



# DAVID VERSUS TWO GOLIATHS: BOMBARDIER TAKES ON AIRBUS AND BOEING

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By Scott Hamilton

**Bombardier which was founded as a snow machine company and grew into a storied aviation firm, was beset by bad management, bad luck and events outside its control as it attempted to leap from a regional jet supplier to the world's airlines to a serious challenge to Airbus and Boeing BA +2.50% for the low end of mainline jet traffic. Bombardier nearly went bankrupt in the process.**

Embraer , Bombardier's rival in the regional jet sector, looked at doing the same and decided to stick to what it knew best: the E-Jet.

Bombardier's C Series family comes in two models: the 100-seat CS100 and the 135-seat CS300. It's the CS300 that directly challenges Airbus's A319 and Boeing's 737-700/7.

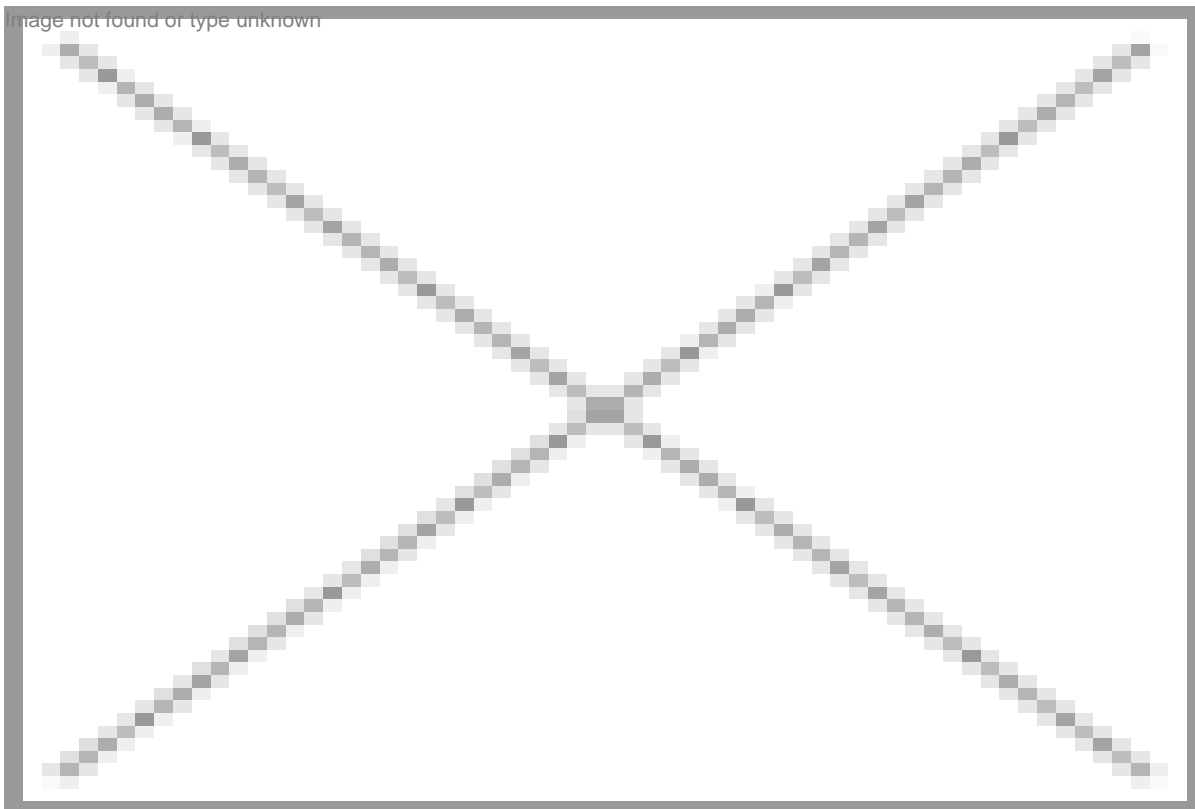
A Better Idea

There's no question BBD came up with a Better Idea. The CS300 has much better economics than

the A319neo and the 737-700, which are the legacy models of the Big Two. The CS300 even has better economics than the A319neo and the 737-7, the re-engined updates Airbus and Boeing created in response to the C Series. The “better” isn’t as good vs the legacy airplanes and the strong balance sheets and marketing skills of Airbus and Boeing can offset the somewhat worse economics.

But the C Series has a passenger experience that neither the A319 nor the 737 can match. This comes from the C Series being “today’s” design. The A319 is “yesterday’s” design. The 737 is “last year.” More specifically, the C Series was designed in the 2001-2010 decade. The A319 and its brethren were designed in the 1980s. The 737 was designed in the 1960s, but its fuselage (and therefore passenger experience) dates to the 1950’s Boeing 707.

### The big squeeze



I’m talking about the seating. The 737’s seat width was fine for the 1950s and even the 1960s. The seat width is 17.3 inches wide. The world’s population since then is bigger (mostly fatter), making these seats tough to get into—especially when a large person sits next to you. And really especially when you’re in the middle seat.

Airbus put an 18-inch wide seat in the A319/320/321 family. It doesn’t sound like much, but talk to most fliers and they will tell you the Airbus is more comfortable than the Boeing.

Bombardier takes it one step further. It has 18.5-inch window and aisle seats and a 19-inch middle seat. These are comfortable, even for me.

### Challenging Airbus and Boeing

The CS300 has won more orders in the 125-149 seat sector for which it was designed than Airbus and Boeing have won for the A319neo and 737-7, the contemporary competitors. (The CS300 doesn’t compete with the A320/321 and 737-8/9, where the overwhelming majority of the Airbus

and Boeing single-aisle orders reside.)

Boeing at long last recognized the threat. It's likely to announce at next month's Farnborough Air Show that it's adding 12 passengers to the 737-7 MAX design to be more competitive. Airbus long ago figured out how to add capacity to the A319neo by futzing with the cabin configuration. Both actions make the A319neo and 737-7 more competitive with the CS300.

Even with a better airplane, Airbus and Boeing don't have much to fear from Bombardier in the near-term, or even in the mid-term. By 2020, Airbus and Boeing could be producing 120 single-aisle airplanes a month. Bombardier's target is 10.

By the middle of the next decade, Bombardier may decide to produce the oft-talked about CS500, a direct competitor to the larger A320neo and 737-8. But by then, Airbus and Boeing will likely launch new programs to replace the A320 and 737.

The Big Two may very well then have the Better Idea to Bombardier's C Series.

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