

#002 Non-Stop Air Service Options

April 2011

Opportunity: Attract new air service providers to Fort Wayne International Airport (FWA) in order to increase non-stop air service options in Northeast Indiana.

Background: FWA serves as the commercial airport for the region, drawing not only from Northeast Indiana, but from Northwest Ohio and South Central Michigan. Passenger traffic reached a peak in 2000 with over 360,000 annual passengers, on nine different airlines, offering on average of 50 flights per day, to nine markets. Today the average number of daily flights is 20, the number of airlines reduced to four, and enplanements dropping to approximately 270,000 passengers. The positive news is that with all the reductions, the number of non-stop destinations has remained the same during the peak travel period of the year, but seat capacity, access to major business markets in the East, and alternative hub options remain critical issues facing the region.

Various studies over the past few years have indentified leakage, or the systemic diversion of "local" passengers to alternative airports, mainly due to the desire for lower fares, as the main challenge facing FWA. Not surprisingly, Indianapolis International Airport is the largest beneficiary of this leakage. Although strides have been made during the past two years to narrow this "fare gap", the continued presence of low cost carriers, most notably Air Tran and Southwest, and the desire of Delta to maintain a competitive position in the Indianapolis marketplace, have resulted in Indianapolis air fares being well below the U.S. average. Additionally, the availability of larger aircraft and more non-stop markets, approximately 20, allows for reduced travel time to major business markets, which contributes to the leakage FWA experiences.

The FWA Authority's efforts to educate those that live and do business in the region continue, as well as its continued marketing to airlines about the benefits and opportunities that exist at FWA. The Authority is doing this by focusing on the known strengths of the marketplace, the benefits of a strong and innovative airport, and the number of non-realized potential travelers. Furthermore, part of this ongoing effort is the adoption and promotion of an incentive program aimed at reducing the exposure to some inherent risks, such as the volatile cost of fuel in the aviation industry. In today's competitive environment incentives are part of the cost of doing business, and are necessary to ensure that both the community and airline work to the benefit of both parties to ensure the success of both parties.

For additional non-stop flights and/or markets to be added at Fort Wayne International the following must occur:

1. The airline/s must be convinced that the FWA market is viable to the desired destination.
2. The route being proposed is the best option for them, providing the best ROI.
3. Firm commitments from Northeast Indiana companies to fly the new route.
4. Support from the general community for the new flights.
5. The operational availability of equipment, staff, and facilities.

For the inauguration of service by a low cost carrier such as Air Tran, a significant monetary commitment will have to be made to the airline. This could take the form of a revenue guarantee or other financial instrument that will offset all risk associated with the startup and continued operation of the airline at FWA.

Update – September, 2011:

[Update provided by Dave Young, Vice President of Air Service Development, Greater Fort Wayne Chamber of Commerce and the Fort Wayne-Allen County Airport Authority]

The Fort Wayne International Airport (FWA) has lost 2 flights to Cincinnati (due to a significant reduction in flights in and out of Cincinnati by Delta), but has picked up a year round flight to Minneapolis (previously planned to be a seasonal flight only) and an extra daily flight to Atlanta. FWA lost one flight to Chicago, but picked up an extra daily flight to Dallas. There may be some overlap to these flight changes due to timing. Once these changes are complete, FWA will have a net zero change in daily flights, but was able to pick up increases in daily flight options to some of the major hubs. The current focus is on gaining east coast access for FWA passengers, most notably to Washington DC. More information will be provided at the Annual Air Service Luncheon on September 28, 2011 from 11:30am – 1:00pm at the Fort Wayne Chamber.

Citizens Advisory Panel Feedback – September 28, 2011

- Offer guaranteed flights/ low cost carriers – increase dependability
- Provide cab service or car service – pick up to take home
- Provide incentive program – free food, beverages, improved customer service
- Have more direct, non-stop flights – flights to Washington, DC, not Baltimore - More Fort Wayne to O'Hare

Possible Opportunity Strategies:

1. Continue vigorous efforts to press for flights aimed at filling the needs of the region.
2. Provide cash incentives to defray start-up costs and operations.
3. Mobilize the business community to fund propose flights through pre-purchase or advancing of tickets.
4. Develop a proposal to encourage the regional EDC's and the State to offer marketing and funding incentives for the route(s).

Options:

- A. Pursue opportunity
- B. Obtain further information
- C. Realign/Refocus the opportunity
- D. Put aside for future consideration