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Docket Operations and Media Management Division  
svc-124  
Room PL-104  
Department of Transportation  
400 7<sup>th</sup> Street SW  
Washington, DC 20590

OST-02-11590-22

**Re: Small Community Air-service Development Pilot Program**

Attention Review Committee:

Attached please find Bangor International Airport's Proposal under the Small Community Air Service Development Pilot Program for your review. During the last decade the Airport experienced a significant decline in commercial air service and passengers. In an effort to regain air service and passenger market share, the Airport began a proactive marketing campaign in 2000.

Now in its third year, the marketing program is beginning to show signs of success. However, declining revenues, particularly post-September 11<sup>th</sup>, pose challenges. Funding available under the Small Community Air Service Development Program would be a significant enhancement, thereby ensuring the continuation of BGR's growth.

Thank you for your consideration. Please feel free to contact me if you have any questions or if you need additional information.

Sincerely,

*Rebecca L. Hupp*  
Rebecca L. Hupp, A.A.E.  
Airport Director, Bangor International Airport



# Bangor International Airport

Proposal under the Small Community  
Air Service Development Pilot Program

Legal sponsor: City of Bangor, Maine

Docket OST-2002-11590-1

April 12, 2002

## Document content

- History, Action Plan and (Qualifications: 22 pages
- Supporting data 134 pages

## Point of contact for the proposed BGR program

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## HISTORICAL PERSPECTIVE

### EXECUTIVE SUMMARY

- Bangor International Airport (BGR) is a small, regional airport located in Bangor, ME. The Airport is owned and operated by the City of Bangor, Maine as an enterprise entity. Tab 1
- The Airport serves an immediate market area of approximately 170,000 people and a broader MSA of approximately 478,000. The market, located in the Northeastern United States, is geographically remote. Tab 2
- The Airport is the principal point of economic access and development for a large part of the State of Maine.
- In a deregulated environment, BGR's marketplace poses economic, geographic, and demographic challenges to the revenue expectations of resident carriers.
- The post-deregulation era brought changes to the region's air service. Not all changes were positive. Tab 3
- Accordingly, by the early 90's BGR's 'traditional' large jet services started to unravel.
  - In 1993 United Airlines discontinued twice daily one-stop large jet service to Chicago O'Hare (ORD).
  - In 1995 Delta Air Lines 'realigned' service at BGR, discontinuing non-stop large jet hub service to Boston (BOS) and replacing it with a regional affiliate turboprop service and one-stop jet service over other cities.
  - In 1996 and 1997 US Airways discontinued seasonal non-stop large jet service to Pittsburgh (PIT) and Philadelphia (PHL), respectively. Tab 4

- The regional advent of low-fare 'discount' jet carriers coupled with the broader availability of lower priced fares at larger, competing airports significantly impacted the Airport. Tab 5
- Following a spring announcement, in June of **1998** Southwest Airlines commenced service at Manchester, NH (MHT) with **12** daily flights. Although, MHT is an arduous **9** hour round trip drive, **BGR's** passengers chose MHT without calculating the **full** cost of that decision. Tab 6
- The Bangor region does not meet the Southwest criteria for **750,000** enplaned passengers per route annually. Tab 7
- **BGR's** passenger market shifted dramatically. Faced with the dominant perception – real or otherwise – that **BGR's** fares were too high, that **BGR** lacked big jet service, and that airlines were fleeing BGR, as many as **33%** of the region's passengers gave up and sought service elsewhere. Tab 8 [Leakage summary and full leakage report]
- The downward spiral at **BGR** accelerated. Passengers continued to decline, yields suffered and the character of the local air service underwent further dramatic and unsettling changes. Tab 9
- The biggest blow came on December **2, 1998**. In a surprise announcement, Delta Air Lines unilaterally announced plans to leave the market. Delta, a perennial hometown favorite, had loyally served the market for over 30 years. Tab 10
- The announcement that Delta was replacing the 'big jets' with regional jets was less than well received by the traveling public. Delta Air Lines flew its last flight on March **2, 1999**, to much public lament. Tab 11
- Over in Manchester, however, a different story was playing out. With the advent of Southwest one route alone saw a **4,500%** increase in passengers and a **71%** drop in fares. MHT emerged as the fastest growing airport in the United States. Tab 12

- Meanwhile, the blows at BGR continued. In September of 1999 Continental Airlines' regional affiliate, Continental Express, suddenly announced plans to abandon the Airport – the carrier was gone within 30 days. Tab 13
- The Southwest, Delta, and Continental announcements fueled furor and questions over the future the Airport.

**BGR did not sit idly by. In 1999 State, Local and National officials convened an emergency Task Force. The Task Force issued a report and the State of Maine ultimately extended \$800,000 from the State's General Fund to support marketing and promotion of BGR to the reaion's passengers. The fundina was intended as a match for the Small Community Air Service Development Grant. authorized as part of AIR-21, but not then funded. (The fiaure of \$688,000. reauested in this proposal, is \$112,000 LESS than the \$800,000 provided by the State of Maine.)**

**Tab 14 [Task Force Summary and Full Task Force Report]**

- BGR and the City of Bangor immediately implemented a new marketing program committed to the development of domestic air service. Tab 15
- Carefully crafted strategic and tactical marketing efforts are producing results. At present, the Airport's negative domestic passenger growth has been arrested and is trending upward. Tab 16

BGR's innovative tactical incentive marketing program has been a significant contributor to BGR recovery since the dramatic decline in air service. Tab 17

- The availability of less expensive fares is increasing, yields are improving, competition is returning to the market, carriers are expanding and equipment is being upgraded. Tab 18
- There is much more to do. The journey back to competitiveness has just begun. BGR's revenues have yet to rebound and a partner is needed to ensure the continued success of BGR's innovative and progressive marketing and promotional programs.

