



Airbus Dresses Plane as Shark to Take Bite Out of Boeing Market

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By Andrea Rothman and Susanna Ray

June 4 (Bloomberg) -- **Airbus SAS** is emulating a marine predator to take a bite out of Boeing Co.'s home market.

The world's largest planemaker will fit so-called sharklets to the wings of the A321 single-aisle jet to enhance its range. The eight-foot-high extensions are available from 2012 for 900,000 euros (\$1.1 million) and promise to add 100 nautical miles to the jet's reach or increase payload by 1,100 pounds.

The **A321**, the largest of Airbus's four narrowbody models, has been handicapped by a shorter range than Boeing's 757, the plane of choice for U.S. carriers on cross-country routes and to Hawaii. Boeing quit building the 757 in 2004 after a 23-year production run, creating an open flank to its larger rival as airlines consider replacements for the aging model.

"I saw a market that was tantalizingly close, but we weren't quite there yet," said Airbus Chief Operating Officer **John Leahy**. "Now with the sharklets, we've crossed the line."

Leahy said the Toulouse, France-based manufacturer can guarantee Boston to Los Angeles with maximum passengers under any weather conditions with the modified wing, as well as flights from Maui in Hawaii to San Francisco with a full load. Operators of the A321 previously had to take fewer passengers to lighten the load and extend the range on days with high winds.

Aging Models

Boeing delivered more than 1,000 757s, and more than 400 of the jet populate the fleets of **Delta Air Lines Inc.**, United Airlines, and American Airlines. Delta, the world's largest 757 operator, has 193 of the jet, with an average age of 17 years. United's fleet of 96 Boeing 757s averages 19 years in age, while American's fleet of 124 has an average age of 15.6 years.

"Once planes get past 15 years, you start to hit reliability issues and maintenance costs start to escalate, so they'll want to find something to replace these planes at some stage," said **Eddy Pieniazek**, a director at Ascend Worldwide Ltd., a London-based aviation forecaster and data provider.

About two thirds of all seats flying cross-country in the U.S. are now in Boeing planes, compared with a third in Airbus jets, according to Dunstable, U.K.-based OAG, which gathers statistics on the global aviation industry.

The sharklets are the product of several years of research. The A321 entered commercial service in 1994, and Airbus introduced the option of as many as two additional fuel tanks some years later to address shortcomings in range. Airbus began testing different kinds of winglets in 2006 to cut drag, the aerodynamic resistance to the motion of the plane through air.

For the Family

Airbus rejected two earlier experiments after deciding the extra weight would cancel efficiency gains. After settling on the latest design, Airbus chose Korean Air Aerospace, a division of Korean Air Lines Co., as supplier of the sharklets.

The extensions will be available for the entire A320 family at final assembly lines in Toulouse and Tianjin, China, for the A320s, and at Hamburg for the A319s and A321s. The sharklets, combined with two extra fuel tanks, will let future A321s carry 185 passengers in typical two-class seating, covering a range of 3,200 nautical miles, Ascend's Pieniazek said.

With Airbus encroaching on Boeing's home market, the Chicago-based manufacturer is fighting back. The company has beefed up its single-aisle 737-900 model with an extended-range version that can carry 180 passengers in two classes with range of 3,265 miles, Pieniazek estimates.

Too Optimistic?

Boeing's 737-900ER is "virtually the same size, travels farther, faster, for less fuel, for less money and more reliably" than the A321, even with the coming improvements, said Boeing spokesman **Jim Proulx**. Airbus "still needs to play catch-up in range and efficiency" to a Boeing offer that has already been in service for three years, he said.

Airbus may also be too optimistic with its prediction of gaining market share with the sharklets, and U.S. airlines may not replace all 757s with sharkleted A321s, said **Adam Pilarski**, senior vice president at aviation advisory firm Avitas in Reston, Virginia.

"It's not unreasonable to think that they should order some in the next five years," Pilarski said. "There's a need, before we come up with totally new stuff, for the semi-big narrowbody planes."

UAL Corp.'s United Airlines, which agreed to merge with Continental Airlines Inc. in May, will decide this year on ordering new narrowbody jets, and will consider all options, said **Jean Medina**, a spokeswoman for the Chicago-based company.

Atlanta-based Delta, whose 757 models are mainly of an older variant, will "eventually" look at renewing its domestic aircraft fleet, though this step is unlikely to take place in the next three or four years, Delta President **Ed Bastian** said at a J.P. Morgan-sponsored conference in New York in March.

For the time being, the Airbus model appears to have the edge, said **Richard Aboulafia**, a vice president at aviation researcher Teal Group Corp.

"It's a bigger tube," said Aboulafia, referring to the wider fuselage of the A321. "That's good for passenger comfort. The A321 does look very well placed."

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