

ACRP Report 18: A Guidebook for Air Service Development at Smaller Communities

InterVISTAS

strategic
transportation
& tourism
solutions



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Airports Cooperative Research Program

Overview of ACRP

Project Objectives

ACRP Report 18:
Passenger
Air Service Development
Techniques

ACRP Report 18

Passenger Air Service Development Techniques

Steven C. Martin
InterVISTAS-ga² Consulting, Inc.

In association with
Vesta Rae and Associates, LLC
Houston, TX
Robin Lee Monroe and Associates, LLC
Washington, DC
Wordsworth Communications
Wellsboro, PA

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Background

- Small communities experience difficulty attracting and retaining commercial air service – important to their local economies

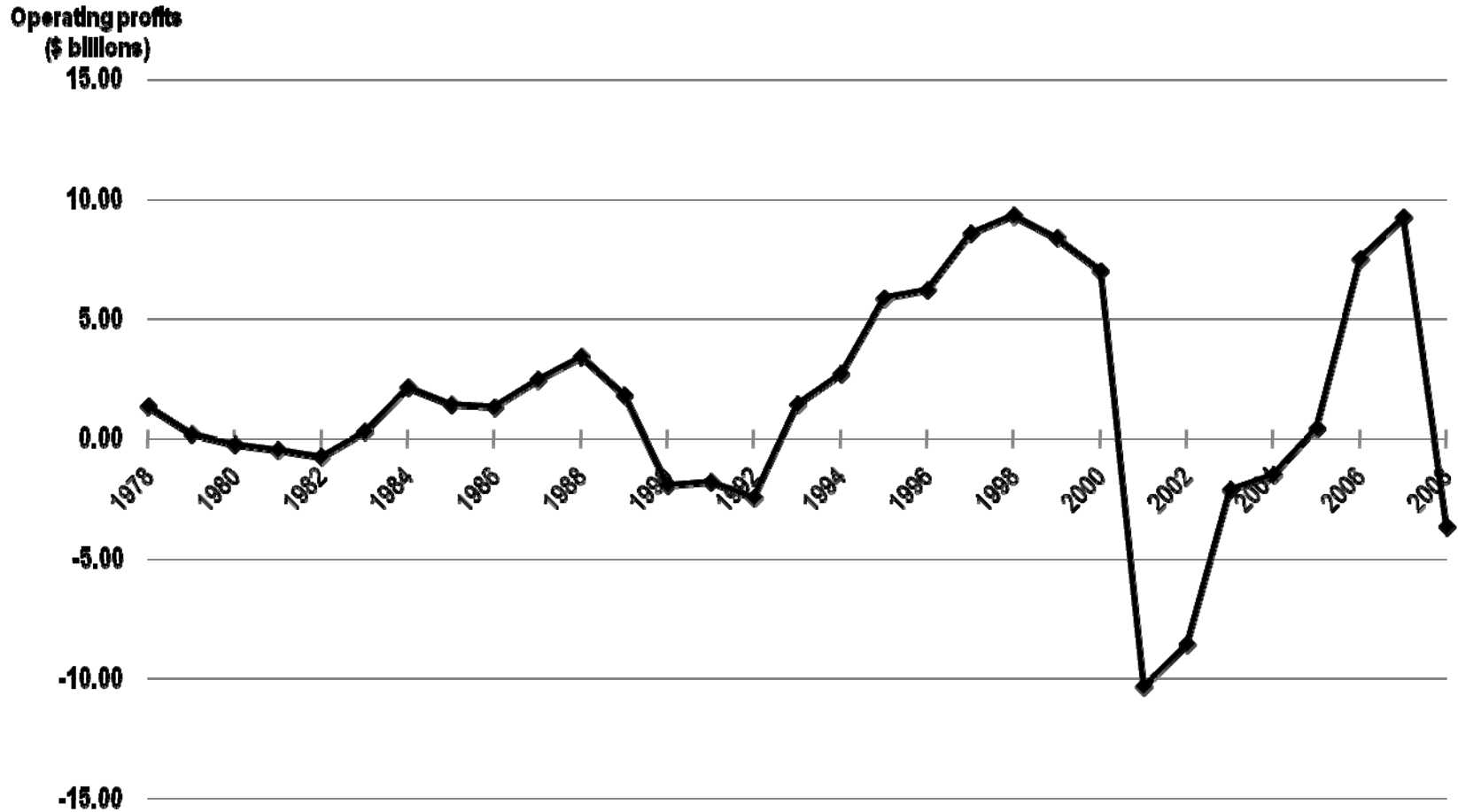
U.S. GAO: 38 communities lost all service 2007--2008

