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As Southwest Airlines comes to Des Moines, travelers advised to use it or lose it

Analyst: Frequent fliers may make difference in keeping airline here.

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Written by
Marco Santana

As Southwest Airlines starts service in Des Moines, aviation experts have advice for local travelers: Use it or lose it.

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“If people don’t take advantage of the flight, they may or may not stay in the market,” said Sheri Ernico, an airport industry analyst for California-based LeighFisher. “This is the only route Southwest will provide, so it could mean the difference between having and not having Southwest service.”

The inaugural flight, which leaves for Chicago’s Midway Airport at 6:55 a.m. a week from today, has airport officials, business leaders and travelers dreaming big. They hope Southwest’s two flights a

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day to Chicago will lead to heated price wars that will benefit customers and help Iowa's busiest commercial airport reach 2 million passengers in a year for the first time. Some travelers already have their eyes set on Southwest's potential expansion.



Don Smithey, head of the Des Moines International Airport, is planning a big reception Saturday for Southwest Airlines' opening. Its inaugural flight from Des Moines to Chicago will take off the next morning at 6:55. / RODNEY WHITE/THE REGISTER



The Southwest Airlines logo is embossed in countertops at the airline's gate at the Des Moines airport. Don Smithey, head of the airport, is pleased with landing the airline and what it will mean for Des Moines travelers. / RODNEY WHITE/THE REGISTER

Business leaders and public officials have long complained that high fares and limited service have hurt opportunities to lure employers and workers to central Iowa, limiting economic growth.

But for Southwest to expand, a panel of company experts must first deem the initial route a success.

"If the experts believe there are opportunities for expansion, that would trigger it," said Linda Macey, the Dallas-based carrier's manager of airport affairs. "We are always looking to expand our service and give better service to the community."

Officials say several teams work behind the scenes to monitor market performance to determine whether an airport is profitable and in demand enough to warrant increased service. They declined to be more specific.

"In terms of the where we would expand if we are indeed wildly profitable, we will take a look at where our customers from Des Moines are going via connections in Chicago, and that will help us determine where another popular nonstop destination could be," said spokeswoman Michelle Agnew.

The airport had courted Southwest for more than a decade before finally landing the carrier in January. The final push came shortly after Executive Director Don Smithey, who had been instrumental in bringing Southwest to Omaha's Eppley Airfield in 1995, was lured out of retirement in 2010. He took up the charge with help from several government officials, including Iowa Gov. Terry Branstad.



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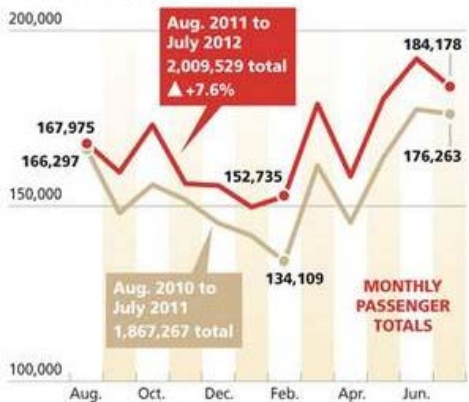


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Des Moines airport passengers rising

Southwest Airlines' arrival comes as the Des Moines airport is already enjoying a strong year and is on pace to surpass 2 million passengers in a calendar year for the first time. The most recent 12-month period for which numbers are available shows a 7.6 percent increase in passengers.



Source: Airport consulting firm LeighFisher



Southwest bought AirTran Airways in May 2011 and last January announced Des Moines as one of 22 cities in which it would convert AirTran services to Southwest. Des Moines will become Southwest Airlines' 77th city when the first flight takes off next Sunday.

Arrival credited with lowering fares

Smithey said early indications point to more-than-half-full flights the first couple of days and flights after that filling up quickly. The lease agreement with Southwest expires June 30, and Smithey said renegotiation will take place before that.

"The airport has been more than gracious in granting space," Southwest's Macey said. "We are really excited about the opportunity to give folks in Des Moines full access to the network."

Perhaps equally as excited are area business officials. Prices are already dropping on flights that take off after Sept. 30, travel agents and airport officials say.

Mary Phillips, general manager of international travel at the corporate travel agency ITA Group, said competitors have reduced fares by more than 50 percent on flights to Chicago.

"It's really affecting prices in a positive way," said Phillips, who said round-trip flights to Chicago have cost as much as \$900 within the last year. "Especially when you look out past the end of September, that's when you see the effect."

The West Des Moines company counts close to 300 corporate clients, including 77 that book flights with it regularly. Phillips said she has booked flights to Midway using Southwest at about \$200, while other carriers have slashed prices on flights into O'Hare International Airport to roughly \$350 to \$400.

That "Southwest effect" is nothing new. Industry analysts cite it regularly, and some colleges teach it in business classes. Fares go down and passenger traffic goes up when Southwest Airlines arrives. Conversely, prices can skyrocket if the carrier leaves town.

The Southwest Effect on fares and passengers

Whenever Southwest Airlines arrives at an airport, airfares drop while outbound passenger counts rise. Below is a comparison of airports similar in size to Des Moines International Airport, along with average airfare and passenger totals in the year preceding and immediately following Southwest's arrival.

