

# The Columbus Dispatch

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## Gaining ground on competition

Port Columbus capitalizing on location, lower fares as Cleveland, Cincinnati airports face cuts in service



**By Marla Matzer Rose | THE COLUMBUS DISPATCH**

For years, Port Columbus has flown behind the bigger airports in Cleveland and Cincinnati. They were hubs for major carriers. They offered overseas flights. But changes in the industry could spell a higher profile, the possibility of new service and a stronger hand for the Columbus airport. In the past year, those changes have hurt the Cincinnati/Northern Kentucky International Airport, as Delta Air Lines shifted flights

away from its hub there to other locations in the wake of its merger with Northwest Airlines. Because of that decline in flights and fares that remained higher than at competing airports, Cincinnati has had a 25 percent drop in passengers in the past year.

Cleveland Hopkins International Airport has had its own problems, as its major carrier, Continental Airlines, merged with United Airlines. The combined airline has promised that it will limit flight cuts at the airport, where Continental has a hub, at least for a couple of years. And already, its passenger numbers are off by nearly 3 percent.

Meanwhile, Columbus has reported small gains in passenger totals.

Port Columbus officials hope that airlines “will view us as the airport of Ohio” when considering adding service, given Columbus’ central location and its relatively healthy economy, Columbus Regional Airport Authority CEO Elaine Roberts told Columbus tourism leaders last month.

Airports within 150 miles of each other typically compete for passengers who live between them, with ticket prices and destinations available being the deciding factors. Ohio’s airports work together to some degree, but they also compete for added flights.

Columbus has a shot at emerging a winner, given the changes occurring at Ohio’s airports, said Andrew Vasey, an aviation consultant with the Parsons engineering and consulting company in Indianapolis.

“When airlines reduce flights at an airport like Cincinnati or Cleveland, they’re usually reducing non-stops. Those people who were attracted to those other airports, those traveling outside their own area to seek out those nonstop flights, now have that incentive taken away.

“Columbus has done a good job of keeping fares competitive” with its mix of airlines and the presence of low-cost carriers such as Southwest Airlines, Vasey said.

“As long as they can do that and keep airport costs reasonable for the airlines, their concept of that traffic coming to them instead of their competitors can work. Meanwhile, Cincinnati and Cleveland people will become more fare-conscious once you equalize service” among the airports.

Cincinnati and Cleveland still have significantly more daily flights than Port Columbus, but they’ve lost nonstop service to a number of secondary cities that used to feed their hub operations.

## Comparing Ohio's top 3 airports

Port Columbus hopes to benefit from airline industry changes that have spelled cuts for Cincinnati and Cleveland.

AIRPORT	PASSENGERS, JAN. 1-OCT. 31	% CHANGE FROM 2009	AVG. DAILY DEPARTURES
Port Columbus	5.32 million	2.8%	135
Cincinnati/ Northern Kentucky	6.80 million	-25.2%	195
Cleveland Hopkins	7.95 million	-2.8%	249

Source: Individual airport reports

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Columbus, meanwhile, has always attracted business from those airports' outlying service markets — think Mansfield residents choosing between Cleveland Hopkins and Port Columbus — because of lower average fares. In the April-June 2010 period, the latest for which federal statistics are available, Port Columbus had an average domestic fare of \$315, compared with Cleveland's \$390 and Cincinnati's \$426. The national average was \$340.

Representatives of Ohio's other two largest airports say they're working hard to maintain and attract service, and they remain optimistic.

"I think Columbus has a strong hand to play, but I don't think it's any stronger than northeast Ohio in terms of opportunity," said Todd Payne, chief of marketing and air-service development for Cleveland Hopkins. "Cleveland has had a consistently high level of demand for service, and I think we'll continue to be very competitive."

One issue being closely watched is the planned Southwest/AirTran merger. Mergers generally result in consolidation of operations, and less competition can also mean higher fares.