## **AIR SERVICE SYNOPSIS**

### **Present Air Service**

BGR's present air service situation is perhaps best summarized as stable yet fragile. The Airport is able to offer the travelling public a modest range of options consisting of connectivity via four hubs (CVG, PHL, BOS, LGA), an increasing number of regional jet flights, and one leisure oriented large jet flight to Florida (SFB) with an intermediate stop at Baltimore (BWI). The service mix is highly seasonal, with the peak occurring during the busy Maine summer months, and airline presence is via regional, express or niche carriers.

BGR has 21 daily nonstop departures the majority of which are jet service.

Of the current daily total seat capacity of 886, 76.3% are seats on jet flights while 23.7% are seats on turboprop flights. **Tab 19**

### **Air Service Deficiencies**

New and/or expanded regional jet service to national hubs on network carriers is critical to the economic health of the Bangor region's marketplace. The Airport and its air service consulting group, have identified the addition of new service by new or resident carriers to hubs as a priority. At present, the Airport lacks non-stop service to Chicago (ORD), Detroit (DTW), Washington-Dulles (IAD), Newark (EWR), Cleveland (CLE), Atlanta (ATL), and Pittsburgh (PIT).

Obtaining new service to one or more of the aforementioned is a reasonable goal. In addition, an increase in service to at least one existing hub, Cincinnati (CVG), whether through an additional flight or increase in airplane size, would also assist in relieving capacity deficiencies.

**Tab 20**

### **Fare Comparisons**

Consumers want low fares. Southwest and Jet Blue aren't coming to Bangor. The market is too small. 'Low' fares, therefore, are a function of availability. Growth in carriers and seats will increase competition in the Bangor market. Competition results in lower fares and/or at least a greater availability of already low fares. That is, as a practical matter, how competition 'works' to lower fares at smaller airports like BGR.

Tab 21 [Expert opinion: Jon Ash, Managing Director, Global Aviation Associates Ltd.]

### **Professional Assistance**

BGR employs an advertising and marketing communications agency to create and produce all the airport's advertising and collateral requirements. The agency is also responsible for all media planning and buying. At present Boston Fox Tigue International LLC (hereinafter "the Agency") enjoys a contractual relationship with the City of Bangor to provide Bangor International Airport with advertising, promotional and related marketing services. All work is carefully coordinated between the Airport and the Agency.

## THE ACTION PLAN - MARKETING PROPOSAL

### INTRODUCTION

The timing of the Small Community Air Service Development Pilot Program is perfect for Bangor International Airport (BGR). As will be seen from the first section of this document – **"Historical Perspective"** – BGR has had promising success in response to its long term Marketing Plan. Following the appointment of a national advertising and marketing communication agency, the Airport embarked upon a structured plan to develop the 'BGR brand' to counter the growing tendency of current and potential passengers excluding the Airport from their portfolio of choices when making vacation or business travel decisions.

Simply stated, after a history of little planned marketing activity, by 2000 the Airport had lost its 'share of voice' in what had become a very competitive marketplace. This downturn in passengers coincided with major changes in the airline industry and created a very real threat that BGR would become marginalized and not able to control a continuing downward spiral.

The Airport had two choices – stand by and watch its rapid decline or fight back by taking a confident marketing stance and by being proactive. In 2000 BGR began to fight back and in the short two-year period since has visibly made advances in existing and potential passenger awareness, real passenger numbers, achieving new routes and upgrades.

From being in serious decline, BGR is now much more respected by its passenger catchment area and its airline partners. But there is much more ground to make up and available funding is limited. This is the central point of the Airport's proposal. BGR has proven that, as a small community airport, it has significant potential to provide increased service for its catchment area and we know we are able to provide increased business for our airline partners. An injection of funds now – to be utilized over the next 12–18 months – will deliver BGR's marketing objectives and continue our growth pattern. New funding will be used to further attract and improve air service allowing BGR's available marketing budget to be apportioned more directly to continuing strategic advertising campaigns.

## CONSIDERATIONS NOTED IN PREPARING THE MARKETING PROPOSAL

In formulating this plan we have used the following guidelines:

1. The proposals made in this document must provide a return on the Department of Transportation's investment. Therefore, BGR's Action Plan must clearly set out the specific issues being addressed and the marketing activity planned to deliver the required objectives.
2. The marketing activity in our Plan must be realistically attainable. (This has not been a difficult aspect to address because of BGR's proven success rate over the first 18 months of its relaunch activity.)
3. All aspects of our strategic plan must ~~be~~ directly measurable to enable straightforward and speedy reporting to the Department of Transportation.
4. Within the bounds of the marketplace activity that BGR can control, the Airport must formulate a plan that upon its completion will result in real, ongoing and long-term improvements in answer to the set objectives.
5. Because of the basic economics of the current air transportation marketplace, and the marketing activity the Airport has undertaken since 2000, BGR is best poised to deploy its very sound grasp of how to apportion limited funds to accomplish real gains.
6. BGR should confirm its intent to continue its marketing activity alongside and after the DOT grant funding has been implemented – thereby making the very best use of funding.
7. The Airport must, as it **always** has, work closely with local community partners.
8. BGR must be mindful of other Maine airports' likely responses to this development grant because BGR's geographic location can **benefit** from these airports (as they can from BGR).

