

The Impact of the Repeal of the Wright Amendment on the Dallas

Area Air Travel Market

Source of Data: US Department of Transportation
Traffic and Fare Data obtained from Diio Mi

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ABSTRACT

This project studies the effect of the repeal of the Wright Amendment on air travel in the Dallas market. In 1979, the Congress enacted the Wright Amendment, a federal law to govern air traffic in the Dallas metropolitan area. The Amendment limited flights (with greater than 56 seats) originating from Dallas Love Field Airport (DAL) to only fly to destinations in Texas or its neighboring states. The law was fully repealed in October 2014, which allowed some airlines including Southwest Airlines (WN) to schedule flights and extend service from Dallas Love Field to the previously restricted destinations. This project mainly investigates the growth of Southwest's operations from their hub at Dallas Love Field Airport after the Wright Amendment restrictions were removed. Additionally, the response of Southwest's competitor American Airlines' (AA) to this growth from their Dallas Fort Worth Airport (DFW) hub was also investigated. The study fosters a better understanding of how both airlines establish their strategic responses in this competitive environment. This poster examines pricing and capacity changes for multiple origin-destination markets originating from the Dallas area, before and after the repeal, to study the impact of the amendment's abolishment.

A BRIEF HISTORY OF The Wright Amendment

a federal law to govern air traffic in the Dallas metropolitan area.

1971, JUN

Southwest started to serve in DAL, Texas.

1979

DALLAS LOVE FIELD

Leading the **EVOLUTION** of the Airport Experience

Congress enacted the Wright Amendment, limiting long-haul flights out from DAL to only the destinations in Texas or four neighbouring states.

2005

Southwest launched several campaigns to support the repeal of the Wright Amendment.

2006, JUN

Southwest and American Airlines announced their agreement: 1, Repeal of the Wright Amendment will be in 2014. 2, Restrictions will only be lifted for domestic long-haul flights.

2006, SEPT

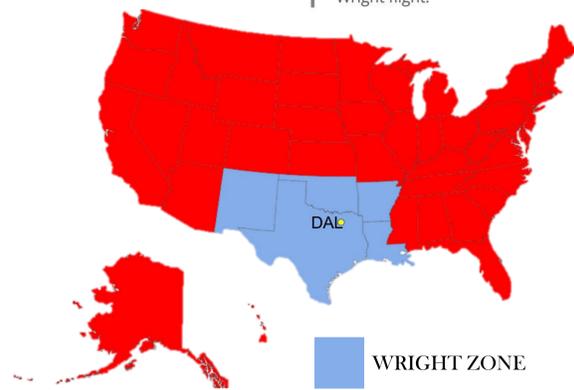
Congress approved the repeal of the Wright Amendment.

2006, OCT

President Bush signed the Wright Amendment Reform Act of 2006.

2014, OCT 13

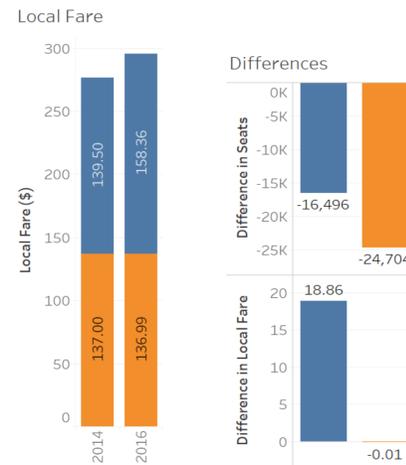
Route restrictions by the Wright Amendment in DAL is lifted. Southwest now allowed to serve non-stop and long haul flight from DAL to any domestic destinations. Flight 1013 DAL-DEN takes off, the first post-Wright flight.



WRIGHT ZONE

NON-WRIGHT ZONE

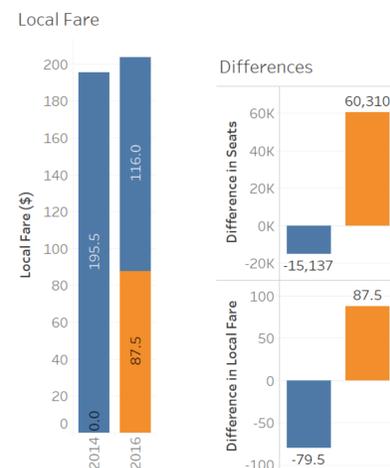
Dallas to Albuquerque (ABQ)



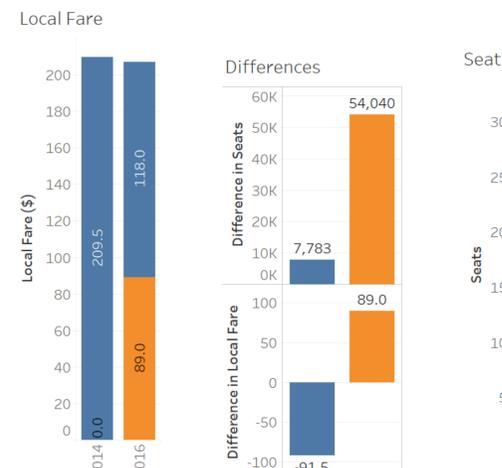
Dallas to Houston (HOU)



