# Trials of a Small City Airport: A Case Study of Gainesville

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An airport with quality service can contribute to a city's quality of life and be an essential component in luring new residents and industry to an area. Competitive fares and convenient, frequent schedules are important to these prospective residents and, of course, to the current local population for both business and pleasure travel. However, for the small city, maintaining quality service can be a challenge. Small-city airports are harder to promote to major airlines as financially worthwhile ventures due to their lower traffic-generating potential.

This challenge has become greater since the passage of the Airline Deregulation Act of 1978. Prior to deregulation, the government ensured air transportation for those cities where revenues were insufficient by requiring specific carriers to provide such service in exchange for subsidies (Bailey, Graham, and Kaplan, 1985). These subsidies compensated any financial loss incurred by the carrier as a result of providing service. While some government subsidization of small-city airport service continues through the Essential Air Service program, few major carriers have elected to remain in these markets (Weiner, 1991).

The new, competitive framework within which airlines now operate has had a great impact on the small-city airport. Several studies have shown that, since deregulation, many small cities have experienced declines in total enplanements and number of non-stop destinations reached from their facility (Chan, 1982; Maraffa and Kiel, 1985; Warren, 1984). Many of these cities, also, have experienced loss of jet service that has been replaced by smaller turbo-prop commuter aircraft. Frequency of flights, however, has risen as the role of these commuters in feeding traffic into the hub airports of major carriers has heightened (Maraffa and Kiel, 1985; Warren, 1984).

Another problem for small-city airports (and a few airports of larger cities as well) is the drainage of passengers from the local market area to airports of larger cities within reasonable driving distance (usually under two hours) (Warren, 1984). This predicament faces many (although not all) small-city airports as passengers from their local market area are willing to spend extra time en route to an alternative airport to get a wider selection of departure times, carriers, and fares. The regional airport of Gainesville, Florida is plagued by most of the above-mentioned problems.

## *The gainesville regional airport*

The Gainesville Regional Airport was built to serve the air transportation needs of the Gainesville and Ocala metropolitan areas in north central Florida. Gainesville, home of the University of Florida, is in Alachua County (population 182,940), and Ocala is within Marion County (population 182,329) (*Florida Statistical Abstract*, 1989). The airport is classified by the Federal Aviation Administration (FAA) as a non-hub, which means that the facility enplanes less than 0.05% of the nation's air traffic annually (*Airport Activity Statistics of Certified Route Air Carriers*, 1989).

The airport has two general gate/boarding areas, and is currently served by two major airlines (USAir and Delta) and three commuter carriers (Commair and ASA affiliated with Delta and Henson Aviation operating as USAir Express). Delta jet service began in Gainesville during June of 1991, while Piedmont (acquired by USAir) has been serving Gainesville since 1985. The dominant carrier offering jet service at Gainesville from the 1950's through the end of 1990 was Eastern. That carriers demise in early 1991 prompted Delta to institute service. Until Piedmont's arrival, only Air Florida had challenged seriously Eastern's near monopolistic control over the Gainesville and Ocala market area. Air Florida served the Gainesville Regional Airport from 1978 until 1983. The airport now offers non-stop jet service to Atlanta (Delta) and Charlotte (USAir), and commuter plane service to Atlanta (Delta Connection), Miami (USAir Express) and Orlando (Delta Connection) (*OAG Pocket Flight Guide*, 1991).

Statistics supplied by the airport and the Gainesville Chamber of Commerce reveal some important characteristics of the facility's passengers and its usage in general. Most of the airport's patrons are pleasure travelers (55%), but business travelers patronize the airport at a much higher rate (Nammack and Associates, 1984). This means that leisure travelers are more likely to opt for driving a greater distance to an alternative airport. Sunday is the most popular day for travel out of Gainesville followed by Friday and Thursday, in that order, while March and April are the prime traffic-generating months, largely due to spring break at the University of Florida. The student population is a significant market for the airport and the carriers.

