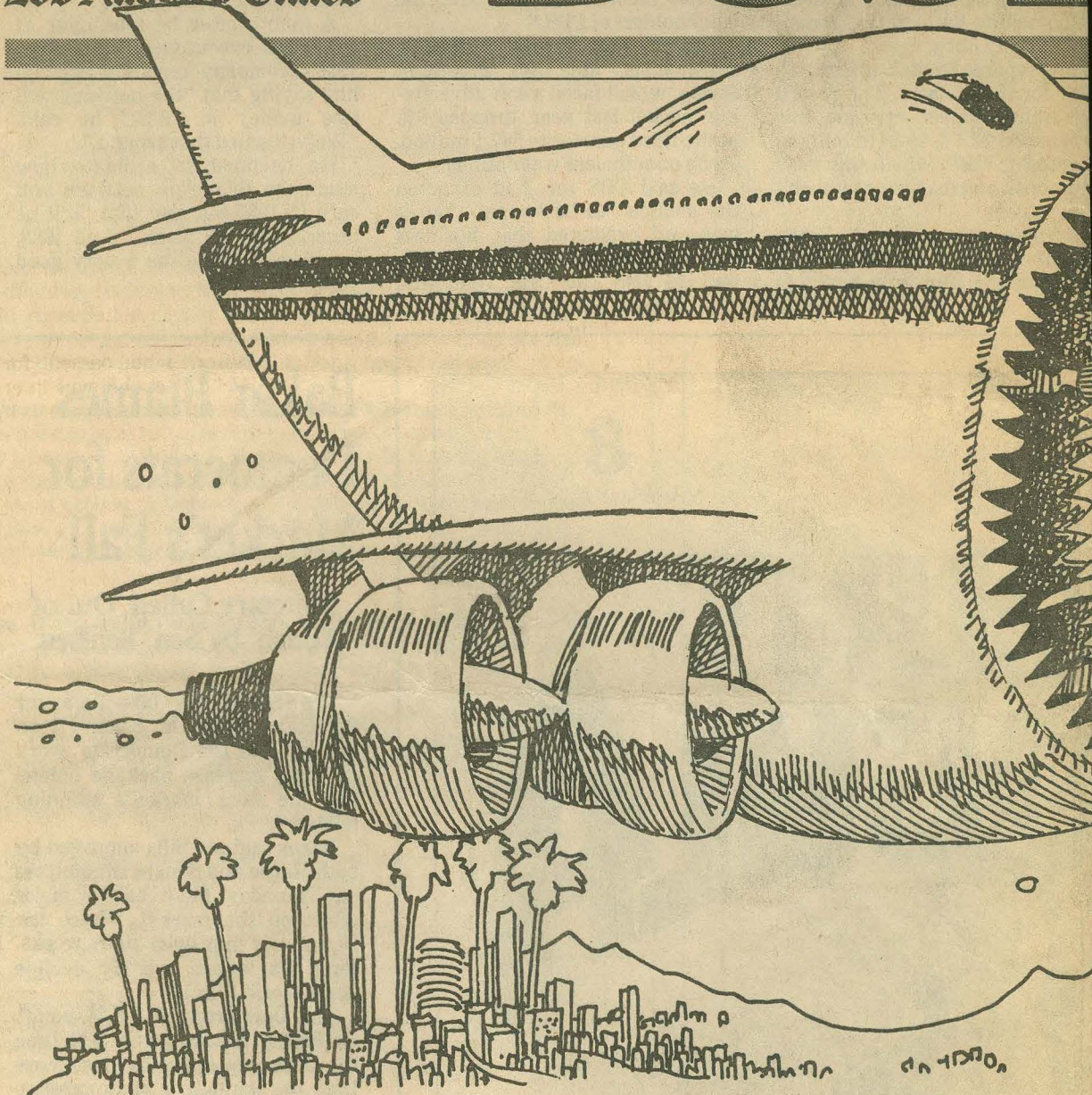


BUSI

Los Angeles Times



Let's Clear the Air: Flying West

By CARLA LAZZARESCHI, *Times Staff Writer*

The way Al Jones figures it, there is only one reason his legs are cramped as he flies up and down the state each week on business: AirCal is no longer an independent airline.

The state college system administrator has "irrefutably linked" the reduction in leg space to the fact that American Airlines, which bought AirCal and merged it into its national system in July, has substituted bigger but more tightly packed Boeing 727 airliners for AirCal's roomier Boeing 737s on several flights.