## MARKETING OBJECTIVES

1. To attract new air service (at as high a frequency as possible) to BGR that is both realistic and viable – “realistic” because it is understood the economic constraints to which the airlines have to work; and “viable” because BGR cannot approach airlines for new service that will not deliver their objectives.

**Note: BGR has identified the following US airports as viable new routes/ upgrades: Atlanta, Chicago, Cleveland, Detroit, Philadelphia, Pittsburgh, Washington (Dullas).**

2. To increase the frequencies of existing carriers.
3. To maintain existing jet service and to transition to all jet aircraft on routes flying from Bangor to connecting hubs – within existing industry limitations – continuing BGR’s success in this respect.
4. To heighten regional passenger awareness of the air service available at BGR.
5. To continually grow BGR’s passenger base – by 10% over the course of the Program – stimulating demand to ensure current repeat passengers remain loyal to the Airport, and marketing to new potential passengers within BGR’s catchment area who are either not considering BGR in their travel plans or who would use BGR if presented with attractive reasons to do so. By demonstrating an increase in passengers BGR will much more forcibly be able to approach airlines for new service.

**Note: The Airport has a sufficient potential passenger base to support a substantial increase in air service.**

6. To develop promising inbound passenger markets by working closely with airline partners via tactical airline incentive advertising and, as the individual marketplaces develop, via BGR-sponsored strategic local advertising campaigns.
7. To offer incentives to travel agents to book BGR; and to promote the use of travel agents to the region’s passengers.

## **IMPLEMENTATION OF THE MARKETING OBJECTIVES AND THE ALLOCATION OF NEW FUNDS**

BGR has initiated strategic brand advertising, tactical airline incentive advertising, and inbound marketing to the degree that it proves ~~the~~ Airport is very responsive indeed to proactive campaigns. A small scale outreach program targeted at travel agents is continually implemented by BGR but is in need of funding to raise its profile. And research is very much required to support every aspect of the Airport's marketing activity – as key input data and for local and DOT reporting.

In the strategic and tactical campaigns identified below, the Airport will maintain the overall market positioning and advertising tone of voice it commenced in 2000.

**NOTE: The following sets out the marketing cost for each category funding request. A line item financial summary has been included to enable a preference ranking to be made if that is necessary.**

### **Strategic brand advertising**

An injection of funding into BGR's marketing budget will enable the Airport to focus its ongoing available funds on its vital, strategic, passenger-building campaign. In BGR's particular ~~set~~ of circumstances – geographic location, summer and winter vacationing, mindset of the populace – it is necessary to mount an early Spring and Fall campaign to catch the decision process for different vacation seasons.

As detailed in this document, because BGR has been very responsive to direct advertising promotion, it is the Airport's objective to ~~be~~ able to afford a third, mid-year campaign – between May and November – targeted at its region to maintain the response and passenger-booking momentum gained by the Spring campaign and take it through to the Fall campaign.

An extensive and detailed analysis of **BGRs** local, metropolitan and outer media regions has been carried out with the objective of combining the widest possible media reach in the most economical way. This has resulted in a media ranking of all the regions' television and radio stations, and daily and weekly newspapers covering, as relevant, audience penetration and demographic profiles. All television media (network and cable) has been analyzed by county, all radio media has been analyzed by radio market, and all newspaper media has been analyzed by city/town. The airport **now** has a 'full' schedule that is deployed for ongoing strategic advertising and a series of 'secondary' schedules that may be utilized for specific promotional purposes.

The 'full' strategic media schedule covers a standard five/six week campaign. The network television element comprises the regions' three television networks (NBC, CBS and ABC), delivering a coverage of 97.5% of the target audience (adults **25–54**) who will see BGR commercials at least 11.5 times. The cable television element utilizes three prime vacation and business-travelling audiences via the Lifetime, CNN and A&E networks (regional statistical data not provided by the stations). The radio element includes 14 stations covering 13 cities/towns delivering a coverage of **43.5–48.5%** of the target audience (adults **25–54**) who will hear BGR commercials at least **9.5–10.8** times. And the newspaper element comprises the Airport's three key daily publications and seven of the region's weeklies.

This mix of media enables BGR's advertising message to be maximized –television delivering the overall branding, radio having the flexibility to provide fuller information, and newspapers including key elements of ticket price and airline detail (as relevant).

**Cost per extra strategic campaign  
targeted at potential passengers:**

**\$130,000**

**Tactical airline incentive advertising**

BGR has proven that when it approaches its airline partners with sound economic logic to either bring a new route to the Airport or upgrade existing equipment, and then add to its proposal the promise of specific advertising support, the airlines listen, take note and act.

Following such proposals Pan Am initiated flights to Orlando (and onward to San Juan) and to Baltimore (and onward to St. Petersburg); American Eagle upgraded its New York turboprop service to a regional jet; Delta Connection initiated Boston service with a regional jet; and, as a direct result, American Eagle also upgraded its Boston service from turboprop to a regional jet. BGR has identified further key airport hubs –Atlanta, Chicago, Cleveland, Detroit, Philadelphia, Pittsburgh, and Washington (Dullas) – as very viable further destinations to offer its passenger base.