Also, more passengers deplane in Gainesville than enplane. According to the Federal Aviation Administration, an airport's enplaned passengers are those whose round-trip flights originate and end in their facility, while deplaned passengers are those for whom the facility is a destination (non-local traffic). Enplaned traffic is more important for an airport as it typically shows more reliable, constant support of the terminal. Unfortunately, for Gainesville, a higher volume of traffic is generated outside the local area. This also could indicate that some local residents are opting for alternative sources for air transportation.

## *The gainesville and ocala market area*

During the mid-1980's, the City of Gainesville commissioned a consulting firm to prepare an economic analysis of Gainesville's air service market (Nammack and Associates, 1984). The study was to compare the area's traffic potential with existing traffic generation to assess the success of the current facility and to assist planning. Their general conclusion was that traffic levels at the airport were much lower than the market potential of the area.

Though three other airports lie within moderate driving distance of Gainesville and Ocala (Figure 1), the study estimated that the two metropolitan areas combined have an annual enplaned passenger potential of over 300,000. The Gainesville facility clearly does not meet its potential in traffic generation (Table 1). From a peak in 1979 of 180,550 enplaned passengers, the decrease in the number of enplaned passengers

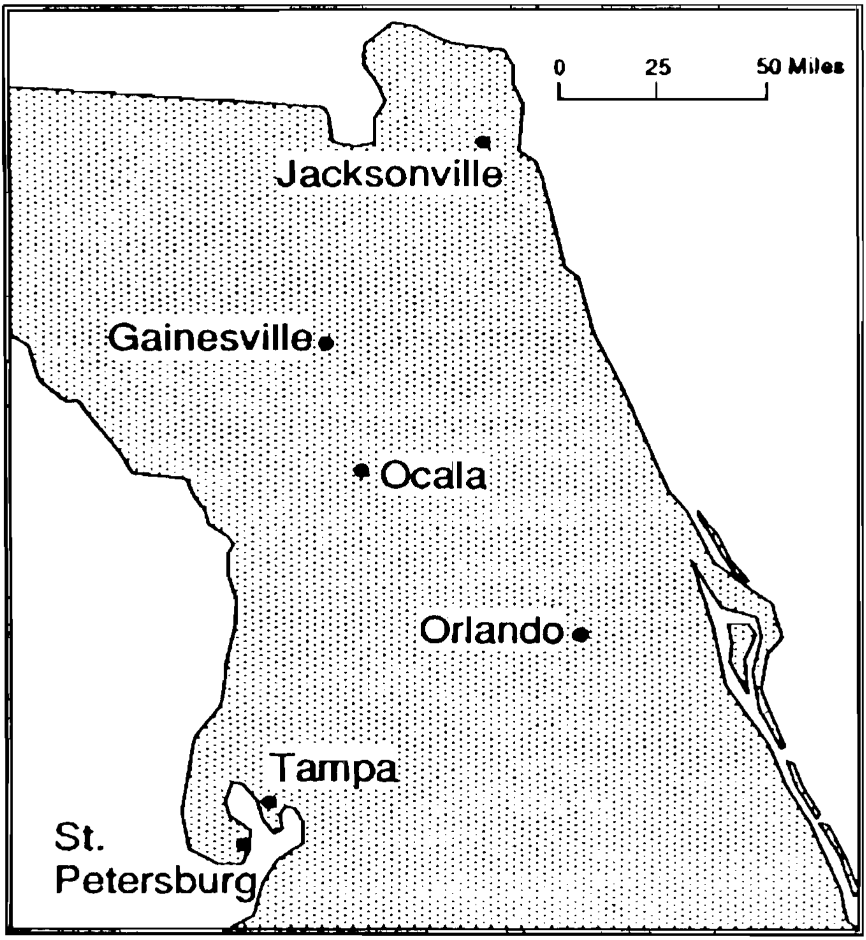


**Figure 1.**
**Airports Competing with Gainesville/Ocala**

**Table 1**
**Total Enplanements**

| Year | Gainesville | Jacksonville | Orlando | Tampa/St. Petersburg |
|---|---|---|---|---|
| 1978 | 141,388 | 820,113 | 2,446,984 | 3,106,218 |
| 1979 | 180,550 | 896,136 | 3,098,437 | 3,693,478 |
| 1980 | 177,196 | 872,979 | 3,124,568 | 3,600,730 |
| 1981 | 153,908 | 858,902 | 2,866,389 | 3,184,121 |
| 1982 | 132,213 | 982,157 | 3,268,933 | 3,560,548 |
| 1983 | 112,178 | 1,044,359 | 3,721,059 | 3,830,148 |
| 1984 | 117,969 | 1,056,365 | 4,108,413 | 3,962,211 |
| 1985 | 143,573 | 1,160,053 | 4,848,771 | 4,240,557 |
| 1986 | 157,707 | 1,373,191 | 5,946,686 | 4,675,116 |
| 1987 | 158,427 | 1,407,222 | 7,074,737 | 4,798,968 |
| 1988 | 155,675 | 1,287,939 | 7,473,086 | 4,538,643 |
| 1989 | 120,162 | 1,249,258 | 7,373,449 | 4,429,612 |