"Of course I'm unhappy," Jones said of the missing leg room. "It's little things like that that mean a lot to a frequent traveler. I

miss AirCal."

Nearly 10 years after airline deregulation changed the rules of flying in the United States, the West Coast is facing another—potentially more acute—change: the demise of regional airlines as the principal carriers throughout California and the Pacific Northwest.

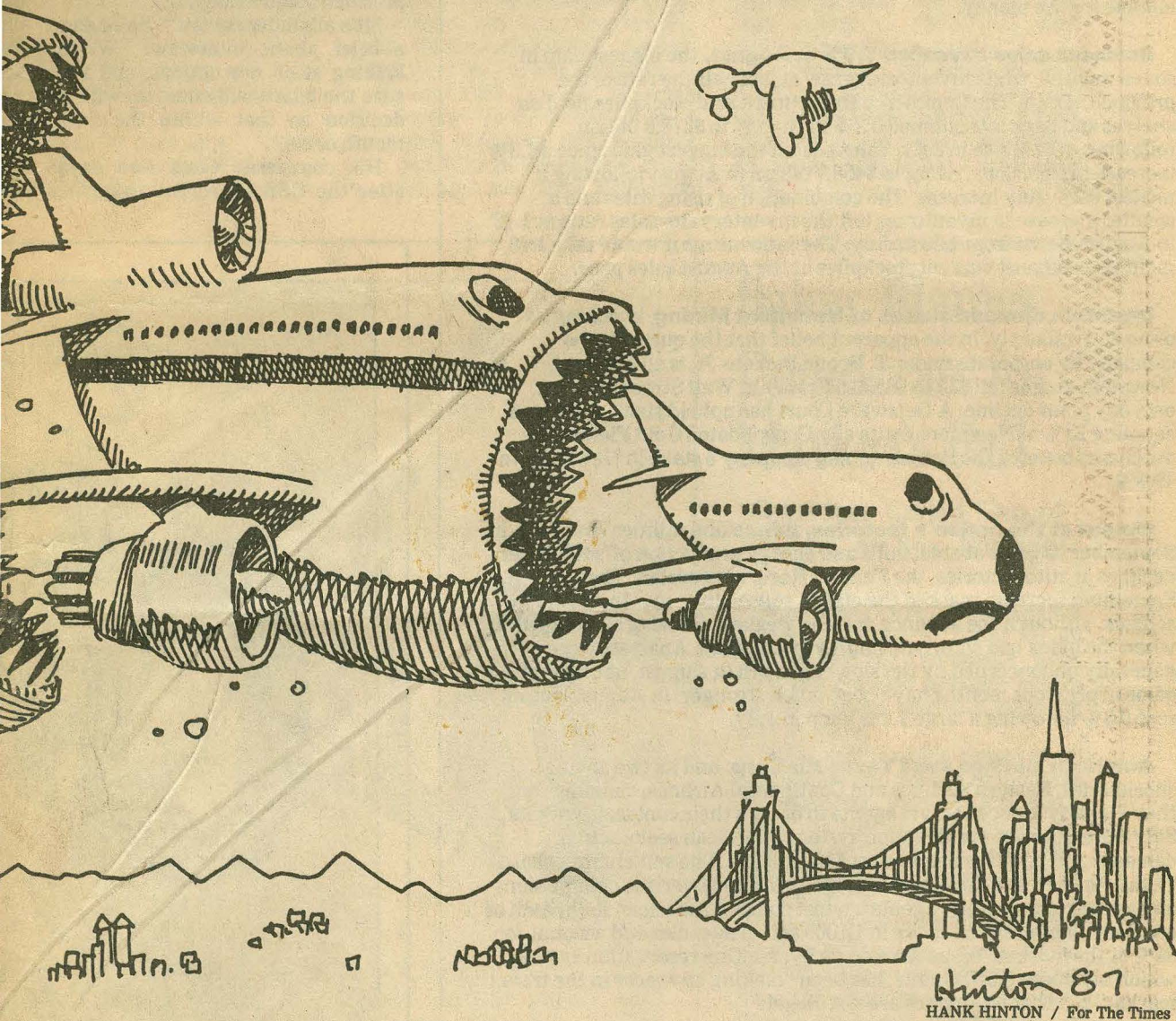
Within the past six months, three of the West Coast's four remaining independent carriers have been merged into larger, national airlines, ending the region's reign as the last in the nation to be served primarily by locally flying, locally headquartered airlines.