Over the coming 18 – 24 months BGR wishes to continue discussions with current and potential airline partners – Continental/Continental Express, Delta/Delta Connection, Northwest/Northwest AirlinK, PanAmerican Airways, UnitedAirlines/United Express and USAirways/US Airways Express. However, funding is not currently available to continue this incentive program.

All outbound advertising follows the same media format as outlined in the Strategic Brand Advertising section.

All offered advertising support is implemented and controlled by BGR and BFT Intemational, its advertising agency, thereby ensuring that the promotional funding is actually applied to the specific route. To maximize available funding, the Airport is also careful to balance promotional funds offered to an airline against the potential of the new route/upgrade. Such promotional activity is separate and in addition to the Airport's ongoing passenger increase advertising campaign.

**Cost of tactical airline incentive advertising  
over an 18 month period:**

**\$130,000**

**Air service proposals**

Air service decisions are based largely on economic forecasting. In general, route selection and revenue forecasting requires a sophisticated analysis that is generally beyond the ability of the Airport. To that end, the Airport employs the specialized services of a consulting group skilled in the formulation of air service proposals. The revenue projections generated by the group, in industry format, are critical to convincing an airline that BGR will be a profitable investment of their equipment. BGR envisions creating and/or updating two additional proposals in the immediate future in support of efforts to expand/upgrade service to national and regional hubs.

**Cost for implementing two proposals: \$24,000**

**Inbound marketing**

While the main thrust of any future BGR campaign is always going to be targeted against the 'outbound, central Maine region, carefully and economically planned advertising has been successfully tested since 2000 in BGRs 'inbound' locations (for example, Florida and Pennsylvania). Currently the Airport cannot financially support inbound flight promotion which is a missed opportunity to increase enplanement and ensure flights have satisfactory passenger loads in both directions – particularly relevant to a location like Bangor.

Bangor and central Maine is a relatively affordable region in which to purchase advertising, but the areas surrounding the identified new route airports range from moderately expensive to extremely expensive. BGRs advertising agency can economically buy media across the US , but even when narrowing the media options significant costs apply.

In line with those airport markets identified as viable new routes/upgrades, BGR will consider promoting in Atlanta, Chicago, Cleveland, Detroit, Philadelphia, Pittsburgh and Washington – and currently has a media plan ready to implement for the Baltimore/Washington region.

**Cost of inbound advertising over an 18 month period: \$150,000**

**Travel agent incentive program**

Travel Agents are essential to the long-term success of BGR. Travel Agents make critical recommendations regarding airport and flight choices to regional consumers. Accordingly, the Airport places a high priority on ensuring that travel agents include competitive options from BGR as part of travel ideas recommended to their clients.

The Airport firmly believes that the loyalty and dedication of regional agents towards using and growing local air service by encouraging and promoting BGR should be rewarded. New funding would enable this to be achieved via an incentive sales promotion supported by specific trade advertising to enthuse agents and demonstrate BGR's serious intent.

The Airport's *"Fly Through Bangor"* travel agent campaign will be specifically designed to reward agents who book BGR. All regional travel agents will be eligible to participate and the program will be structured as follows.

Each participating agent is ranked on how many seats they book from Bangor during the promotion. The top-booking agents will receive promotional gifts from the Airport, ranging from a one-year use of the "BGR Bug" (a Volkswagen Beetle bearing the Airport's logo) to personal digital assistants and apparel.

Each participating agency will be required to submit booking data, which is subsequently used by the Airport to bolster air service proposals. The program would be accompanied by a direct marketing campaign aimed at encouraging travel agent use of BGR as a 'win-win' situation for agents, passengers,



and the economic health of the region. Concurrently, the Airport would expend funds on tailored media aimed at encouraging the region's passengers to use their local travel agent.

**Cost of sales promotion, direct marketing  
and advertising support:**

**\$41,000**



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**Passenger incentive program**

It is the goal of BGR to reward loyal, repeat passengers via a practical, cost-effective promotion that ties in to travel agents and the Airport directly. BGR’s passenger incentive program is designed to attract existing passengers to increase the number of times they fly out of the Airport, and to attract potential passengers to use the Airport.

It is called “The *Bangor International Airport* VIP Passenger Program” and works as follows. Any passenger who books three or more flights from BGR during a calendar year will be eligible to apply for a pass-card to an executive lounge. The lounge offers amenities for business and leisure passengers well beyond those found in the common areas of the domestic terminal. Passengers will also receive an airport gift bag comprising branded items with high-perceived value. Such a promotion will engender loyalty from BGR’s catchment area – it being very much a Maine-style promotion to demonstrate that BGR cares about its passengers and rewards loyalty.

|  |                 |
|--|-----------------|
| <b>Cost of promotion (inclusive of ‘gift’ items<br/>and all administration):</b> | <b>\$30,000</b> |
|--|-----------------|

**Research**

Research will be undertaken to quantify the effectiveness of the marketing dollars used in the Airport’s current marketing campaign and any further funds received from the SCADP.

Although unaffordable to date, research to qualitatively test (via focus groups) existing and potential passenger perceptions **would** be very valuable to feed back into BGR’s ongoing strategic advertising campaigns, to support existing airline partnership marketing, and to support new route **discussions**. Such research will be used in tandem with the passenger measurement statistics collected by BGR on an ongoing basis, thereby enabling the Airport to present both quantitative and qualitative data to airlines.