- Inherent challenges
 - Relatively little demand
 - Proximity to other communities
 - Alternative modes of transportation (highways)



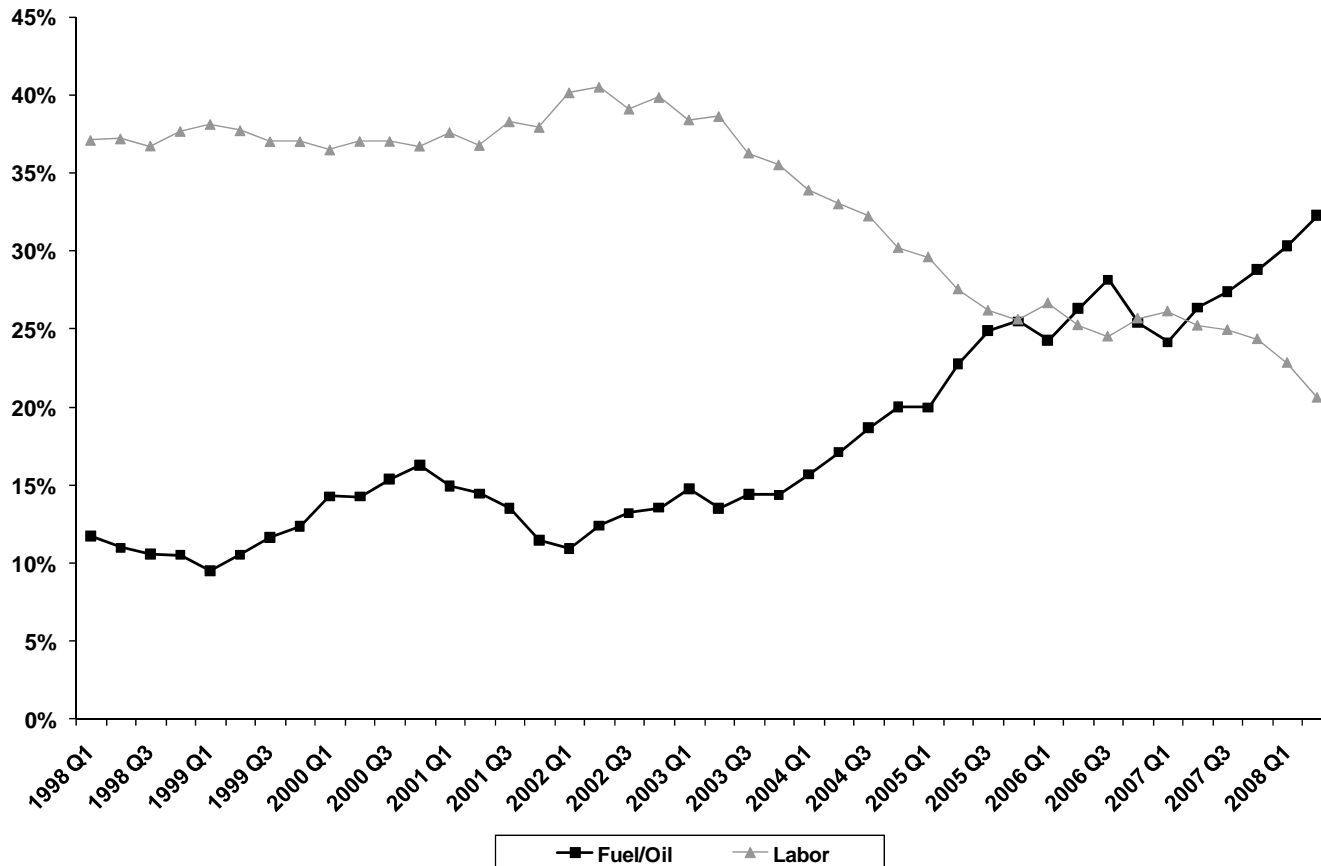


Airline “Profitability” Challenging