Southwest serves Cleveland, while the nearby Akron/Canton airport has banked most of its success — and low fares — in recent years on the strong presence of AirTran.

Regardless of what transpires, "we're going to be OK," Payne said. He said that even if Continental pulls back more in Cleveland, "we'll still have the top 35 or 40 markets served."

Officials in Cincinnati likewise are optimistic despite Delta's changes there.

"What distinguishes Cincinnati from a market like Columbus or Indianapolis is we're not a state capital, but we're a business center," said John Mok, CEO of the Cincinnati/Northern Kentucky International Airport. "We have nine Fortune 500 companies here, and the only nonstop European flight (to Paris) in the three-state area of Ohio, Indiana and Kentucky."

Mok said that although Cincinnati's airport has "regrettably made a lot of headlines with the pull-down of service from Delta," it still has the best service in the region and business customers willing to pay premium fares for good service.

What the airport needs to do, he said, is regain the business of leisure travelers who have been driving to other cities, including Columbus and Dayton, for lower fares.

"Now that Delta has repositioned itself here, I think carriers recognize that there's a significant suppressed demand from leisure travelers," Mok said. "At least half the market here has been underserved in the past. As we wait for changes like the Southwest/AirTran merger to work their way out, we think it's only a matter of time before we get more low-cost service."

Columbus leaders also hope to be increasingly competitive on international flights.

Specifically, they hope the city will have a better shot at landing nonstop service to Europe now that there is only one such flight in the state: the daily Cincinnati-to-Paris route on Delta. Business leaders and airport executives say nonstop service to overseas destinations can be a major attraction for not just an airport but also a city in its economic-development efforts. Such flights are considered important to businesses in deciding where to locate and add jobs.

“The industry shifts and community patterns of air service are strengthening the Port Columbus case,” said Alex Fischer, CEO of the Columbus Partnership. The group, made up of central Ohio’s top executives, has been focusing on air-service development as one of its economic-development initiatives.

“It’s not a negative to other communities in Ohio, but a positive and testament to central Ohio’s robust business community that we’re well-positioned to take advantage of this opportunity.”

It’s a tough time to be pitching new service for airlines.

Coming out of a bruising cycle of record-high oil prices followed by the onset of a deep recession, airlines have remained selective about adding flights anywhere. In September, British Airways turned down Port Columbus officials’ efforts to persuade it to add nonstop flights to London from Columbus, Roberts said.

She said British Airways and other carriers have continued to express interest in adding European flights in Columbus at some point.

However, that interest can come with a steep price tag for the communities that receive such service. Airlines want to be sure the route will be profitable. When economic-development organizations have helped provide revenue guarantees in exchange for new or continued international service, the going rate is about \$5 million to \$6 million per year.

Fischer said the Columbus Partnership is open to exploring a revenue guarantee to lure service to Port Columbus, but no firm plans or offers are on the table.

Passenger interest in Columbus for European service is a little shy of what airlines like to see to justify nonstop European service, said David Whitaker, vice president of business development for the Columbus Regional Airport Authority.

Columbus officials could make the strongest case for service to London, he said. Each day, 243 passengers travel in one direction or the other between Columbus and London. That’s fewer than the 258 traveling between Columbus and Frankfurt, Germany. However, London is the ultimate destination for 39 of those central Ohio passengers, compared with 17 for Frankfurt.

The local passenger number is meaningful to airlines because those passengers are the most likely to be loyal to a carrier offering nonstop service — and to be willing to pay a premium for it.

The major airlines generally are looking to capture the more lucrative business traveler, not the average leisure traveler who will jump through hoops to save \$40.

“The numbers are dangerously close to making a good case for international service to the airlines,” Fischer said. “I can’t predict if it’s going to happen in a year or two, but I think in the next five years, we’ll definitely see a European flight originating in Columbus.”



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Travelers go through a security checkpoint at Port Columbus, which hopes to land overseas flights within several years.

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