Source: *Airport Activity Statistics of Certified Route Air Carriers* (annual), U.S. Department of Transportation, Federal Aviation Administration and author.

this time). Accounting for part of the earlier decline (Table 2) was the air traffic controller (PATCO) strike of 1981. The traffic decline since 1987 has been largely due to problems of financially strapped (now defunct) Eastern who was the major carrier for the airport. In 1989, Eastern service was absent at Gainesville for nearly six months due to a

**Table 2**
**% Change in Enplanements over Previous Year**

| Year | Gaines-ville | Jack-sonville | Orlando | Tampa/St. Petersburg |
|---|---|---|---|---|
| 1978 | 14.5 | 3.8 | 25.4 | 18.3 |
| 1979 | 27.7 | 9.3 | 26.6 | 18.9 |
| 1980 | -2.1 | -2.6 | 0.8 | -2.5 |
| 1981 | -13.1 | -1.6 | -8.3 | -11.6 |
| 1982 | -14.1 | 14.4 | 14.0 | 11.8 |
| 1983 | -15.2 | 6.3 | 13.8 | 7.6 |
| 1984 | 5.2 | 1.1 | 10.4 | 3.4 |
| 1985 | 21.7 | 9.8 | 18.0 | 7.0 |
| 1986 | 9.8 | 18.4 | 22.6 | 10.2 |
| 1987 | 0.5 | 2.5 | 19.0 | 2.6 |
| 1988 | -1.7 | -8.5 | 5.6 | -5.4 |
| 1989 | -22.8 | -3.0 | -1.3 | -2.4 |

Source: See Table 1.

has been quite steady except for modest gains from 1984 until 1987 (Piedmont was establishing service at the Gainesville airport during a major strike of airline employees. Before the strike (and certainly after), public confidence in the carrier began to wane, resulting in even greater passenger and financial losses for Eastern.

Enplanement levels at the other airports near Gainesville and Ocala grew steadily since deregulation, although some loss occurred at these airports as well during the PATCO and Eastern strikes (Table 2). A comparison of enplanement levels for 1978 and 1989 (Table 1) at each of the three cities shows increases of 43% at Tampa/St. Petersburg, 52% at Jacksonville and 201% at Orlando. During this same time period, enplanement levels at the Gainesville airport fell by 15%.

As further proof of the Gainesville airport's inability to draw from its market area successfully, the consulting firm conducted a survey in 1984 of travel agencies in the Gainesville and Ocala area. This research showed that only 40% of all air tickets sold at these agencies were for service out of the Gainesville Regional Airport. (Gainesville agencies reported an average figure of 48%, while the Ocala average was 32%.) Of the remaining 60%, 34% chose Orlando; 15%, Jacksonville; and 11%, Tampa/St. Petersburg.

