

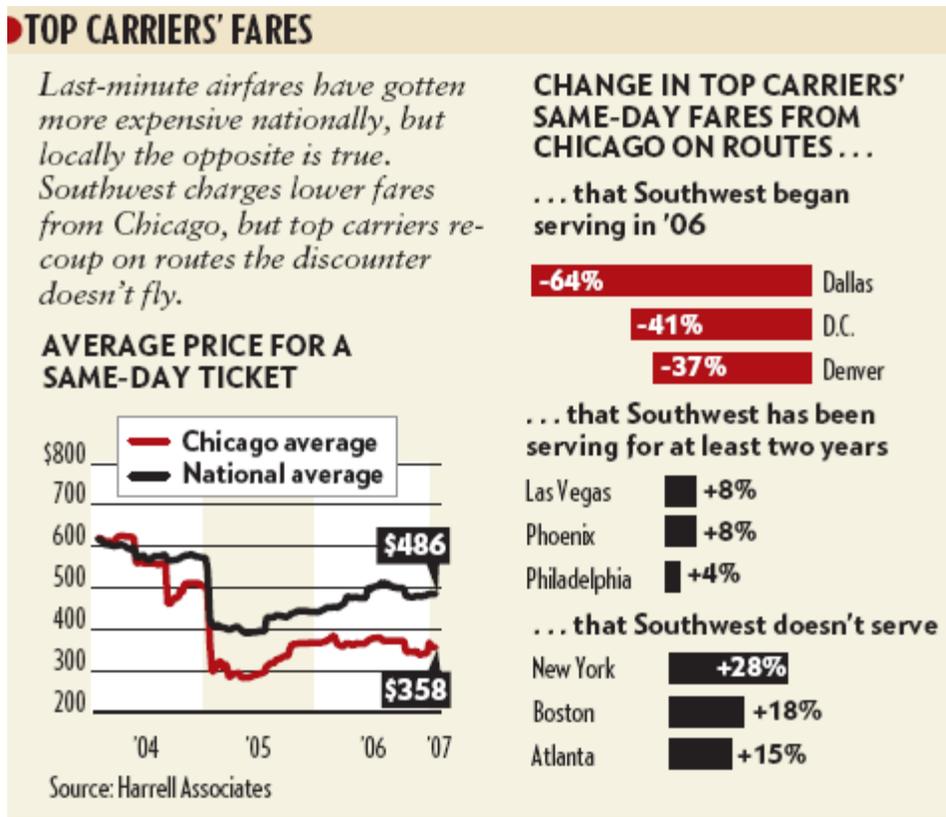
Southwest effect helps local biz fliers

By Paul Merrion
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Chicago business travelers escaped the brunt of last year's airfare increases — if they were traveling in the right direction.

Southwest Airlines' expansion at Midway Airport into major business hubs served by United Airlines and American Airlines from O'Hare International Airport drove overall Chicago business fares down 4% last year. Nationwide, average business fares increased 7%, amid rising fuel costs.

"Chicago is bucking the trend because of Southwest," says Robert Harrell, a New York-based consultant who analyzed business fares on Chicago's 18 most heavily traveled routes for *Crain's*.



Despite the overall trend, average fares were up on 12 of the major routes to and from Chicago, often by double-digit amounts, such as a 28% increase for flights between Chicago and New York.

But the overall average was brought down by dramatic fare declines between Chicago and Dallas, Denver and Washington, D.C., which Southwest started serving from Midway Airport last year with either non-stop or one-stop, same-plane service.

"I used to fly United all the time," says Edward Heffernan, a lobbyist in Washington, D.C., who travels to Chicago every other month or so to see family as well as clients such as DePaul University and the Regional Transportation Authority. "It was getting too expensive, so I switched to Southwest."

While low-cost carriers affect all kinds of fares when they enter a market, the Harrell Associates study benchmarks those preferred by corporate travelers: fully refundable, relatively unrestricted tickets with no more than a three-day advance purchase requirement, no more than a \$100 fee for ticket changes and no minimum stay.

The study looked at fares in effect during the last two weeks of January and the same period last year for the 40 busiest flights of seven major carriers, except Southwest.

"Business fares in Chicago have changed, obviously," says a United spokeswoman. It's a function of supply and demand "and the competitive landscape, including low-cost carriers and airlines such as ourselves," she adds.

Says an American spokeswoman: "There were too many variables to suggest it was a simple matter of Southwest coming into the market."

With 29 gates and 216 non-stop departures at Midway, Southwest is well short of its goal of 10 daily flights from each gate, says Robert Haster, marketing and planning analyst for Southwest. "I think it's going to go nowhere but up."

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