

around  
the industry

What kind of year was it for the airline industry in '85? Figures are mounting to show it was a record year in many respects.

According to the Air Transport Association, figures should show that U.S. airlines carried more than 375 million passengers last year. Although the figure broke the 1984 record of 343 million, operating and net income are expected to be slightly lower due to the expanding use of discount fares. More than 80% of domestic travel during the first nine months of 1985 was bought at a discount and discounts averaged more than 50%.

Twenty-seven percent more of the adult population flew this year than last and 70% of their tickets were sold by travel agents. Travel agent sales for the year were \$32.3 billion compared to 1984's \$29.8 billion. Credit card sales are at a record high of 52% of all sales. The number of travel agent locations increased 6% over last year.

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More than 300 new advance technology aircraft valued at over \$10 billion were purchased in 1985 by ATA member airlines. Obviously, more pilots are needed to fly them. According to the Future Aviation Professionals of America, a record 7,872 pilots were hired in '85, more than one-third greater than the number hired in '84 and triple the number hired in '83. The total did not include the 1,256 pilots recalled from furlough nor the 3,046 hired by commuter/regional airlines. (PI hired 328 new pilots in '85.)

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According to industry executives, the most important airline marketing events in 1985 were: the introduction by AA of 30-day advance purchase ultimate super saver fares in Jan. (which other airlines quickly adopted) and widespread dual designator marketing agreements (almost 50 were signed this year). The experts also noted other important events in '85: the largest aircraft orders ever by NW and UA, AA announcement of a hub at RDU, UA's hub plans at Dulles, UA's month-long pilot strike and its purchase of Pan Am's Pacific Division for \$750 million, and PI's purchase of Empire and the establishment of The Piedmont Shuttle in Florida.

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And what about 1986? During the same week that Piedmont's acquisition of Empire was approved, another merger was filed for approval with the DOT—this time for Northwest Airlines to acquire Republic in an \$884 million deal. If approved the combined operation would make Northwest the third largest carrier in the nation with 30,000 employees and 298 aircraft serving over 100 cities in the U.S., four in Canada, two in Mexico, eight in Europe and 11 in Asia.

Another aircraft manufacturer will be busy this year too—Delta placed a \$2 billion order for 80 MD88 McDonnell Douglas aircraft in January.

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A buy-sell rule approved by the DOT, allowing airlines to sell slots at the four U.S. high density airports of JFK, LGA, DCA, & ORD, goes into effect April 1. Foreign carriers had been assured of slot availability by DOT. Additional slots must be applied for by Feb. 1.

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Eastern's major creditors recently told the company to have all of its labor contracts settled by Feb. 28 or face default on an estimated \$2.5 billion in long-term debt. Labor is 39% of EA's total cost compared to 19% and 17% for CA and PE, respectively.

As a result EA announced it is laying off 1,010 of its unionized flight attendants along with reducing their pay and changing fringe benefits. Also, effective Feb. 1, the salaries of EA's non-union and management have been reduced 20%.



When British Airways announced that it would start daily nonstop L1011 service from BWI to Heathrow Airport in London, a group from Piedmont met with the airline to discuss details for a joint marketing program. Among those taking part in the program are (front row, l to r) Virginia Pryately, JAX sales representative; Dave Howard, INT sales repre-

sentative; John Kinney, RDU sales representative; Gordan Grant, BNA city sales manager; and Samuel Keene, RIC city sales manager; (second row, l to r) Chuck Allen, DAY district sales manager; James Douglas, CLT sales representative; Dave Myrick, manager-sales planning and administration, INT; and Joe Grant, ORF district sales manager.

## PI's greatest challenge— Improving our yield

Piedmont people from all areas of management met January 29-31 in Miami to discuss what we accomplished in 1985 and to determine priorities for 1986.

Also on hand for the two days of presentations were representatives from Henson, the Piedmont Regional Airline; Britt, Jetstream, CCAir, Trans Air, and Brockway, members of the Piedmont Commuter System; and Empire, which will merge with Piedmont on May 1.

"Improving yield will be the most difficult challenge we face in 1986," Bill Howard, president and chief executive officer, told the 450 participants.

"1985 was the year of discount fares. In 1986, we'll carry many passengers and our load factor should stay in good shape, but because of discount fares, our yield will probably not improve. One salvation for us and the airline industry as a whole will be lower fuel costs which will help offset the decline in yield."

Also in 1986, Howard pointed out, our maintenance operation will be under close scrutiny, especially because of our rapid growth since deregulation.

"I have great confidence in the thoroughness of our people," he said. "Fortunately, we have not had to skimp dollar-wise on maintenance, and I think we're in as good or better shape than any other airline."

Howard noted that our impending merger with Empire coupled with our recent Florida expansion has made us a very formidable competitor in both the Northeast and Florida.

"In Florida, we've built a feed position which will withstand the onslaught of others. We're not only excelling there but can fend off competition," he said.

"Management has also spent much time on the Empire decision, and I think we made a good choice. One reason we at Piedmont have succeeded is because we've walked tall and felt good about ourselves. The same is true of employees at Empire. The two will mesh well."

Howard announced that Paul Quackenbush stepped down as Empire's president and chief executive officer on February 1 to pursue other interests, and Howard Phipps, former financial officer for Empire, is now acting president and will serve as the key coordinator until the merger is effective May 1.

"I predict the Empire matriculation will be a big success and these employees will become an important part of the Piedmont team," Howard said.

The importance of the Piedmont Commuter System was also stressed during the conference. "Our success will continue to be highly dependent on this feed," Howard said.

In addition, representatives from customer services, passenger services, marketing, planning, finance, maintenance, operations, and general aviation gave presentations during the meetings.

At the close of the conference the question was raised in regard to the rumor that another airline might acquire Piedmont.

"There is no truth to these rumors," Howard said emphatically. "I think at this time our company is best served by continuing to grow as we have. Basically, I want to acquire more aircraft, new routes, and good people and continue in the present mode."

As for another hub opening in 1986—not likely. "We'll enhance what we're already doing first," Howard said.

**'86**  
THE BEST  
GETS BETTER.

on  
March 15

number of departures: 1,032  
miles flown daily: 373,427  
ASMs (available seat miles): 46,617,843  
number of aircraft in fleet: 131  
number of block hours flown daily: 1,174  
average aircraft hop: 361.8 miles