to Serving Small Communities



Surge in Fuel Costs Drove Carrier Financial Condition

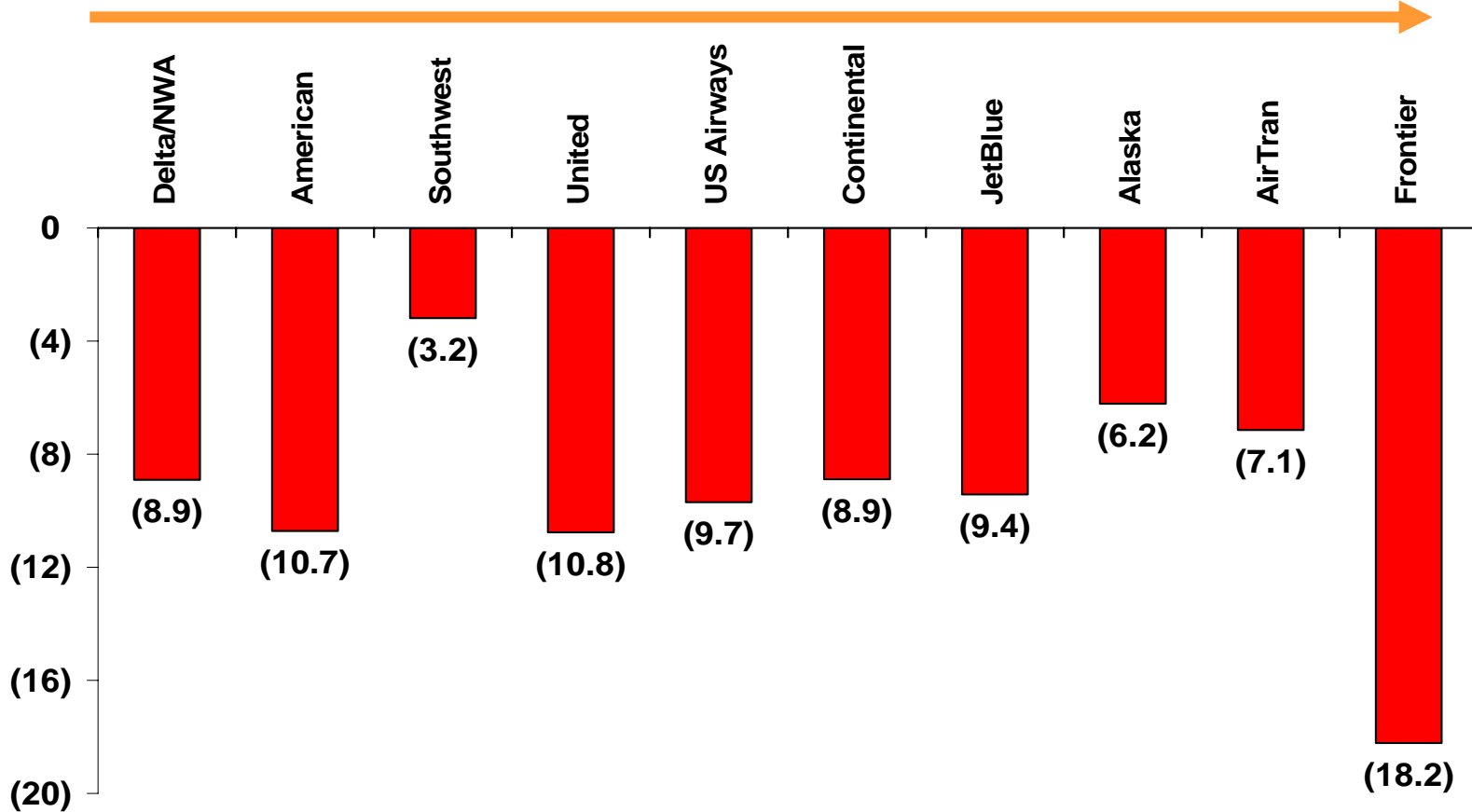
In late 2007, fuel became the largest component of carrier operating costs