The changes started in April, when Delta

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MONDAY, OCTOBER 19, 1987
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st Coast Will Never Be the Same

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Air Lines' nearly \$900-million purchase of Los Angeles-based Western Airlines became final. In May, USAir completed its purchase of San Diego-based Pacific Southwest Airlines for \$400 million; July saw the completion of the \$225-million merger of American and AirCal, headquartered in Newport Beach. Western and AirCal disappeared into their new parents; PSA, at least for the present, retains its separate identity.

Although initial operational changes have been relatively few and minor, the unanimous pronouncement from airline executives and outside experts is that West Coast airline service—once characterized

by an intense focus on local markets and a casual, even wacky, in-flight style—will never be the same.

Already, American has abandoned its unprofitable jet service from Burbank to San Jose and turned over the route to its prop plane flying affiliate, Wings West Airlines, which operates the American Eagle service. American's jets used on the route have been redeployed to serve the airline's other routes. USAir, which took over PSA, is expected to make similar moves early next year on some of its less-traveled California routes.

"The airlines now are going to pay more

Please see **FLYING**, Page 8

FLYING: West Coast Taking a Back

Continued from Page 1

attention to how the local service fits into their overall national picture," said Robert Joedicke, an airline analyst with the investment firm of Shearson Lehman Bros. in New York. "Local service will be less emphasized."

But it will probably not be less expensive.

Analysts say the fare wars that punctuated the fierce rivalry among AirCal, PSA and Western are likely to be mere memories now that the struggling regional carriers are part of stronger and better financed operations. "There's more stability in the market," said John Pincavage, an analyst with the Paine Webber brokerage in New York. "There's not as much pressure to cut fares just to generate cash to stay afloat."

Current prices already reflect the trend. A one-way, full-fare flight from Los Angeles to San Francisco now costs \$124, up \$15 from a year ago. Even the midnight flier, the least expensive flight between the two cities, has increased to \$49 one-way, compared to \$39 a year ago.

Beyond prices and schedules, the merging of the regional carriers into national systems has effectively ended the uniquely West Coast personality that had become—for better or worse—a trademark of in-flight service. Now, airline executives and flight personnel say, fliers can look forward to strait-laced, by the book service.

For example, PSA executives say it's a safe bet that the hot pants uniforms that its stewardesses wore 20 years ago would not have won USAir's approval. In fact, PSA officials admit they were reprimanded by the parent firm last month for allowing television crews from the Good Morning America program to film some of the wacky routines that cabin crew members present over the planes' public address systems.

Still unclear is what USAir intends to do with PSA's "smile," the distinctive grin painted in black on the nose section of every plane. Although well-known on the Pacific Coast, the symbol is not well-recognized outside the region.

Among PSA employees and, even, many travelers, the "smile" has come to symbolize the last trace of home-grown California air service, and the fight is raging to save it as a memento of the regional carriers that grew up with the region.

Why the wealthy, populous and fast-growing West Coast was the

First-Class Traveling Suits Men on British Caledonian

NEW YORK—If you're male, it might suit you to fly British Caledonian Airways before the end of the month.

In an unusual promotion, the carrier is giving Austin Reed-brand men's suits to passengers who fly first-class round-trip to London from Atlanta, Houston or Dallas. The fare between Atlanta and London is \$3,456; between the Texas cities and London it is \$4,406.

Most airlines have frequent-flyer programs to attract passengers and thus feel no need for such giveaways, observers noted. But British Caledonian does not.

A spokesman for the airline said 380 suits have been given away so far in the promotion, which began Sept. 1 and runs until Oct. 31. The suits, which come in either dark blue or charcoal black, would retail for between \$400 and \$500, the spokesman said.

"This was a way of generating more business in the front of the plane [the first-class section] on these routes," he said. "We have been extremely successful in the back of the plane but only moderately successful up front." The promotion has increased first-class loads on the routes by 11%, he added.

In order to get their suits, passengers must have a card stamped when they board the plane in each direction. They must mail the card to a Chicago affiliate of Austin Reed, a well-known London clothing firm, with their measurements. Passengers are responsible for having any necessary alterations made.

