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What Do Planners Really Want from an Airport

Eric Tanner | Route Planning

January 2020



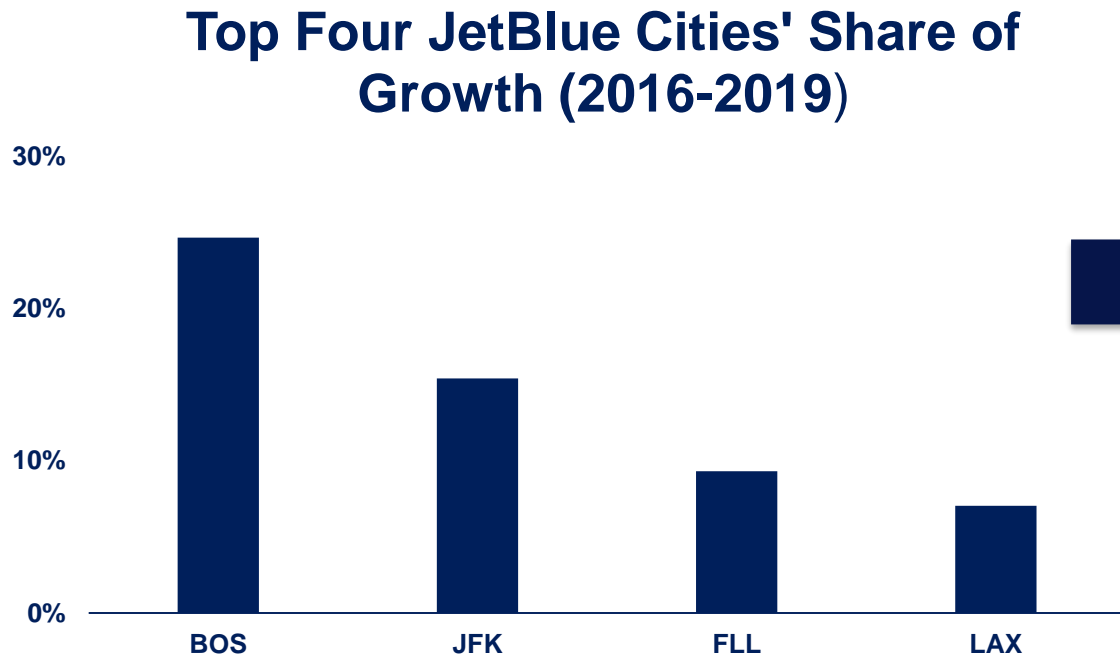
Agenda



- Know Your Airline
- Pitch an Unexpected, but Data-Focused Story
- Surpass Existing Opportunity Cost
- Use Incentives to Demonstrate Confidence

Know Your Airline: Target Their Growth Strategies

Understand where their growth is focused...



...and why it's happening

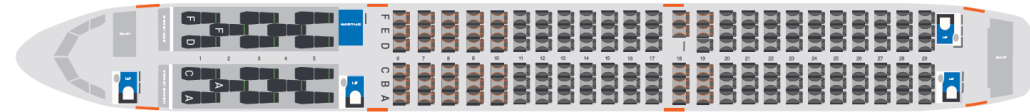
| City | Strategy |
|------|---|
| BOS | <ul style="list-style-type: none">Plan to reach 200 flights per dayImprove patterns of service |
| JFK | <ul style="list-style-type: none">Growth by up-gauging (A321s)Slot acquisitions when possible |
| FLL | <ul style="list-style-type: none">Plan to reach 140 flights per dayLeisure and VFR focused |
| LAX | <ul style="list-style-type: none">Mint (business class) expansionIncrease west coast presence |

Ensure any route proposal demonstrates the airport has done its due diligence and is relevant to the carrier's growth strategy

Know Your Airline: Understand their capabilities

A321 Mint

Fleet size: 35
Optimal range: Up to 2,800 mi



159 seats (16 Mint, 143 Core)

A321 Core (CEO and NEO)

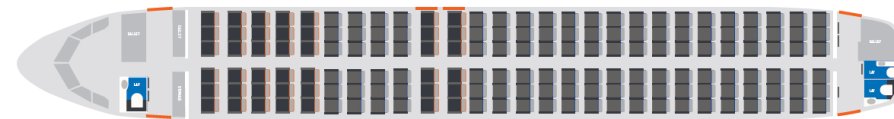
Fleet size: 30
Optimal range: Up to 2,500 (CEO) – 3,100 mi (NEO)



200 seats

A320 Restyle

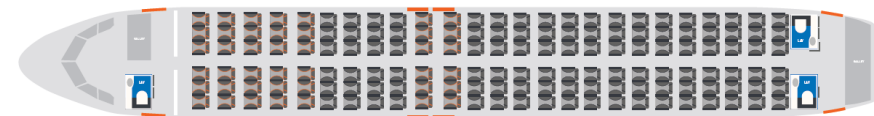
Fleet size: Increasing to 130
Optimal range: Up to 2,500 mi



162 seats

A320 Classic

Fleet size: Decreasing to 0
Optimal range: Up to 2,500 mi



150 seats

E190

Fleet size: 60
Optimal range: Up to 800 mi



100 seats

Know Your Airline: Understand their future

A220-300



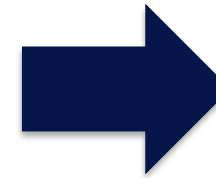
A321-XLR



Data: Pitch a Story that is Data-Focused, but Beyond what is Easily Accessible



Planners already know...