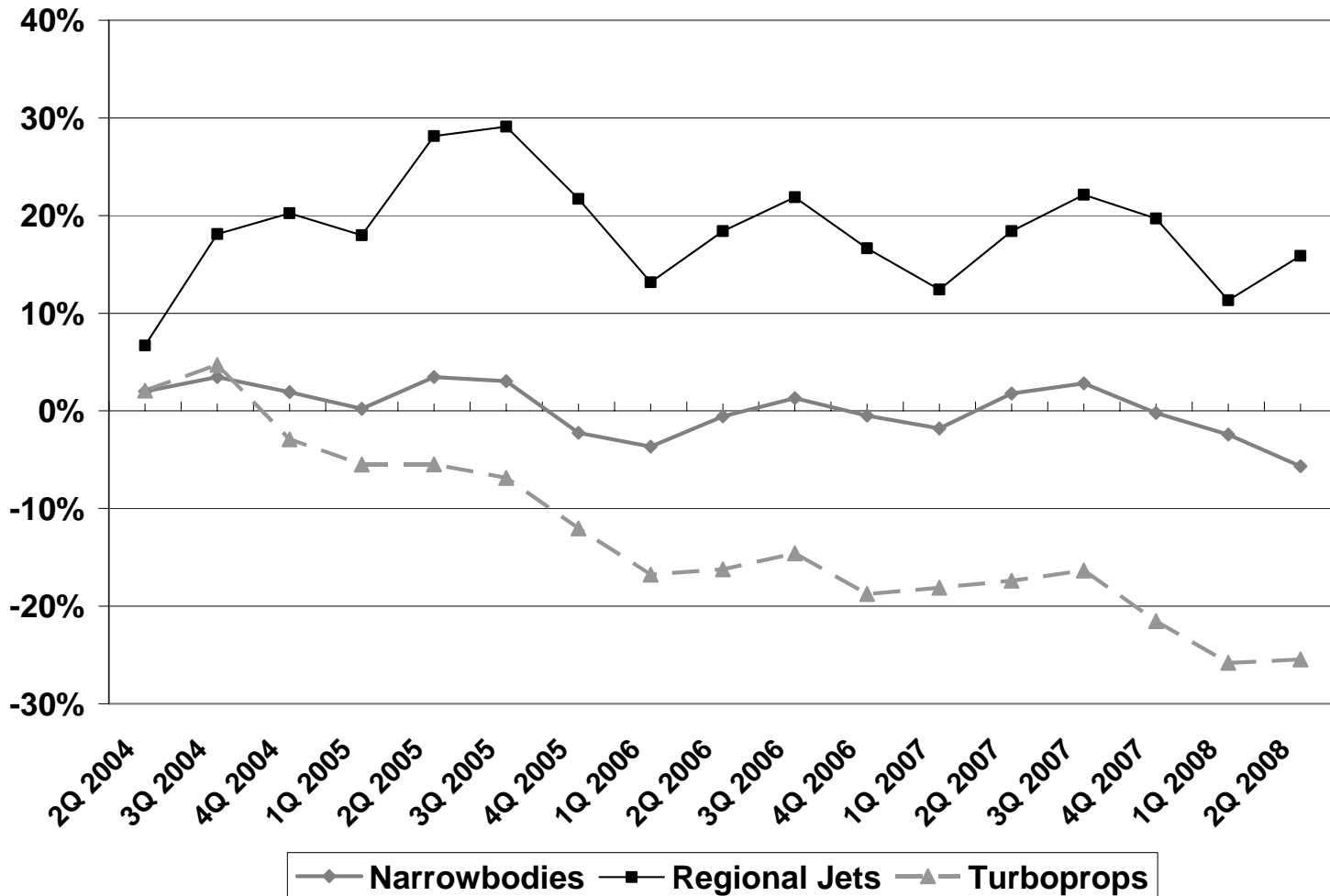
Carriers Reacted by Eliminating Capacity