It was concluded that the main problems for the local facility related to the dominance of one carrier. Potential Gainesville passengers were choosing other airports for lower fares, greater carrier choice, and greater non-stop destination choice. Fare differences between trips originating in Gainesville and the other three cities were often tremendous. Nammack and Associates recommended that Gainesville encourage Eastern to lower fares and create new service at the local airport, or to seek out another carrier to compete with Eastern.

## *Effects of increased service*

In 1985, Piedmont Aviation began operating in Gainesville. Their initial schedule was for jet service to Miami and Tallahassee, but soon commuter service was added to Orlando, Jacksonville, and Tampa/St. Petersburg. In March of 1989, the carrier began jet service to its hub airport in Charlotte. Piedmont became USAir in August of 1989, and dropped the commuter service to Jacksonville, Orlando, and Tampa/St. Petersburg over the course of the next year. Jet service to Miami was downgraded to commuter service in 1990, and the Tallahassee jet service disappeared before the merger of the two carriers. Commuter service (the 'Delta Connection') began in 1986 to Atlanta and Orlando (*Official Airline Guide*, 1985-1990).

To measure the success of the new additions to the Gainesville Regional Airport's service level, a new survey was conducted in early 1990. The 1984 Nammack survey provided a baseline against which the enhanced service could be assessed. It involved the same list of travel agencies in the original survey, although four were found to be defunct, and one of the participants from 1984 chose not to respond in 1990. This survey showed that after the Piedmont (USAir) and Delta Connection service were added, support of the Gainesville Regional Airport was stronger. Of all ticket sales at the travel agencies surveyed (in both Alachua and Marion counties), 61% were for Gainesville departures. Of the remaining tickets sold, 22% used Orlando; 10%, Jacksonville; and 7%, Tampa/St. Petersburg.

Dividing the survey data between the two cities in the region, however, showed that while Gainesville support for the local airport had risen (75% of ticket sales as opposed to 48% in 1984), Ocala support of the facility had declined (16% of ticket sales in the 1990 survey, versus 32% in 1984). Data supplied by the Ocala Chamber of Commerce confirmed this decline (14.1% Gainesville departures in 1989). The phenomenal growth of the Orlando Airport has very successfully drawn Ocala passengers away from Gainesville.

## *Identified problems in selling the gainesville airport*

The 1990 survey asked travel agents to identify the major problems in selling Gainesville as a departure city. The most common response was higher fares at Gainesville. While in some cases the differences in fares do not appear great, evidently they are high enough to justify the extra driving time (Table 3). Also commonly mentioned (in order of frequency) were limited carrier choice, frequent use of small commuter planes, difficulty in reaching one's final destination (particularly cities in the West and Midwest) and limited non-stop service at Gainesville. All these were mentioned on each returned survey. Less-cited complaints included the decline in service and reliability of Eastern and the desire to avoid changing aircraft in highly congested Atlanta (the only non-stop route offered by Eastern).

**Table 3**
**Fare Differences to Select Destinations in Dollars**

| Destination | Gaines-ville | Jackson-ville | Orlando | Tampa/St. Petersburg |
|---|---|---|---|---|
| Albuquerque | 289 | 269 | 269 | 269 |
| Atlanta | 205 | 136 | 148 | 148 |
| Chicago O'Hare | 248 | 248 | 248 | 248 |
| Dallas/Ft. Worth | 298 | 268 | 268 | 268 |
| Denver | 298 | 278 | 278 | 278 |
| Detroit | 268 | 248 | 238 | 248 |
| Las Vegas | 338 | 298 | 278 | 278 |
| Los Angeles | 338 | 298 | 258 | 278 |
| Newark | 178 | 178 | 148 | 178 |
| New Orleans | 198 | 198 | 198 | 198 |
| Pensacola | 155 | 135 | 115 | 128 |
| Pittsburgh | 218 | 198 | 198 | 198 |
| Portland | 328 | 298 | 278 | 278 |
| St. Louis | 284 | 264 | 224 | 264 |
| Tucson | 348 | 298 | 278 | 278 |

Source: Fares were supplied by Full Circle Travel Agency, Bluefield, VA. They are round-trip restricted coach fares requiring a Saturday stayover on the carrier offering the lowest fare for a particular market (October 1989).

