

Airbus Jet Leaves Legacy of Flubs

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FULL TEXT

When Airbus SE launched the A380 superjumbo in 2000, it touted the two-deck plane as "the Eighth Wonder of the World." Instead, the world's largest passenger plane exposed dysfunction inside the European aerospace company and now offers a textbook case of a company misjudging its market and losing big.

Airbus has sunk at least \$17 billion into the project yet sold less than half of the 750 superjumbo jetliners it promised to deliver by the end of this year. On Thursday, the company said it would cease producing the 555-seat plane at the end of 2021.

By then, Airbus expects to have sold 251 A380s -- one more than its original break-even target, set before production delays added billions of dollars in costs. At its peak, A380 deliveries never reached 5% of annual Airbus deliveries -- less than half its target.

How did some of the world's best engineers get their numbers so wrong? Airbus misjudged market trends and underestimated emerging technologies. It compounded the error by justifying its decision with emotion and European pride, some former Airbus officials have said. Then its production system, organized for politics more than efficiency, failed.

Steven Udvar-Hazy, a pioneer of aircraft-leasing who was early both to order the A380 and terminate his planned purchase, said the plane was inspired largely by political ambition to outdo Boeing Co.'s 747 jumbo jet as the world's largest airliner.

"The technological achievement was formidable," he said, but the A380's "commercial viability was always dubious."

Airliners typically fly for a generation, but the first A380s are already parked after only about a decade and being sold for scrap. Boeing's jumbo jet could still be in production -- though barely -- when Airbus mothballs its A380 factories.

"We were probably at least 10 years too late," Airbus Chief Executive Tom Enders said in announcing the A380 cancellation.

With the A380, Airbus planners bet prevailing market conditions would persist. They assumed airlines would keep using big, increasingly congested hub airports to transfer passengers between connecting flights, and need to fly large, four-engine jetliners on very long routes. Both changed around the time A380s started flying.

Not long after Airbus began developing the A380, Boeing in 2003 embarked on its smaller, hyperefficient, twin-engine 787 Dreamliner. It quickly became a best seller. Only in 2006 did Airbus respond with a big two-engine model, the A350.

Together, the twins rewrote the economics of long-haul flying, hurting the A380.

The technology change coincided with shifts in airline boardrooms. Whipsawed by traffic-crushing crises and soaring fuel prices, airline executives in the 2000s focused increasingly on costs and investor returns.

Profit took precedence over market share. Big planes that could be tough to fill profitably fell from favor. No U.S. carrier bought the A380. The biggest European buyer, Deutsche Lufthansa AG, took only 14.

Credit: By Robert Wall and Daniel Michaels

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