The British Caledonian spokesman said that since 97% of the airline's first-class passengers are men, it has made no provision in the promotional campaign for women. Women travelers, he said, are given men's suits, which they can use as gifts. "We have received no complaints," he added.

—ROBERT E. DALLOS

Utilities Commission, which allowed PSA and, to a lesser degree, AirCal to become the dominant players until deregulation in 1978.

Since deregulation, there have been other impediments: growth restrictions at suburban airports, such as Orange County's John Wayne, which have prevented outside airlines from winning landing rights; the air traffic controllers' strike in 1981, which restricted air traffic, and the airlines' preoccupation with developing their national strategies before entering new markets.

Pluses and Minuses

Perhaps the largest result of the mergers for both travelers and the airlines is the linking of what had been an independent, north-south flight corridor to the transcontinental route structure.

The big pluses for travelers are easier access to the major east-west system and the ability to apply their West Coast travel miles to the popular "frequent flier" programs offered by major airlines.

However, in exchange, travelers can expect a few minuses, including an eventual reduction in the num-

ber of carriers," explained Michael Gunn, American Airlines' senior vice president for marketing. "Our purpose was to provide a good product that will feed into an entire route system."

As a practical matter, this approach means that planes will no longer just hop back and forth between northern and southern coastal destinations but will instead fit into a national travel network.

For example, American Airlines' Flight 132 from Ontario to Sacramento has been routed to fly on to Dallas from Sacramento. And, in place of the two-engine 737 that AirCal had assigned to the flight when it was just a hop to Sacramento, American has deployed a three-engine 727 for the longer flight. (This is the change that prompted college administrator Jones to complain about his missing leg room.)

Sensing that the mergers would create some unhappiness and discomfort, Alaska Airlines, the Pacific Coast's last remaining independent regional carrier, has moved aggressively into the California market with 17 additional flights between the north-

by independent, regional carriers, is no mystery.

The principal reason, experts say, was California's historic protection of state-based carriers under the wing of the state Public

Angeles and San Francisco area airports as planes are deployed to handle the larger and more important east-west travel network.

"Our intention in buying AirCal was not to be the largest California

advertising campaign.

Time to Move

For example, within days of American's announcement that it was dropping jet service between Burbank and San Jose, Alaska said it would start serving that route.

Although some analysts have suggested that the bold moves are designed to make the airline a more attractive takeover candidate, Alaska's Chairman Bruce Kennedy dismisses such speculation. "We are trying to take advantage of the chaos created by the mergers," he said. "If there is any time to make a move, this is it."

Continental Airlines has also seen an opportunity to increase its presence in the corridor. Within the past several weeks, the aggressive carrier has introduced what it

Airbus Industrie Presents Case in U.S. Ad Campaign

NEW YORK (AP)—Europe's Airbus Industrie said Sunday it was launching a two-month editorial advertising campaign aimed at explaining its position in the U.S.-European aircraft trade war.

The company, a consortium of British, French, West German and Spanish aircraft manufacturers, said it was running quarter- or full-page "advertorials" beginning in today's editions of the Wall Street Journal, New York Times, Washington Post, the Los Angeles Times and 13 other major newspapers and magazines.

The ads are being run about a week before senior U.S. and West European trade officials are to meet in London to discuss American complaints of unfair European sub-

sidies for Airbus passenger jetliners.

Airbus is the leading competitor to U.S. aircraft makers Boeing Co. and McDonnell Douglas Corp. in the multibillion-dollar long- and medium-range airliner industry.

As the 17-year-old Airbus increasingly expands its presence in the market, it has become the target of U.S. government criticism that it was being subsidized unfairly by European governments.

Three European governments announced \$4.5 billion in aid to Airbus this spring. However, European trade negotiators claim that Pentagon contracts constitute a kind of subsidy to U.S. companies, a claim U.S. negotiators deny.

