Friday, Nov. 21 through Tuesday, Dec. 2. A4A expects the number of air travelers during this time to increase 1.5 percent from the 24.2 million estimated 2013 Thanksgiving air travelers, averaging an additional 31,000 passengers per day. Daily passenger volumes will range from 1.36 million to 2.61 million, with the busiest travel days in ranked order expected to be Sunday, Nov. 30; Monday, Dec. 1; and Wednesday, Nov. 26. The lightest travel days are Thursday, Nov. 27 and Friday, Nov. 28.

“An expanding U.S. economy, rising personal incomes, employment growth and lower energy prices are driving growth in demand,” A4A Vice President and Chief Economist John Heimlich. “There is no better time to fly than now, as airfare remains one of the best consumer bargains in America, given its superior speed and price versus other modes of travel.”

Financial Performance Improves, Benefiting Airline Customers, Employees, Investors and U.S. Economy

During the first nine months of 2014, the nine largest U.S. carriers (Alaska, Allegiant, American, Delta, Hawaiian, JetBlue, Southwest, Spirit and United) reported net earnings of $6.8 billion, resulting in a net profit margin of 5.7 percent – up from $4.5 billion in 2013. For every dollar of revenue collected, U.S. airlines are keeping 6 cents as profit. Airline margins remain well below the S&P 500 average of 9 percent but nonetheless have helped the carriers reduce debt an additional $2.4 billion thus far this year.

Operating revenues rose 5.5 percent, which helped offset the 3.1 percent increase in operating expenses, such as airport rents and landing fees, labor and aircraft ownership. Fuel accounted for 34 percent, the largest of all operating costs, as the price of jet fuel remains historically high.

“Improving finances are enabling airlines to add seats to the marketplace and reinvest in the customer experience – in the cabin, at the airport and online – at a rate exceeding $1 billion per month,” said Heimlich.

Capital expenditures for the first nine months of 2014 exceeded $10 billion, or more than $1 billion per month – the highest rate of reinvestment in 13 years. Benefits to travelers include new aircraft and routes, expanded schedules, updated airport gate areas and lounges, Wi-Fi options on more domestic and international flights and advancements in technologies for website and kiosk functionality.
Airlines Work Cooperatively with Airports to Improve Infrastructure and Believe Airports Have Access to Ample Resources to Fund Capital Needs

U.S. airlines actively support necessary airport improvement projects and note that airport funding projects that are based on need are being met with existing resources across the country. As such, airlines vehemently oppose additional taxes on passengers through an unnecessary increase to the Passenger Facility Charge (PFC). Since 2008, the 29 largest U.S. airports alone have started or completed over $52 billion in capital projects, including new runways, new international passenger facilities and new or substantially renovated terminals.

A financially healthy airline industry translates to a healthy Airport and Airway Trust Fund, which enjoyed record-high revenues from commercial carriers in Fiscal Year 2014, totaling $13.3 billion. Unlike virtually all U.S. carriers, U.S. airports enjoy investment-grade credit, remain financially sound with more than $10 billion in unrestricted cash on hand and have sufficient access to the bond market to fund capital project needs.

“Raising the PFC cap will increase the overall cost of air travel for Americans, setback job growth, negatively impact travel and tourism through decreased demand and could limit air service to small and rural communities,” said Sharon Pinkerton, Senior Vice President, Legislative and Regulatory Policy. “There is no current or foreseeable crisis in airport funding – we urge Members of Congress and the Administration to stick to the winning formula in place and reject further tax hikes on air travel.”

The aviation industry and its customers already pay more than $19 billion in special taxes and fees annually. Air travel is taxed at a federal rate higher than alcohol and tobacco, products taxed to discourage their use. Every $1 increase in the PFC would cost passengers an additional $700 million annually, so increasing the PFC to $8 or higher would cost in excess of $2.5 billion.

ABOUT A4A

Annually, commercial aviation helps drive nearly $1.5 trillion in U.S. economic activity and more than 11 million U.S. jobs. Airlines for America (A4A) vigorously advocates on behalf of the American airline industry as a model of safety, customer service and environmental responsibility and as the indispensable network that drives our nation’s economy and global competitiveness. Our member carriers and their affiliates transport more than 90 percent of all U.S. airline passenger and cargo traffic.

America needs a cohesive National Airline Policy that will support the integral role the nation’s airlines play in connecting people and goods globally, spur the nation’s economic growth and create more high-paying jobs. A4A works collaboratively with the airlines, labor groups, Congress and the Administration to improve air travel for everyone.

For more information about the airline industry, visit our website airlines.org and our blog, A Better Flight Plan, at airlines.org/blog.
Follow us on Twitter: @airlinesdotorg.
Like us on Facebook: Facebook.com/AirlinesforAmerica.

To learn how you can support a National Airline Policy, a better flight plan for everyone, visit www.nationalairlinepolicy.com.
Follow us on Twitter: @Natl_Air_Policy.
Like us on Facebook: facebook.com/nationalairlinepolicy.

# # #
MEDIA CONTACTS:
Vaughn Jennings
Managing Director, Government and Regulatory Communications
vjennings@airlines.org
202-626-4209

Victoria Day
Managing Director, Corporate and Member Communications
vday@airlines.org
202-626-4141

Jean Medina
Senior Vice President, Communications
jmedina@airlines.org