

## JOHN F. BROWN COMPANY NEWSLETTER

*Consultants to the Airport Industry*

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### **MORE EFFICIENT HUB SCHEDULES FLATTEN PEAKS, LENGTHEN CONNECTIONS**

Summarized from The Fort Worth Star-Telegram, 7-18-02:

To reduce costs, American has been testing new flight schedules at Chicago-O'Hare that spread the peaks of arriving and departing flights. The new schedules require fewer employees (5 percent) and fewer gates, but the tradeoff is longer connection times on certain itineraries. American plans to implement the new scheduling techniques at DFW and STL.

### **CHANGING BUYING PATTERNS OF BUSINESS TRAVELERS**

Summarized from Reuters, 7-15-02:

Business demand is moving to cheaper fare buckets, according to American Express. The company reports that more than 40 percent of corporate tickets are now non-refundable; that is, the cheaper, advance-purchase tickets traditionally classified as leisure fares. The figure is up from 25 percent as recently as two years ago. "Business travelers' behavior has changed, and it just won't change back," according to one travel industry executive.

### **FINANCIAL WOES CONTINUE FOR BIG AIRLINES**

Summarized from The Wall Street Journal, 7-19-02:

The top eight major U.S. airlines released their financial results for the second quarter. All reported losses except Southwest. Net losses totaled \$1.4 billion compared to \$866 million one year ago. Southwest saw its net income fall by 42 percent from the previous year to \$102.3 million.

### **FEDEX READY TO "SUPERSIZE" WITH A380**

Summarized from Reuters, 7-15-02:

FedEx placed an order for 10 Airbus A380-800F cargo planes, plus 10 options. The schedule provides for delivery of 3 aircraft per year in 2008, 2009, and 2010, and one aircraft in 2011. The aircraft has a volume capacity of 40,000 cubic feet and is able to carry a freight load of 165,000 tons nearly 6,000 nautical miles.

### **DELTA'S LOW-FARE RESPONSE STRATEGY**

Summarized from the Associated Press, 7-16-02; The Washington Post, 7-17-02:

Delta, working with McKinsey & Co., completed a three-month study on how to deal with low-fare competition. Fifteen people with Delta and McKinsey used a variety of market research techniques, including taking flights of low-fare competitors in order to examine their products and operations. The report does not have a "magic bullet" solution, but does focus on fare and brand changes and fleet adjustments involving Delta carriers such as Delta Express. Currently, Delta Express has been the airline's line of defense against the low-cost airlines. However, Delta intends on revising the Delta Express service and using Chautauqua, Delta Connection's newest partner. The report is to be presented to Delta's board next week.

### **THIS IS A NON-JOKING FLIGHT**

Summarized from The Washington Post, 7-17-02:

In early July, two passengers, one on an American West flight and one on an American flight, were kicked off the planes for asking the same question: Have the pilots passed a breathalyzer?

Both passengers insisted they were joking, but airlines are presently humorless in regards to this matter.

**FACE TESTING NOT READY FOR PRIME TIME**

Summarized from The Boston Globe, 7-17-02:

A test at Boston's Logan International Airport has found that computerized facial-recognition systems may not be a practical tool for airport security because it produces too many false positive readings. The system works by taking scanned images of individuals going through security checkpoints and comparing them to pictures of individuals on watch lists stored in its memory. If calibrated narrowly, the machines were fooled when passengers turned their heads in certain directions. If calibrated loosely, almost all passengers and airport employees were identified as possible matches to watch list suspects.

**MARION BLAKEY TO BE NOMINATED AS NEW FAA CHIEF**

Summarized from the Associated Press, 7-16-02; The Washington Post, 7-17-02:

Marion Blakey, the current chair of the NTSB, is to be nominated to replace Jane Garvey as FAA Administrator. Blakey, 54, has a reputation as a good manager and skillful spokeswoman. She has held five previous White House-appointed jobs, including the administrator of the National Highway Traffic Safety Administration. She is reported to be close to President Bush.