BGR and BFT International (its advertising agency) will implement this research in the most productive, yet economical, way. The research will be designed to address the real and perceived issues pertinent to the Airport's target audience and will have the clear objective of providing the most effective information with which to feed back into ongoing strategic and future tactical promotional campaigns.

A benchmark study will be conducted to provide a comparative base in BGR's passenger catchment area (and, possibly, as a further aid to planning, outside Maine in a carefully selected region). The study would encompass the examination of existing BGR perceptions (and how these have changed over recent years), existing and potential passengers' decision process as to why and how they chose an airport (examining specifically why BGR often wrongly loses out to Manchester, NH, because of a lack of correct comparison), and an in-depth study of how BGR can better serve its community. In such research many useful ancillary aspects also come to the fore.

In advance of the proposed research being costed in detail, it is proposed to implement two to four initial focus groups in Maine and a similar number in one or two states served by BGR. The research will then be mirrored after approximately one and two years to measure shifts in attitude and to evaluate the results of the Airport's marketing activity.

**Cost of research project – base study and  
a one year follow-up (Maine only): \$42,000**

**Website – continued development**

Web-based communications and information are critical to maintaining passenger awareness of the Airport's current portfolio of air service choices. BGR prides itself on providing a world-class website containing concise information regarding the Airport. Further development of the website, to keep up the standard achieved, will include third-party airline schedules to better assist passengers in arranging flights to and from Bangor.

**Cost of continuing website development and  
augmentation with real-time flight schedules: \$11,000**



**SUMMARY OF "EXPECTED FEDERAL CONTRIBUTION" MARKETING FUNDS**

The following summarizes the range of activities BGR proposes as its request to the DOT

|   |                   |
|---|-------------------|
| • Strategic brand advertising – two 'additional' campaigns: | <b>\$260,000</b>  |
| • Tactical airline incentive advertising:                   | <b>\$130,000</b>  |
| • Air service proposals:                                    | <b>\$ 24,000</b>  |
| • Inbound marketing:  | <b>\$1 50,000</b> |
| • Travel agent incentive program:                           | <b>\$ 41,000</b>  |
| • Passenger incentive program:                              | <b>\$ 30,000</b>  |
| • Research:   | <b>\$ 42,000</b>  |
| • Website – continued development:                          | <b>\$ 11,000</b>  |
|   | <hr/>             |
| • <b>TOTAL:</b>   | <b>\$688,000*</b> |

\* If one 'additional' strategic brand campaign = \$558,000

**Funds Usage and Monitoring**

All funds received will be used strictly for aviation related purposes, as defined in current federal law and within the dictates of the Pilot Program. Accounting of program funds will be performed by the City of Bangor, with quarterly reports generated for submission to the Department detailing expenditures. Tab 22

## PREVIOUS AND CURRENT FINANCIAL YEARS' BUDGET SUMMARIES

### Airport operating budgets - FY: 7/1/99-6/30/00, FY: 7/1/00-6/30/01, FY: 7/1/01-6/30/02

|                                  | <u>FY: 2000</u>     | <u>FY 2001</u>       | <u>FY: 2002</u>     |
|----------------------------------|---------------------|----------------------|---------------------|
| <b>REVENUES</b>                  |                     |                      |                     |
| Landing Fees                     | \$ 661,283          | \$ 649,130           | \$ 653,200          |
| Land & Building Rents            | \$ 1,029,543        | \$ 1,102,988         | \$ 1,112,500        |
| Fuel Fees & Sales                | \$ 2,928,720        | \$ 2,812,571         | \$ 2,860,400        |
| Terminal Fees                    | \$ 517,147          | \$ 503,410           | \$ 538,500          |
| Ramp Fees                        | \$ 59,855           | \$ 58,503            | \$ 53,900           |
| Overrides                        | \$ 1,039,666        | \$ 973,053           | \$ 930,000          |
| Parking                          | \$ 527,182          | \$ 588,723           | \$ 535,000          |
| Hangar & Tiedown Rents           | \$ 281,580          | \$ 287,505           | \$ 290,000          |
| Ground Handling Fees             | \$ 1,387,108        | \$ 1,494,487         | \$ 1,399,700        |
| Security Screening               | \$ 281,829          | \$ 239,422           | \$ 306,300          |
| Miscellaneous                    | \$ 154,398          | \$ 322,301           | \$ 183,599          |
| Interest Income                  | \$ 1,108,186        | \$ 1,068,198         | \$ 1,050,000        |
| Marketing Grant - State of Maine |                     | \$ 800,000           |                     |
| Study Grant - State of Maine     | \$ 20,000           |                      |                     |
|                                  | <u>\$ 9,996,497</u> | <u>\$ 10,900,291</u> | <u>\$ 9,913,099</u> |
| <b>EXPENSES</b>                  |                     |                      |                     |
| Payroll & Fringe Benefits        | \$ 4,235,591        | \$ 4,355,951         | \$ 4,743,999        |
| Supplies                         | \$ 675,421          | \$ 644,744           | \$ 659,799          |
| Communications & Utilities       | \$ 775,785          | \$ 959,007           | \$ 896,976          |
| Contractual Services             | \$ 973,927          | \$ 1,007,593         | \$ 1,099,698        |
| Legal                            | \$ 131,183          | \$ 31,378            | \$ 125,000          |
| Insurance                        | \$ 166,395          | \$ 160,199           | \$ 172,600          |
| Advertising/Marketing            | \$ 217,752          | \$ 994,098           | \$ 401,000          |
| Custodial Services               | \$ 254,004          | \$ 264,933           | \$ 280,000          |
| Miscellaneous                    | \$ 155,182          | \$ 209,168           | \$ 104,150          |
| Interest Expense                 | \$ 306,770          | \$ 299,007           | \$ 297,085          |
|                                  | <u>\$ 7,892,010</u> | <u>\$ 8,926,078</u>  | <u>\$ 8,780,307</u> |
| Net Income Before Depreciation   | \$ 2,104,487        | \$ 1,974,213         | \$ 1,132,792        |
| Depreciation                     | \$ 1,833,097        | \$ 1,891,529         | \$ 1,923,565        |
| Net Gain/Loss                    | <u>\$ 271,390</u>   | <u>\$ 82,684</u>     | <u>\$ (790,773)</u> |
| <b>OTHER BUDGET INFORMATION</b>  |                     |                      |                     |
| AIP Grants                       | \$ 2,260,802        | \$ 3,073,827         | \$ 2,863,139        |
| Outlays                          | \$ 3,777,918        | \$ 5,066,804         | \$ 4,826,532        |
| Principal Payments Made/Due      | \$ 230,000          | \$ 260,796           | \$ 358,730          |
| Principal Payments Received      | \$ 124,277          | \$ 127,396           | \$ 130,627          |