## The current situation

Gainesville, of course, has a much smaller population than the Orlando MSA (935,000), the Jacksonville MSA (878,000) or the Tampa/St. Petersburg MSA (1,965,000) (*Statistical Abstract of the United States*, 1988), and, therefore, could never be expected to offer the same service levels as can be found at these cities' airports. It simply would not be economically feasible for the carriers or the airport itself to attempt such competition. However, the Gainesville Regional Airport needs to make service improvement a constant goal. The other airports will continue to increase enplanements, non-stop destinations, daily departures and gate space to allow more flights and possibly new carriers. This will make them a stronger attraction for Gainesville and Ocala air travelers. Much of the passenger loss that occurred during the 1980's at Gainesville probably could be attributed to the increased service levels at the other airports, while Gainesville lost or just maintained service (Table 4).

The new Delta jet service to Atlanta should help retain some passengers. Though commuter service had been operating to Atlanta as the Delta Connection prior to 1991, local travel agents say the jet service is a much stronger connection, because many passengers try to avoid small commuter planes (perceived as unsafe). The Delta jet service provides on-line (same carrier) connections in Atlanta to 91 cities outside Florida (as compared to Eastern's 57 cities on its November 1990 schedule). Delta has a much greater presence in the Midwest and West than did Eastern, or even USAir. According to travel agents, lack of flights to more distant locations have cost the local airport much traffic in the past.

The combined services from the Gainesville Airport on USAir and Delta now offer on-line connections to 121 non-Florida U.S. cities with competition on 51 of those routes (routes served by both carriers), and some international connections as well (*OAG Pocket Flight Guide*, 1991).

Having had Delta jet service for only four full months as of this writing, it is impossible to know the final impact on traffic generation. However, Delta has replaced Eastern's five daily departures to Atlanta with only three. This will undoubtedly keep enplanement levels down unless additional flights are scheduled by Delta.

**Table 4**
**Average Daily Departures**

| Year | Gainesville | Jacksonville | Orlando | Tampa/St. Petersburg |
|---|---|---|---|---|
| 1978 | 5 | 46 | 108 | 160 |
| 1979 | 6 | 45 | 130 | 172 |
| 1980 | 8 | 47 | 153 | 179 |
| 1981 | 8 | 45 | 140 | 170 |
| 1982 | 8 | 50 | 148 | 178 |
| 1983 | 6 | 50 | 149 | 177 |
| 1984 | 6 | 50 | 160 | 169 |
| 1985 | 6 | 59 | 164 | 167 |
| 1986 | 9 | 72 | 209 | 185 |
| 1987 | 7 | 72 | 232 | 188 |
| 1988 | 7 | 70 | 256 | 179 |
| 1989 | 8 | 66 | 230 | 162 |

Source: See Table 1.

## *Some options for improvement*

Can Gainesville service be improved to attract even more local passengers? Could another carrier be supported by the market area? Some travel agents say yes, if new types of service are offered by a new carrier. Service to the East is well covered, but Midwest and West service could be improved. If Gainesville sought a new carrier, connection should be made to a hub city that lies farther west than Atlanta and Charlotte. Because of the small market size offered by the area, however, some more distant hubs (Phoenix or Denver, for example) would not be considered feasible by any carrier. Hub cities worth considering are Memphis (Northwest), St. Louis (TWA) and Houston (Continental). Even greater competition would occur on some routes, possibly driving fares down.

## Conclusions

Certainly the addition of a new carrier (and connection to another hub city) is worth investigating. An examination of ticket sales lost to other airports should be made to determine the major destination markets not retained by the Gainesville Regional Airport. This information could be presented to an airline to convince it that serving the airport could be profitable for all concerned. Maximizing the potential of the local airport is important for the city and residents alike. Unused airports can become tax burdens, and loss of service is inconvenient for local travelers. Building up regional airports also can be an effective means to alleviate congestion at larger city airports.

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