

Airbus leading Boeing in narrowbody jets — for now

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February 28, 2016 8:03 AM



In the battle for narrowbody airliner supremacy, Boeing is losing.

It's a bit surprising given that Boeing's best-selling, narrowbody airplane, the 737, has been in use by the world's airlines since 1968. Since that delivery to launch customer Lufthansa, Boeing has delivered nearly 9,000 of the airplanes.

The 737 is also a key piece of business for Wichita's largest private employer, Spirit AeroSystems, which builds 70 percent of the airplane: fuselage, wing leading edge, nacelles, pylons and thrust reversers.

But going into its fifth decade and several updates later, the airplane has lost ground to the 1980s-era narrowbodies offered by its European competitor, Airbus.

Airbus now has 60 percent of the narrowbody airliner market, based on current orders for Airbus' A320neo Family and Boeing's 737 Max.

It's that next-generation of narrowbody offerings by Airbus and Boeing that has caused what was previously a 50-50 split to favor Boeing's competitor, analysts said.

And while Boeing could regain some lost ground — and possibly resume the dominant hold it once had — it could take years, analysts said.

"This is not a game that's decided in one, three, five, 10 or 15 years," said Richard Aboulafia, vice president of analysis for the Teal Group. "This is a game you play for life."

Aboulafia thinks Boeing started to lose its position as king of narrowbodies beginning more than a decade ago, when it shelved its only other narrowbody airliner, the 757, in 2004. In total, Boeing sold 1,049 of the 757s in several configurations to 55 customers.

Between the 757 and 737, Boeing had a lock on that market that provided airlines with jets that could transport up to 250 passengers.

Boeing's narrowbody market hold began to erode with the end of the 757, and its share of that market with Airbus and its newer A320 Family — comprising the A318, A319, A320 and A321 — started to equalize to about a 50-50 split.

Then came Airbus' upgrade to the A320 Family, the neo: new engine option.

Announced in late 2010, the A320neo Family upgrades include a choice of two different, but more fuel-efficient engines, Sharklet wingtips and a cabin refresh, or upgrade.

The A320neo completed its maiden flight in September 2014, followed by the A321neo's first flight in February 2016. Flight of the first A319neo is pending.

Ray Jaworowski, senior aerospace analyst at Forecast International, thinks that Airbus gained the advantage over Boeing primarily because it was able to roll out some of its refreshed narrowbody jets quicker than its competitor.

"I think the order book is about 60-40, and a lot of that is the head start they (Airbus) had with the A320neo," Jaworowski said.

Boeing first announced its 737 Max — comprising the Max 7, Max 8, Max 200 and Max 9 — in 2011.

“Boeing really didn’t want to re-engine the 737,” Jaworowski said. “They had their eyes on an all-new narrowbody. (But) the market response was so strong to the neo that they (Boeing) felt they had to respond.”

He said neo’s choice of two different engines versus Boeing’s one with the Max may also give Airbus a slight competitive advantage.

To date, Airbus has accumulated 4,508 firm orders for its A320neo Family while Boeing has 3,072 for the Max.

757 replacement?

Aboulaflia thinks where Airbus has the biggest advantage right now is at the top end of the narrowbody market. Airbus is capitalizing on the A321neo’s larger passenger capacity, and airline customers may not yet be convinced by the Max 9 — which will be Boeing’s largest 737 — and its capabilities.

“There’s two possibilities,” Aboulaflia said. “One is people are just judging the Max 9 prematurely and when it enters service, it proves itself.

“If that’s not the case, the MOM (middle-of-market) jet is the only way out.”

The so-called MOM jet for Boeing has been a subject of speculation in the aviation analyst community for a couple of years now. It would basically be the successor to the 757, with the capability to carry up to 250 passengers and fly farther than Boeing’s and Airbus’ next-generation narrowbodies.

“There’s definitely a gap in that market where the old 757 used to fill,” Jarworowski said.

He said the A321neo does fulfill a part of the MOM market, but not all of it.

The question for Boeing becomes how much demand would there be for such a jetliner, and is it large enough to justify the expense of building a clean-sheet airplane, Jarworowski and Aboulaflia said.

“A MOM jet only works if a big chunk of the orders are a little bit higher up in the market, more like a 200- to 250-seats sort of solution,” Aboulaflia said.

“It can be a very expensive undertaking,” Jarworowski added.

A bigger 737 Max might be the answer, Jarworowski said, but he doesn't think Boeing would revive the 757 and put new, more fuel-efficient engines on it, "because that's really not enough to fill that product gap."

The addition of a MOM jet could return Boeing to its market-leading position in the narrowbody airliner market, analysts said.

But Boeing could also recapture lost market share in narrowbodies through the passage of time and how airlines and leasing companies come to regard Airbus' and Boeing's offerings as those next-generation aircraft are pressed into service.

The A320neo Family may lead orders now, Jarworowski said, "but I expect it to level off over time."

NARROWBODY DIFFERENCES

Analysts say Airbus has the advantage on Boeing in orders for their next generation of narrowbody jetliners partly because Airbus' biggest narrowbody can carry more passengers than Boeing's largest. Here's a breakdown of the two commercial aircraft manufacturers' newest narrowbodies and their passenger capacities.

Boeing model	Maximum passengers	Airbus model	Maximum passengers
737 Max 7	149	A319neo	160
737 Max 8	189	A320neo	189
737 Max 200	200	A321neo	240
737 Max 9	220		

Source: Airbus and Boeing

Source: <http://www.kansas.com/news/business/aviation/article62996607.html>