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Monthly travel insights from Compete

By Mike Ouellette

LOVE FIELD: CONSUMER INTEREST IN SOUTHWEST PUTS AMERICAN AT RISK

For over 25 years, consumer options for flying out of Dallas' Love Field airport have been limited. The Wright Amendment restricts flights to select destinations within and bordering Texas, preventing Southwest Airlines from flying non-stop between Love Field and most of its other cities. The result: with unregulated service out of the significantly larger DFW airport, American Airlines dominates the local air market, with over six times the passenger traffic of Southwest. With actions being taken to repeal the Wright Amendment, however, American Airlines' grip on the Dallas market looks to be loosened.

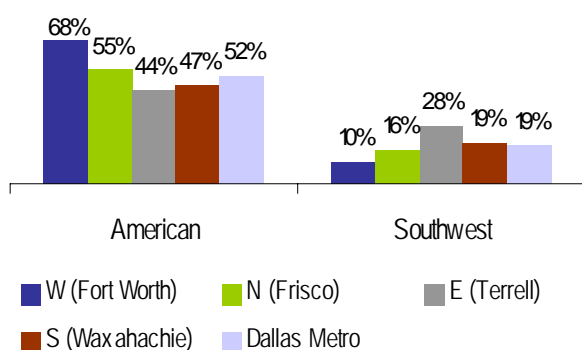
Compete performed an assessment of consumers' airline carrier consideration across the Dallas Fort Worth area. Residents of Dallas, Fort Worth and surrounding areas were studied to understand local carrier consideration and trends, and to identify:

- Which airlines are consumers considering in the Dallas Fort Worth area? How has the Wright Amendment shaped this consideration?
- How does location in proximity to Love Field impact carrier consideration? What market shifts could take place if the Wright Amendment is repealed?

Compete is able to measure flight research and bookings activity for any region in the United States. For the Dallas Fort Worth area, regional activity was analyzed North (Frisco), South (Waxahachie), East (Terrell), and West (Fort Worth). Residents living within a 25 mile radius around each city were included, as well as a central region with a 10 mile radius around downtown Dallas.

Carrier consideration in the region varies widely. West of Dallas, surrounding Fort Worth, American Airlines captures a staggering 68% of all airline consideration. Residents are more reluctant to consider the longer trip to Love Field, leaving Southwest a distant second with just 10% of consideration.

Share of Regional Interest – Southwest vs. American
(July 2006)



East of Dallas, however, Love Field is the closer airport and Southwest is more compelling to residents. Nearly 30% of all regional interest in this area (25 mile radius around Terrell) is captured by Southwest.

To the North, surrounding Frisco, both airports are equidistant for residents, and Southwest maintains 16% of consumer interest. South of Dallas, Southwest captures 19% of activity, with Love Field airport falling about 10 miles closer to these residents than DFW airport.

The takeaway: many consumers are already eager to fly out of Love Field airport if it is closer to home, as evidenced by over-indexed interest East, North, and South of Dallas. This alone represents a risk to American's DFW operation. If Southwest siphoned away just this "geographically-driven" demand for Love Field, an estimated \$90 million in flight bookings per year would be captured by the carrier. Combined with other factors that could draw interest away from American – such as fare cuts implemented by Southwest – the stakes surrounding the Wright Amendment are significant. Should the amendment be repealed, an understanding of regional consumer preferences and demand will be a critical input into marketing and revenue management strategies.

Compete's Travel practice researches the entire online consideration and booking process for consumers, offering an unmatched level of insight into how travelers engage, cross-shop, and convert across all agency and supplier destinations.

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