(Sorted left to right by number of scheduled domestic available seat miles in 1Q09)



Source: ATA from carrier schedules

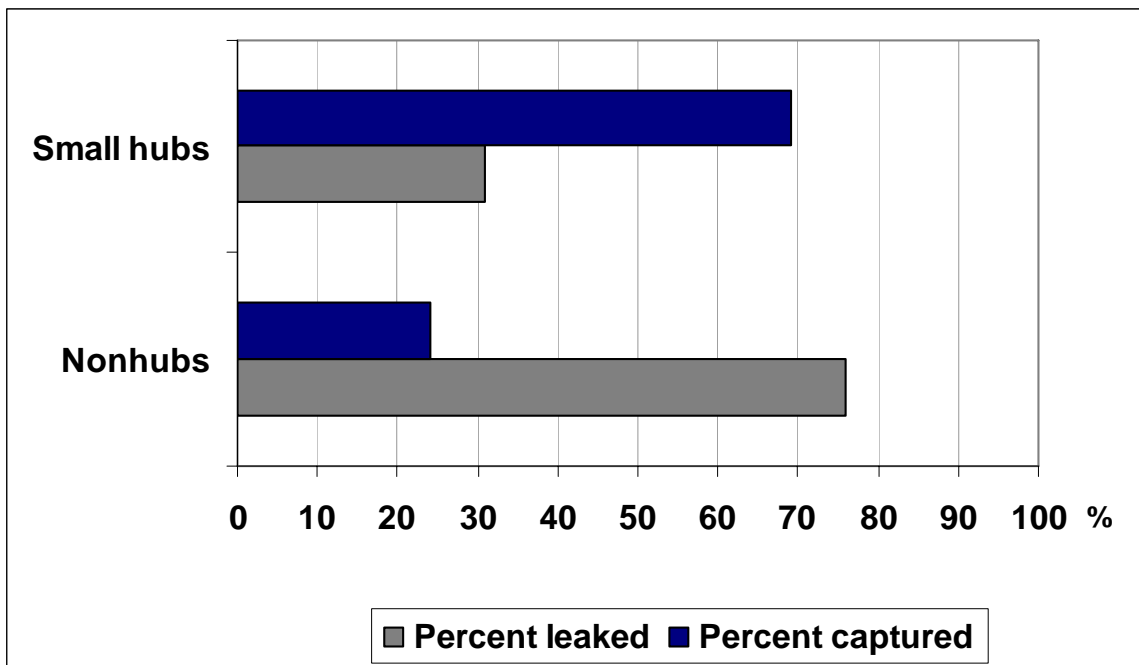
Fleet Composition Increasingly ill-suited for Small Communities





Major Competitive Challenges Faced by Small Communities

Proximity to legacy network hub	Proximity to airports with LCCs	Small, isolated communities	Fragmented market
Logan, UT	Huntington, WV	Butte, MT	Greenville, NC
Kalamazoo, MI	Daytona Beach, FL	Marquette, MI	Ithaca, NY
Toledo, OH	Santa Rosa, CA	Idaho Falls, ID	Mobile, AL
Rockford, IL	Rockford, IL	Victoria, TX	Pensacola, FL
Colorado Springs, CO	Harrisburg, PA	Dickinson, SD	Biloxi, MS