**Planned financial contributions - City of Bangor, State of Maine. DOT - FY: 7/1/02-6/30/03**

**LOCAL - CITY OF BANGOR**

|   |                 |           |
|---|-----------------|-----------|
| <b>BGR Passenger Growth and Retention Competitive Media Campaigns</b>       |                 |           |
| Fall Media Campaign--Outbound (Creative, Production, Media)                 | \$139,500       |           |
| Spring Media Campaign--Outbound (Creative, Production, Media)               | \$139,500       |           |
| Tactical Ongoing Media (Regional weekly banner ads)                         | \$22,000        |           |
| Agency Nominal Expenses (nominal, travel, shipping, etc.)                   | \$2,500         |           |
| Agency Management Fee (covers all BFT projects - unchanged since inception) | <u>\$39,600</u> | \$343,100 |
| <b>BGR Air Service Development Projects</b>                                 |                 |           |
| Air Service Proposals (1)   | \$12,000        |           |
| Airline Co-op Matching Advertising Funds                                    | <u>\$2,500</u>  | \$14,500  |
| <b>Community and Regional Outreach Programs and Media</b>                   |                 |           |
| BGR Market Area Chamber Memberships (Outreach Program)                      | \$2,500         |           |
| Outreach Trade Shows  | \$5,000         |           |
| Charitable/Community Support Advertising                                    | \$750           |           |
| Airport Employment Advertising  | \$750           |           |
| Promotional Items (BGR General)   | \$3,000         |           |
| BGR Special Event Hosting   | <u>\$750</u>    | \$12,750  |
| <b>BGR General Passenger Information and Development Marketing</b>          |                 |           |
| Web Site Maintenance and Upgrades   | \$4,000         |           |
| Misc. Advertising   | <u>\$500</u>    | \$4,500   |
| <b>General and Corporate Aviation Marketing and Development</b>             |                 |           |
| GA Pro Pilot Magazine Advertising Media (US Coverage)(6x insertions)        | \$26,000        |           |
| Promotional Items (GA)  | \$1,750         |           |
| GA Acukwik Pilot Guide Ad Buy   | \$1,600         |           |
| Creative, Design and Production of GA advertising                           | <u>\$750</u>    | \$30,100  |

**Sub-total: \$ 404,950**

**ANTICIPATED STATE CONTRIBUTION**

In 1999, the State of Maine set funding aside for BGR in the amount of \$800,000 as an intended match to the SCADP. The funding appropriation was subsequently not maintained. However, BGR will continue to request state funding for specific new routes/upgrades.

**REQUESTED FEDERAL CONTRIBUTION**

**Page 16 Sub-total: \$ 688,000**

**TOTAL: \$ 1,092,950**

## **QUALIFICATIONS AND GRANT DETAIL**

### **Governing Language**

This proposal and application is respectfully submitted based on the DOT Order 2002-20-11, issued February 13, 2002, soliciting community proposals pursuant to statutory authority creating the Small Community Air Service Development Pilot Program, as established pursuant to Section 203 of the Wendell H. Ford Aviation Investment and Reform Act for the 21st Century.

### **Program Eligibility**

Bangor International Airport (BGR) hereby declares that, pursuant to P.L. 106-181 and any amendments thereto that it is a small hub airport as defined in calendar year 1997 in accordance with the aforementioned public law and/or 49 U.S. C. Section 41743 (C) (1).

### **Scope of Grant**

The scope and focus of the grant, as outlined in the Action Plan Objective, is to enhance and/or attract new service by promoting awareness of air service options and opportunities amongst regional passengers. The scope includes increasing frequencies, adding new routes, and upgrading equipment – all in a manner crafted to enhance air service offerings responsive to community and regional needs, with long-term implications and benefits.