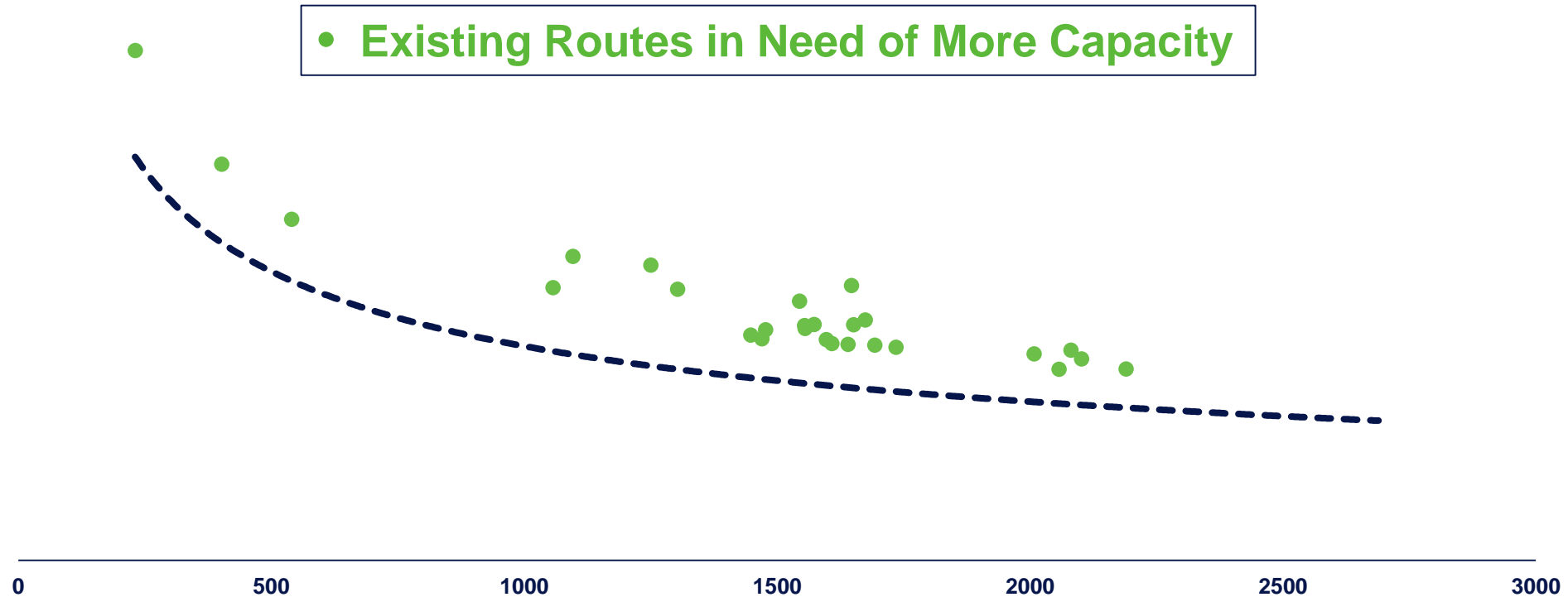
- Market Sizes
- Competition
- QSI
- Historical Growth

...and therefore can already forecast *to some extent*

Airports should anticipate pre-conceived notions of performance and be ready to convince Planners of what they might be missing from the forecast

Surpass Opportunity Cost: Low-Risk Opportunities Already Exist

JetBlue's RASM Curve



Airports need to persuade Planners that their routes will perform better than existing opportunities; or find mechanisms to ensure they do

Incentives: Exude Confidence by Putting Your Money Where Your Math Is

- A typical route pitched on an A320 costs: **>\$10M** Per Year

-
- **Airport cost incentives** are important but address less than 10% of total costs
 - Larger discounts do not always translate into compelling cost savings ($50\% \times 10\% = 5\%$)
 - **Marketing funds** are almost always a necessity
 - Should be managed by the airline
 - **Revenue Guarantees** necessary if alignment not reached on surpassing opportunity costs
 - Can be privately or publically funded

Airports, alongside other community stakeholders, should share in the short term risk given the lasting economic benefits of air service

Recap



- Know Your Airline
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Thank You