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Leaders: Allegiant will boost visitors to the area

By Donna Hogan
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taking flight: An Allegiant Air MD-83 sits outside the Williams Gateway passenger terminal after an announcement in July that it will begin offering low-cost flights from the Mesa airport. Destinations include Rockford Chicago, Ill. and Fargo, N.D.

Tim Hacker Tribune

East Valley air travelers, gun shy after buying tickets on a couple of startup carriers that quickly shut down earlier this year, shouldn't worry about getting on board new Williams Gateway hub airline Allegiant Air, industry leaders said. "Comparing Allegiant to Western or SkyValue is like comparing Fort Knox to a couple of empty piggy banks," said Michael Boyd of Colorado-based The Boyd Group, airline industry consultants. "This is not a half-baked charter. It's one of the most professionally run entities in the travel business."

For several years, the Mesa airport has been wooing scheduled passenger service providers in hope of becoming a reliever airport for Phoenix Sky Harbor International Airport. A few have signed on. Las Vegas-based Vision Air was first in line and has been flying between Williams Gateway and North Las Vegas for more than a year.

But two later entrants - SkyValue, which had flights to Gary, Ind., and Western, which flew from Mesa to Bellingham, Wash., for a couple of weeks- weren't successful.

Those carriers rented planes and hoped to make enough money each month to pay for the next.

But a lack of sufficient funding sent both belly-up soon after starting service. Ticketed passengers got their money back but not their crushed vacation plans.

Allegiant has 32 of its own planes, money, and "a bulletproof business plan," said Boyd, who typically isn't as effusive in praising the major carriers.

Las Vegas-based Allegiant, which flies to 53 destinations from three U.S. hubs - Las Vegas, Orlando and Tampa-St. Petersburg, Fla. - named the Mesa airport as its fourth hub July 31. Since then, the airline has announced 12 of the 13 destinations it plans to fly to from Williams Gateway. They include Rockford Chicago, Ill. and Fargo, N.D.

Service to the first few destinations will start in late October, and all will be in the air before the Thanksgiving holiday, said Allegiant spokeswoman Tyri Squyres.

One-way regular fares range from \$79 to \$119. Introductory fares are even cheaper.

Allegiant will be at least "modestly successful" in Mesa, said Bob Mann of R.W. Mann & Associates, an industry analyst.

And if the company does make schedule changes, it won't happen suddenly, and it won't strand ticketed customers, Mann said.

The company is financially secure and has been profitable in every quarter since it went public by planning and forecasting well, he said.

"They've been successful by sticking to their knitting," Mann said.

The 10-year-old airline - Allegiant was founded in 1997 and went public in December 2006 - has carved itself a niche that major airlines, even the low-cost carriers, typically ignore, he said.

Allegiant flies "to nontraditional places" on a limited-frequency basis, a couple of times a week instead of a couple of times a day, Mann said.

But in destinations such as Chicago Rockford, Allegiant could cause some major carriers to take note if the upstart siphons off significant Sky Harbor to O'Hare business, he said.

If that happens, "there will be a response," Mann said, likely a lowering of airfares by the big guys and aggressive attempts to snatch back the business.

But most Mesa destinations will be as successful as Allegiant's marketing to the snowbirds who live there can make them, he said.

Shuttling vacationers from cold climates to warm ones has been Allegiant's forte and the crux of its success, Boyd said.

The Allegiant flights won't make Williams Gateway a true reliever airport, he said, since the carrier plans to fly only a couple of times a week to and from those fairly far-flung destinations. That makes the airline a bust for business travelers, he said.

But the good news is that Allegiant will bring lots of new people to the Valley, people who will only come to the destination because of the cheap, convenient flights and package vacation deals, Boyd said.

"It will be a net new economic generator," he said. "It's all new business; 95 percent of these people would not come to the Valley without Allegiant."

As for East Valley folks looking for easy access to their former hometowns, that's just bonus business for the carrier, he said.

"There may be three people in Mesa who have relatives in Sioux Falls, but that's a minor part of the business," Boyd said.

It's also what Mesa tourism leaders and airport officials are counting on.

"The business plan has always been to bring visitors to Phoenix to fill up hotels," said Williams Gateway spokesman Brian Sexton, getting accustomed to using the likely new moniker.

Despite its sour taste among some East Valley residents, Allegiant is marketing the destination as Phoenix-Mesa. Airport leaders likely will make it official Sept. 17 when the board votes on a name change for the airport so those first-time visitors Boyd says will come from Montana and South Dakota know where they are going geographically.

According to a study commissioned by Williams Gateway, during Allegiant Air's five-year contract with the airport more than 500,000 people are expected to arrive in Mesa on Allegiant, and more than 400,000 of them will be visitors.

While Williams Gateway is waiving landing- and terminal-use fees for the first two years of the five-year contract, the airport and concessions, which would include fuel providers and rental cars, are expected to bag more than \$4•million from the visitors. And that doesn't include what

the tourists will spend on hotels, restaurants and shopping during their stay in the Valley, Sexton said.

"That's what's making Robert Brinton (Mesa Convention & Visitors Bureau director) so happy," he said.

Brinton said he's so confident in Allegiant's success at the Mesa hub, he's planning a multimonh marketing blitz in the fall to all the new destinations.

"Allegiant is a lot more than an airline," Boyd said. "It's an entity that goes after discretionary money and delivers vacations, like a cruise ship with wings."

It shouldn't be compared with major carriers, like Tempe-based US Airways, that just provide transportation, he said.

And it doesn't compete with the big airlines, he said. Allegiant competes instead with companies like Home Depot, by persuading people to spend their extra cash on a winter getaway instead of using it to paint the family room, Boyd said.

Destinations Allegiant plans for Phoenix-Mesa service:

Bellingham, Wash.
Billings, Mont.
Cedar Rapids, Iowa
Chicago Rockford, Ill.
Fargo, N.D.
Fort Wayne, Ind.
Missoula, Mont.
Peoria, Ill.
Rapid City, S.D.
Santa Maria, Calif.
Sioux Falls, S.D.
Stockton, Calif.



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