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Apple Fight

Airlines and airports are upping the ante in the battle for New York

Not since Pan Am and TWA duked it out in the 1960s has the competition at New York's three airports been so intense, with airlines tripping over themselves to add new flights and the Port Authority of New York & New Jersey spending millions of dollars on expansion and renovation programs. When the dust finally settles, New York passengers are likely to see better facilities, new flights, and—dare we say it—a more pleasant travel experience.

JFK

Competition is especially fierce at John F. Kennedy airport, thanks in large part to Delta. The airline now serves five continents from JFK, recently launched service to Copenhagen, Stockholm, Shannon, Ireland, and Manchester, England, and is increasing capacity on its Tel Aviv and Tokyo flights. "We have incredible momentum right now," says Gail Grimmert, the airline's senior vice president for New York. "Our network (at JFK) speaks for itself."

But Delta's Achilles heel at Kennedy is its facilities, which are spread over two crumbling "Mad Men"-era terminals. "We realize that what happens at the airport is an important part of the passenger experience," Grimmert says. "And we know what we have right now is not so great." But the Port Authority recently announced plans for a major overhaul of Delta's JFK facilities, a \$1.2-billion project that calls for the expansion and renovation of Terminal 4 and demolition of saucer-shaped Terminal 3, which for decades served as a major international gateway for Pan Am. The Port Authority expects work to be completed by 2013.

While American Airlines' Terminal 8 is one of JFK's most efficient, the airline has lost market share to Delta and JetBlue. This year, it responded with new routes to Madrid, Manchester, and San José, Costa Rica, and has announced service to Rio de Janeiro and Tokyo's Haneda Airport.

It also signed an unusual agreement with archrival JetBlue that allows the airlines to sell tickets for each other's flights on certain routes. "It gives us 18 new nonstop destinations," says Art Torno, American's vice president for New York, "and allows JetBlue to access our international network."

Perhaps the best news for American is the Department of Transportation's decision to grant it—along with British Airways and Iberia—trans-Atlantic antitrust immunity, allowing the three oneworld partners to cooperate on pricing and marketing. "We can now offer our corporate customers a broader network, and we're on equal footing with the other (airline) alliances," Torno says. Not surprisingly, rival Virgin Atlantic opposes the deal, saying it will stifle competition on the lucrative New York-London corridor.

It's a route that Chris Rossi, Virgin Atlantic's senior vice president for North America, says "dwarfs the other U.S. markets. You get the best product, because it's so hotly competitive." To that end, Rossi says that Virgin Atlantic is collaborating with area airport managers and owners and "looking to see how we can mimic what we do at Heathrow at New York airports."

Meanwhile, The Port Authority has completed a \$435-million resurfacing and widening of JFK's busiest runway, allowing it to accommodate Airbus' mammoth A380, and is continuing use of a traffic-management program designed to reduce delays. "We hold some planes at the gates, rather than letting them stack up on the tarmac," says the Port Authority's Ron Marsico. "You end up with fewer angry passengers."

LaGuardia

Despite a failed attempt to bolster its position at LaGuardia through a slot swap with US Airways, Delta remains committed to the airport, and in June, added a Shuttle-branded service to Chicago O'Hare. "For domestic business travel, LaGuardia is still the New York airport of choice," says Delta's Grimmert. "What we're doing there complements our JFK network."

American—currently No. 1 at LaGuardia—is spending \$40 million to completely refurbish Concourse C, and has added American Eagle flights to Minneapolis/St. Paul and Atlanta, both Delta hubs. "We don't know if we'll remain the largest carrier at LaGuardia," Torno says. "But we're going to stay on top in the markets that matter to business travelers."

Newark

At Newark, the Port Authority is spending \$300 million to expand Terminal B, a project that includes space for new airline lounges and TSA equipment. "We've extended the security areas so that people aren't queuing all the way back into the terminal," says the Port Authority's Marsico. "The project will also add 3,700 square feet of post-security retail space."

At Terminal C, Continental continues its strategy of slow and steady growth, adding service to Munich and announcing plans to serve Cairo next year. The airline says that while other carriers bludgeon each other at JFK, it already provides a world-class international gateway. "By every metric—seats, departures, and destinations—we are best positioned in New York," says Continental's Christen David. "Other airlines will have to use a two-airport split operation to replicate what we've been doing here for a decade."

What's next?

Continued consolidation among U.S. carriers is likely to fuel more changes. Some industry watchers expect that after its merger with Continental, United will funnel more connecting traffic through Washington Dulles, making room for new flights from Newark. Others are watching for a more far-reaching partnership between JetBlue and American. And a merger with US Airways would provide any of the Big Three airlines with hundreds of aircraft that could be used to expand New York operations.

In the chaotic world of commercial aviation, the only thing that's for sure is that things will keep changing.

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