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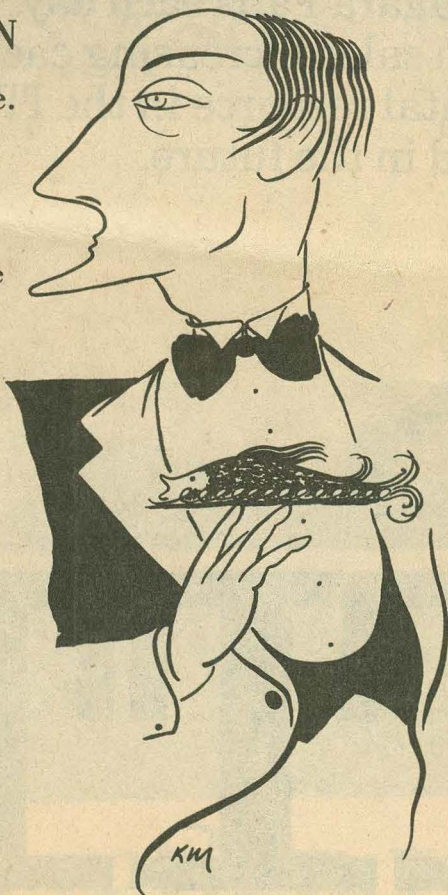
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strategy, executives privately they welcome the arrival of the carriers because they have operating styles and bureaucratic structures. "The larger carriers are less flexible than the normal airlines," said one executive who asked that his name not be used. "They are also less likely to get into fare wars."

Although the mergers have given the surviving carriers additional strength, they have not been well received by the employees of the original carriers.

SA pilots are still negotiating the terms of their transfer to other carriers; hundreds of Western employees quit rather than move from Los Angeles to Atlanta, Salt Lake City and other cities, and attendants and pilots from AirCal primarily complain about how lost and

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By Michael L. Noel
Vice President and Treasurer

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calls the "Continental Shuttle" between Los Angeles and San Jose. Other carriers offering some service along the Pacific Coast are United, America West, Pan American, Eastern and TWA.

Despite the inconveniences that the mergers might pose now, analysts argue that they were necessary to strengthen the national travel network and poise the airlines for increased travel across the Pacific.

Lee Howard, executive vice president of Airline Economics, a market research firm in Washington, D.C., said each merger has increased the "survival potential" of the remaining carriers. The strategy, as he sees it, is for airlines to position themselves now to increase their chances of being among the dozen or so major carriers that will survive in the era of deregulation.

On that score, analysts give the highest marks in the most recent round of mergers to American, the airline that already has the nation's strongest computerized reservation system and one of the most popular frequent flier bonus programs.

Although the airline already had a presence on the West Coast before it bought AirCal, the merger gave it important landing rights in Orange County and other suburban airports where access had been restricted. Furthermore, analysts say the marriage between the two route structures has created a balanced network that positions American for growth.

Analysts and airline insiders are still questioning the wisdom of the USA-USAir merger. USAir has just 12 daily flights to the West Coast from Indianapolis and Pittsburgh, and analysts wonder how the airline can effectively tie those in with USA's strong service in the Los Angeles-San Francisco corridor.

United Faces Fight

"USAir got a big piece of the West Coast traffic, but the question is, what can they use?" said Mort Meyer, president of Avmark, an Arlington, Va., research firm. In response, USAir Executive Vice President Randy Mahlin said the airline is still developing its West Coast strategy.

Another big question is how United Airlines will counter the increased competition. After years of going against smaller and under-financed regional carriers on the West Coast, United now faces a fight with carriers of its size and financial strength.

disconnected they feel as American Airlines employees.

"We don't have time to give to the passengers because we're so programmed," confided one veteran AirCal flight attendant, referring to American's more tightly specified duties. "I pass on pat answers to the passengers because we're given pat answers. There's no feeling of family or loyalty like there was at AirCal."

The passengers are not oblivious. Mary Beacher, a state Department of Corrections counselor who regularly flies to Sacramento, complained that in-flight service on American has become harried and impersonal.

"They used to ask if you wanted seconds. Now they just push the drinks at you, and you don't see them again," she says. "It's like they're being pushed."

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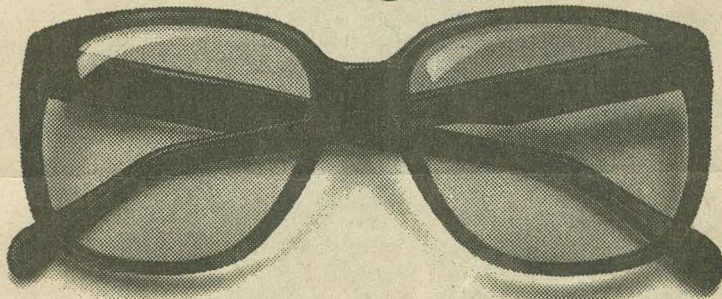
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