City	DOMESTIC AVERAGE FARE PAID				Change	DOMESTIC OUTBOUND PASSENGERS				Change
	Pre SWA service	Post SWA service	Year	Year		Pre SWA service	Post SWA service	Year	Year	
ALB Albany	\$175.15	\$133.72	2001	2001	-24%	1,046,680	1,385,810	1999	2001	+32%
CHS Charleston, S.C.	\$195.73	\$185.12	2011*	2011*	-5%	804,990	1,137,030	2010	2011*	+28%
DSM Des Moines	\$196.71	N/A	2011	N/A	N/A	809,760	N/A	2011	N/A	N/A
DSF Greensboro	\$177.03	\$170.76	2011*	2011*	-4%	552,810	778,290	2010	2011*	+41%
GP Long Island	\$146.70	\$102.83	2000	2000	-30%	401,690	1,106,640	1998	2000	+174%
JAN Jackson, Miss.	\$174.81	\$151.28	1998	1998	-13%	430,060	595,420	1996	1997	+33%
MHT Manchester, N.H.	\$173.41	\$131.71	1999	1999	-24%	531,650	1,178,380	1999	1999	+559%
OMA Omaha	\$149.88	\$123.04	1996	1996	-18%	1,110,650	1,110,650	1994	1994	0%

Source: Airport consulting firm LeighFisher

*Partial year data



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When Southwest dropped its route between Pittsburgh and Philadelphia in December, leaving U.S. Airways as the lone carrier serving that route, U.S. Airways raised its round-trip rates from \$118 to \$698, according to the Pittsburgh Post-Gazette.

Smithey said he saw the Southwest effect in Omaha, where he was executive director from 1989 until his retirement in 2009. Smithey said average airfares to the four cities Southwest served from Omaha decreased by 48 percent within six months of the carrier's arrival. In addition, passenger boardings increased 10 percent.

"Other carriers were forced to compete, so they did," he said. "It makes fares affordable, and that activity generates more activity."

Benefits seen for recruiting business

More efficient flights for businesses could help the region lure big-name companies, local officials believe.

Smithey partially credited Southwest's arrival with helping Omaha attract Paypal's operations center in 2000 and Google's data center in Council Bluffs in 2007. Also, he said, it helped companies like Gallup International keep its headquarters in Omaha.

"It does it by virtue of competition, keeping fares moderated," Smithey said. "Des Moines has been known as a high-fare airport. But recently, we've seen the Southwest effect here."

Southwest's arrival comes as the airport continues to outpace passenger statistics from a year ago.

Year-over-year statistics show a 4.5 percent increase in July passengers, while year-to-date statistics increased by roughly 8.7 percent. With Southwest creating more competitive pricing, those numbers could increase for the remainder of the year as businesses take advantage of lower rates.

"We fly east, west, north and south out of that airport," said Meredith Corp. spokesman Art Slusark. "Any kind of competition that comes in and brings fares down, we're all for."

Meredith has a major sales office in Chicago and television stations and publications in offices across the country.

"We'd love to see them go into Detroit, into Dallas, into Minneapolis, and other areas where there is Southwest service right now," said Slusark, who also noted that Meredith has 700 employees in New York.

Officials at St. Louis-based Monsanto, a global agricultural firm that has 4,000 full- and part-time employees at research and seed production facilities in Iowa, have clamored for a direct flight to St. Louis and hope Southwest's arrival ultimately leads to one. Smithey said he continues to seek that route.

Ted Crosbie, the company's vice president of integrated farming systems, says he makes a roughly six-hour drive to St. Louis for meetings because layovers in Chicago or Dallas are not worth the hassle.

"The price was awful, but what was worse was you couldn't count on getting to St. Louis at a particular time," said Crosbie, who said the company at one time booked 25 to 50 round-trip flights per week to St. Louis. "I can drive from Des Moines faster than I can fly. In today's world, that's just nuts."

An end to driving out of state to fly?

It's not just business customers who eagerly await Southwest. Clive resident Jeff Carpenter has frequently driven to Kansas City's airport to fly Southwest.

He recently booked two flights on Southwest out of Des Moines, despite being offered flights about \$30 cheaper with other carriers.

"It's showing loyalty because the other airlines, in my opinion, have such a poor product," said Carpenter, a 41-year-old technology consultant. "Southwest treats people reasonably well, and I'd like to do my part to ensure that they stay in the market."

After Southwest bought AirTran, Branstad was at the forefront of trying to persuade the carrier to convert its Des Moines service. He sent a letter to the U.S. attorney general's office supporting the acquisition in March 2011.

Polk County Supervisor E.J. Giovannetti said the arrival of Southwest — and the expected subsequent price battles — could persuade Des Moines residents to quit making the drive to Omaha or Kansas City to take advantage of lower flights. Just opening up more markets could lead to improving the region's perception, he said.

"One of the big things people look at when talking about economic development is how accessible is your community," he said. "When an airline like Southwest gets in there, they improve that. To me, it's a jobs issue, it's an economic development issue and it's a quality-of-life issue."

How will Southwest Airlines' arrival in Des Moines affect you?

I'll fly Southwest out of Des Moines at every opportunity.

Lower fares mean I will more often book flights out of Des Moines.

I rarely or never fly out of Des Moines, and this won't change that.

I sometimes fly out of Des Moines but don't care about this news.

I rarely or never fly.

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