The scope of the program does not include efforts to attract new or sustain existing carriers through revenue guarantees or operating costs offsets. Nor does the scope of the program include any financial incentives to incumbent carriers to lower fares.



**Program Sponsorship and Private-Public Sponsorship**

The City of Bangor, Maine, is the program sponsor. The City of Bangor, as incorporated, will execute the Grant Agreement and will also serve as official co-sponsor on behalf of the local non-public organization joining in sponsorship of the program.

BGR is uniquely situated. The Airport is owned and operated by the City of Bangor, Maine. As such, it is operated as an enterprise entity and must be self-sufficient. Stewardship of the airport, however, is a public concern. The Airport is directly overseen by a Business and Economic Development subset of the Bangor City Council, and, as such, is responsive to the body politic and public via the City's leadership and the public's input thereby.

Accordingly, community involvement and support is a critical component of air service enhancement efforts undertaken by the City of Bangor. The City is proud to have The Bangor Region Chamber of Commerce as a co-sponsor and partner in the project. The Chamber represents approximately 870 business member. Tab 23

**Airside/Groundside and or Capacity Related Projects**

There are no airside/groundside or capacity related projects for which Airport Improvement Program funds are being sought. Nor are there any Federal AIP funds obligated for or intended to be obligated for any capacity project eligible under the Program. Tab 24

**Staffing**

No additional staff members are anticipated as part of the program. Airport and Agency staff will be sufficient.

### **Benchmarking Success and Program Evaluation**

As outlined in this document, under the Action Plan section, the Airport has set forth realistic air service improvement goals that include passenger growth, route additions, equipment conversions, and route expansions. Page 14

All are capable of verification and the program's success will be measured qualitatively and quantitatively:

- a) Via the measurement of actual passenger numbers, new routes and equipment upgrades.
- b) Via potential passenger response to marketing and advertising activity.
- c) Through the implementation of qualitative market research.

All reported data will be further used to feed back into BGR's future marketing activity to fine-tune and enhance the promotional message.

### **Notification of Achievement**

The Program Sponsor will promptly notify the Department of Transportation's designated representative(s) in writing of the attainment of any program objectives as the objectives outlined in the Action Plan are reached.

**SUMMARY OF REQUESTED INCLUSIONS OF GRANT REQUEST  
(APPENDIX B, PAGES 2/3)**

- Cover letter describing Grant Request: At the beginning of this document.
- Airport operating budgets: Page 17.
- Primary objective of the plan: Page 8, point 1
- To be accomplished: Page 8.
- Not to be accomplished: All the objectives listed are viable and attainable based on allocated budgets.
- Study to be conducted: Page 14.
- Hiring of full-time equivalent positions: None – page 20.
- Use of local universities in travel-related surveys: None.
- Hiring of consulting/public relations firms: The Airport's existing contracted advertising agency, BFT International LLC, will assist BGR to implement the plan.
- Existing Action Plan that a Federal grant will assist:
  - Funding: Page 18.
  - Program: Tab 16.
  - Recent airport history: Tabs 1–15 (No 5, 10 or 20 year plans.)
- New program? Ongoing program – Objectives: page 8.
- Airside or groundside capacity-related projects: None – page 20.
- Federal AIP funds for any Federal-eligible identified project. None.
- Construction time of Federal-eligible projects: None.
- Measurement of Action Plan effectiveness: Page 21.
- Budget for near term – local, state, Federal: Summary: page 18; Federal budget request: page 16.
- Projected budget for mid-term and long-term – expected local and state contributions: BGR's long term market planning is based on the overall objectives and tenets outlined in this document.

## **THE CITY OF BANGOR**

### **Overview**

The Bangor metro area's population is currently under 100,000, but Bangor has all the amenities that can be found in much larger cities without suffering from their problems. In fact, the last two editions of Macmillan's Places Rated Almanac have rated Bangor highest of any of the North American metro areas with populations under 100,000.

### **SERVICES**

Bangor provides professional, financial, retail, transportation, medical and government services to a huge geographic area. Whatever the needs for specialized professional services, Bangor firms can handle them directly or through their professional affiliations.

### **EDUCATION**

Bangor has an outstanding public school system, as do surrounding communities in the metro area. The University of Maine, Husson College, Bangor Community College, Eastern Maine Technical College, Beal College, and Bangor Theological Seminary are all located here, providing a plethora of choices for degree programs and convenient access to lifelong learning experiences and employee training opportunities.

### **LEISURE**

Our area provides outstanding shopping, entertainment, and cultural experiences in both small and large venues. Bangor's historic Downtown offers live theater, unique shops, and a lively arts community. With an abundance of spectacular architecture, public parks, and river frontage, Downtown Bangor has a style all its own. The region's museums include art, transportation, historical, film, anthropological, and other collections. Located within an easy drive of ocean, mountains, rivers, and lakes, you can enjoy four seasons of outdoor recreation from Bangor.

## **Geography**

The *City* of Bangor occupies **34** square miles of land on the western side of the Penobscot River, 20 miles northwest along the Penobscot River from Penobscot Bay. The City is composed of urban, commercial, and industrial areas as well as numerous residential communities. There are also some rural uses of land within city limits. Consistent with the rest of the Bangor area, the city boasts many tracts of forest and farm lands that abut both urban and suburban developments. In addition to the Penobscot River, which defines part of the city's eastern boundary, the Kenduskeag Stream flows through the city, emptying into the Penobscot River in the downtown area.