Dallas to Atlanta (ATL)

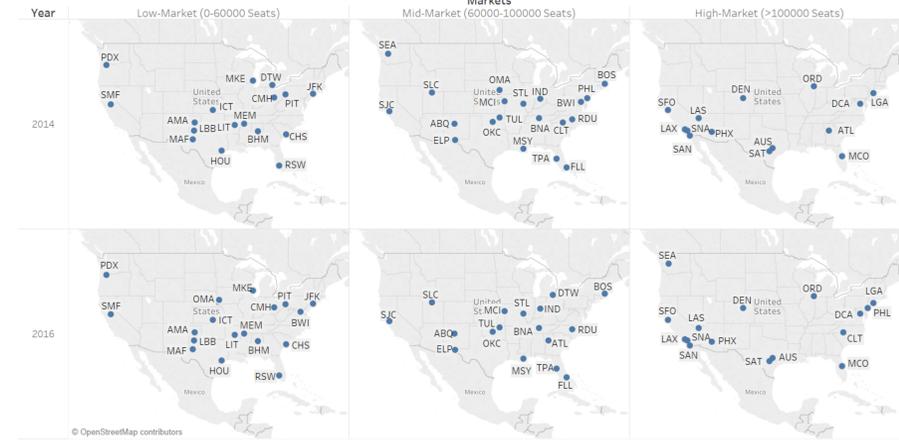


Dallas to Los Angeles (LAX)

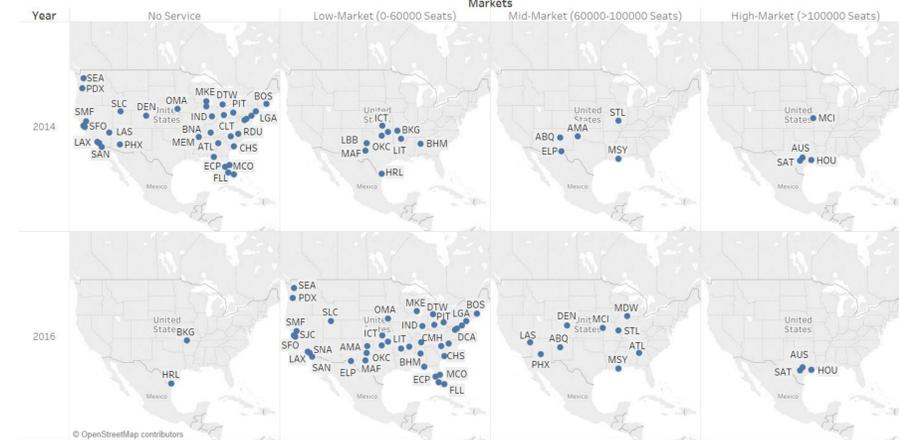


*Wright Zone - destinations that airlines were allowed to operate to from Dallas Love Field. Includes airports in states surrounding Texas - Arkansas, Louisiana, New Mexico and Oklahoma.

High/Medium/Low Markets | American Airlines | Q1'14 vs Q1'16



High/Medium/Low Markets | Southwest Airlines | Q1'14 vs Q1'16



The maps above show Southwest's and American's operations from the Dallas Area before (Q1 2014) and after (Q1 2016) the lift of the Wright Amendment restrictions. The maps are divided into four categories for each airline: No Service Offered, Low Market (0-60000 seats), Medium Market (60000-100000 seats) and High Market (100000+ seats). Note that all airports are not labeled (text) due to spatial limitations on this poster.

The graphs on the left show Southwest's and American's seats (capacity) and local fares for flights originating from the Dallas Area before (Q1 2014) and after (Q1 2016) the lift of the Wright Amendment restrictions.

- For most Wright Zone destinations (such as ABQ and HOU), Southwest cut seats (capacity) in 2016 to reallocate those aircraft to non-Wright Zone destinations they were allowed to now serve since restrictions were lifted.
- As a result, American also cut seats but was able to increase fares due to lower competition from Southwest.
- For non-Wright Zone destinations (such as ATL and LAX shown in the graphs), Southwest introduced new flights to these destinations after the lift of restrictions, therefore adding more seats to the market.
- For some non-Wright Zone destinations (such as ATL), American responded to the Southwest's increase in capacity by reducing their own seats offering in the market.
- In other non-Wright Zone destinations (such as LAX), American responded by adding more seats to the marketplace.
- For almost all non-Wright Zone destinations, American was forced to lower fares to be more competitive with Southwest. Southwest is historically a low-cost carrier and typically has lower fares than American for most flights. As a result, American was forced to lower their fares in 2016 to closely match those Southwest was offering.

■ American Airlines (AA)
■ Southwest Airlines (WN)