Passenger leakage is pronounced at nonhub airports

Guidebook for Air Service Development – Table of Contents

Background

The role of & need for ASD

Challenges to viable air service at small communities

Structuring an effective ASD program

Assessing the market

Determining available resources

Establishing & validating goals

Selecting appropriate ASD tools

Making a compelling case to airlines

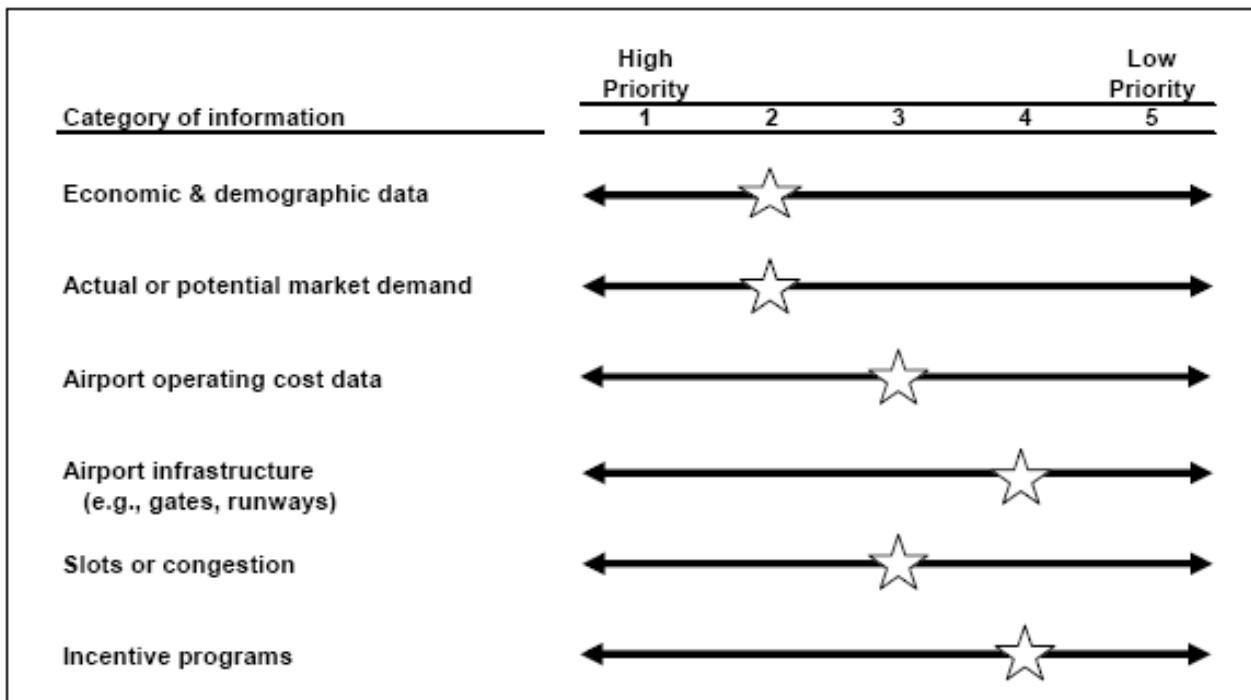
Evaluating & improving the ASD program

Appendices – FAQs, Glossary, Bibliography



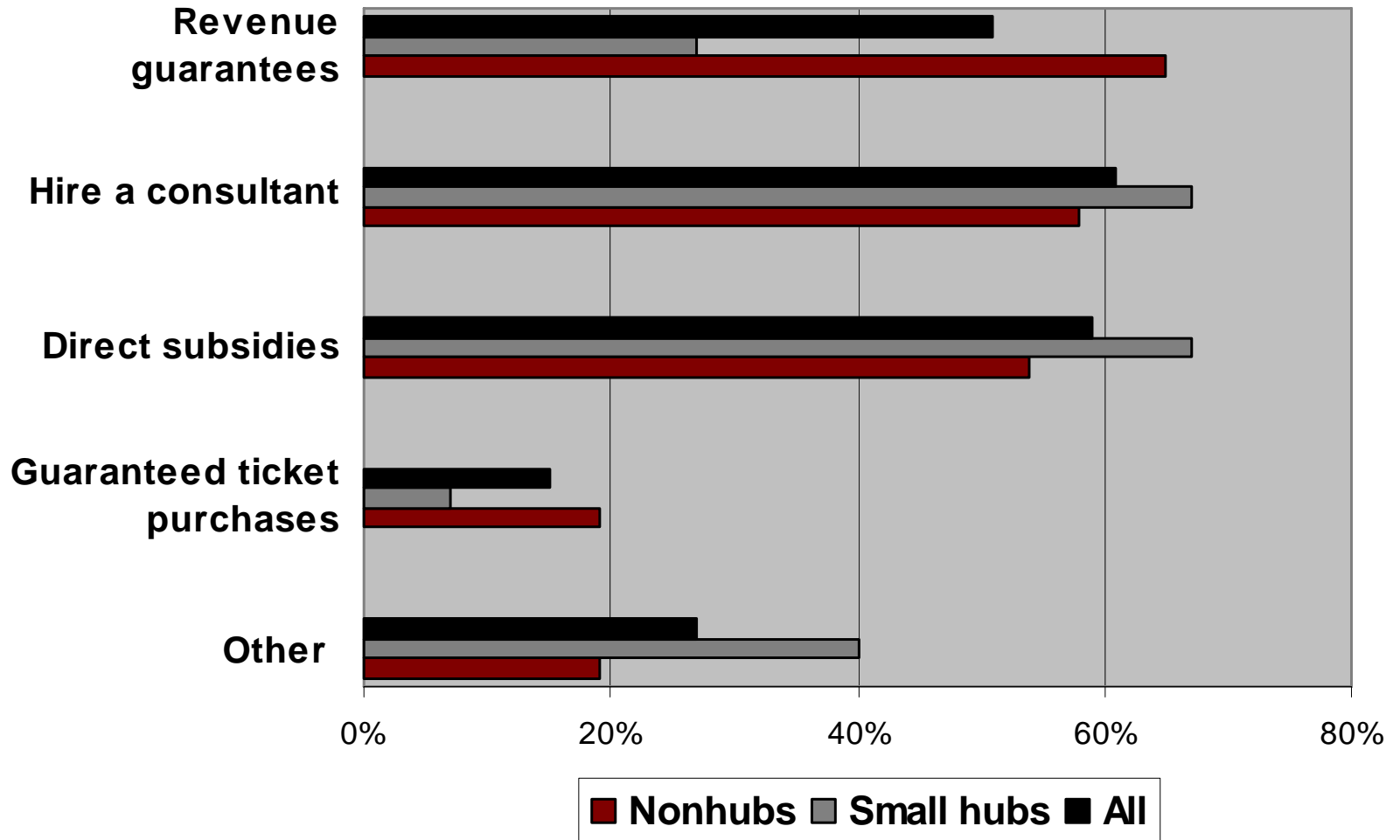
What Information Do Carriers Want to Hear From Small Communities?

Carriers want to know what drives demand





ASD Tools Favor Direct Financial Assistance



Concluding Observations

- Sound analysis of the local market
 - Carriers recognize that the business case is crucial
 - Incentives < basic viability
- Significance of developing partnerships with community & airlines
- Cost control and risk mitigation
 - Use of revenue guarantees to help mitigate risk undertaken by carriers



Thank you

Inter *VISTAS*-ga² Consulting

Steve Martin
Principal Investigator
1615 L St. NW Suite 910
Washington, DC 20036
202-457-0212
Steve.Martin@intervistas.com

ACRP

Michael Salamone
Sr. Program Manager
500 Fifth St. NW
Washington, DC 20001
202-334-1268
Msalamone@nas.edu

Questions?