



Two (2) New Airlines Await

Americans Looking to Fly Somewhere.

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“Americans are traveling in the greatest numbers in more than a year, and soon they will have two new leisure-oriented airlines to consider for those trips. Both hope to draw passengers by filling smaller strands on the spider web of airline routes crisscrossing the United States. Avelo Airlines said Thursday that it will begin flying later this month to 11 destinations from Burbank, California. The start-up plans add other routes in the West as soon as it grows its fleet of three Boeing 737 jets. Avelo was started by a longtime airline executive who thinks there is room for another low-fare carrier besides the several budget airlines already in the market. “There are too few seats in the United States being offered by low-cost carriers. That’s why we think the opportunity is huge” said Chairman and CEO Andrew Levy. “Customers want a really inexpensive way to get from Point A to Point B.” Waiting in the wings is Breeze Airways, the latest creation of David Neeleman, who helped start Canada’s WestJet before founding JetBlue Airways and the Brazilian airline Azul. Breeze plans to fly to “neglected, forgotten” markets including many that larger airlines have abandoned. Breeze is currently running proving flights for the Federal Aviation Administration and could announce details around routes and fares as soon as next week and be carrying passengers in May. The planning for both the airlines started before the coronavirus pandemic hit, but they are starting up just as long-home-bound Americans look to break out and travel like in 2019 again. More than 1 million Americans have been flying each day for nearly a month now, and people who kept their jobs through the pandemic have saved more, which they could tap for trips. The last new U. S. airline was Virgin America, which began flying in 2007 and disappeared after Alaska Airlines bought it in 2016.

Avelo

Levy is a former Allegiant Air and United Airlines executive who has finally achieved a year’s long dream of starting an airline. Avelo’s strategy is straight out of the low-cost-carrier playbook first written by Southwest Airlines in the 1970s and copied by others, including Allegiant. Part of that strategy involves sticking to secondary airports that have lower costs and less congestion – planes land and take, take on new passengers, and take off quickly, spending more time in the air and less on the ground. “It’s not that it hasn’t been done before, it’s just that it hasn’t been done in a really long time – staying away from the really big airports wherever it is possible,” Levy says. One of Avelo’s first destinations, Ogden Utah, “is a nice, convenient, easy-to-navigate airport,” he says. “There are a lot of those around the country that have been unserved or at least underserved. Those are the markets we’re going to target.” Allegiant is the only airline currently flying to Ogden, and only from Phoenix, while nearly a dozen carriers compete at nearby Salt Lake City. Avelo’s first flight on April 28th will be from Burbank to Santa Rosa, in Northern



California's wine country. No other airline flies that route, although Alaska Airlines goes to Santa Rosa from John Wayne Airport, about a 90-minute drive from Burbank. The airline will fly 189 seat Boeing 737-800 planes which are plentiful and, Levy says, a bargain on the used-plane market. The planes won't have on-board internet access, at least not this year.

Breeze

Breeze hasn't detailed where it will begin operations, although the airline has hinted it will be in the Southwest, including Florida, a popular destination for leisure travelers. Neeleman says the time is right. "Leisure traffic is crazy right now. A lot of people have vaccines, and younger healthier people are like, 'I'm good,'" Neeleman said in an interview. "There is a lot of pent-up demand, probably more than the seats that are available." In contrast to Avelo, Breeze will start out using smaller planes, 118 seat Embraer E-190s that it will lease, including some from Azul. Neeleman said the lower operating costs of the smaller planes will help his new airline succeed on routes that others are passing up or have abandoned. "We can get trip costs that are 20% TO 25% below where the other guys are," he said. "Because we have a smaller airplane, we can go into markets that may not make sense for them but make all the sense in the world for us."