## **Commercial Development Activity**

During the past five years Bangor has enjoyed robust commercial development activity. Downtown, industrial and business parks, the mall and other retail districts have all benefited from substantial new investments.

The past five years have seen a steady stream of investment to rehabilitate, reuse, and expand existing Downtown real estate assets. Much of this investment has gone into mixed-use redevelopment that created approximately 126 new residential units. Total investment in downtown real estate during these years is estimated at around \$42,000,000, involving roughly 400,000 square feet of rehabbed space and adding parking capacity. Downtown's revival is being accomplished with both public funds and private investment.

- Business, industrial, and commercial investment has exceeded \$133,000,000, added around 1,000,000 square feet of space. It is estimated that about 650 jobs can be attributed to those projects.
- Investments in medical facilities exceed \$23,000,000, adding both capacity and improving facilities.



- Investments in retail infrastructure outside the downtown area total more than \$21,000,000.
- During this same period of time, Bangor's waterfront has been developed.

**Demographics**

PENOBSCOT COUNTY – INCOME DATA

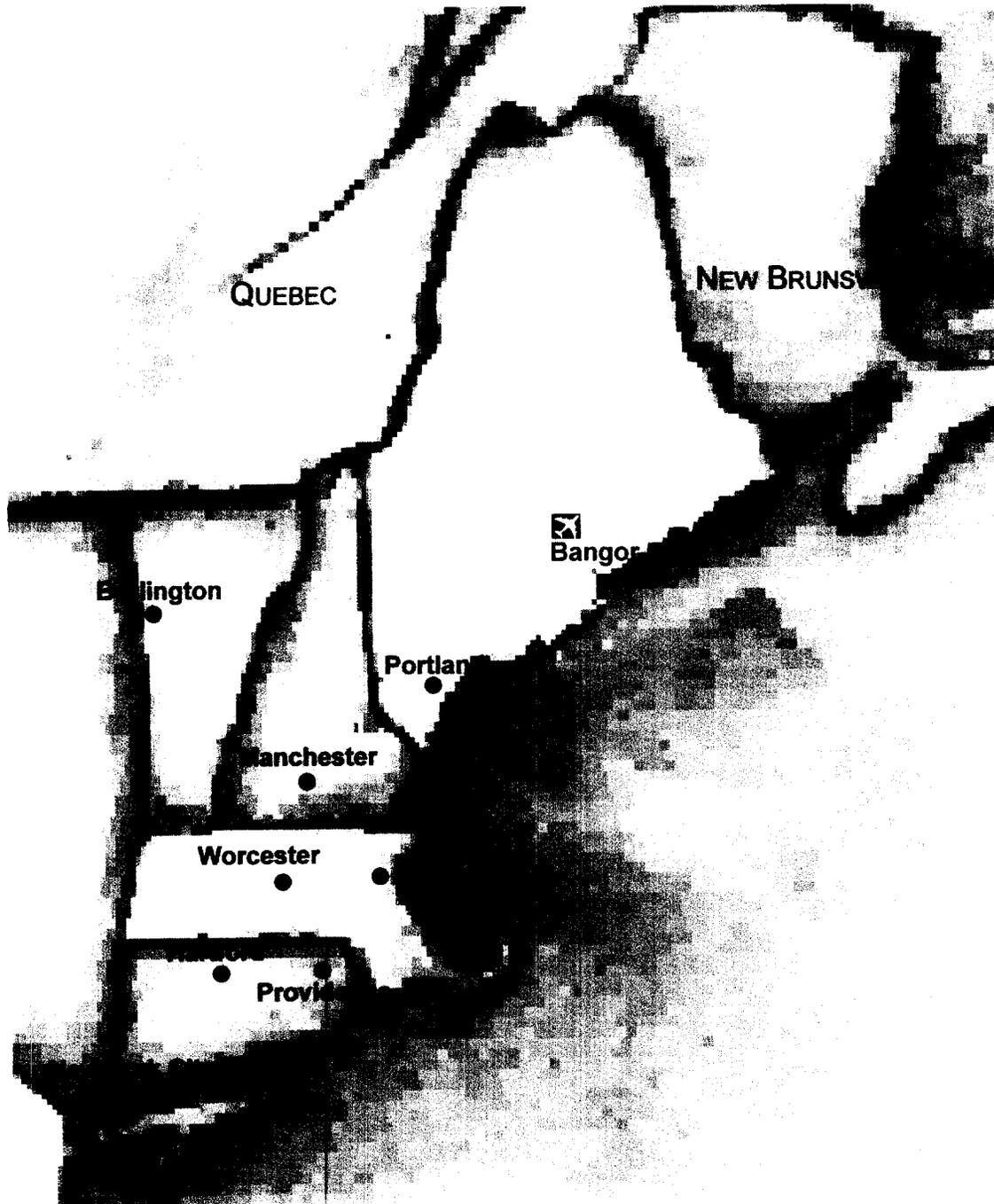
|      | adjusted gross income<br>per person | % change |
|------|-------------------------------------|----------|
| 1996 | \$19,466                            | --       |
| 1997 | \$20,443                            | 5.02     |
| 1998 | \$21,676                            | 6.03     |
| 1999 | \$22,617                            | 4.34     |

METRO BANGOR LABOR MARKET

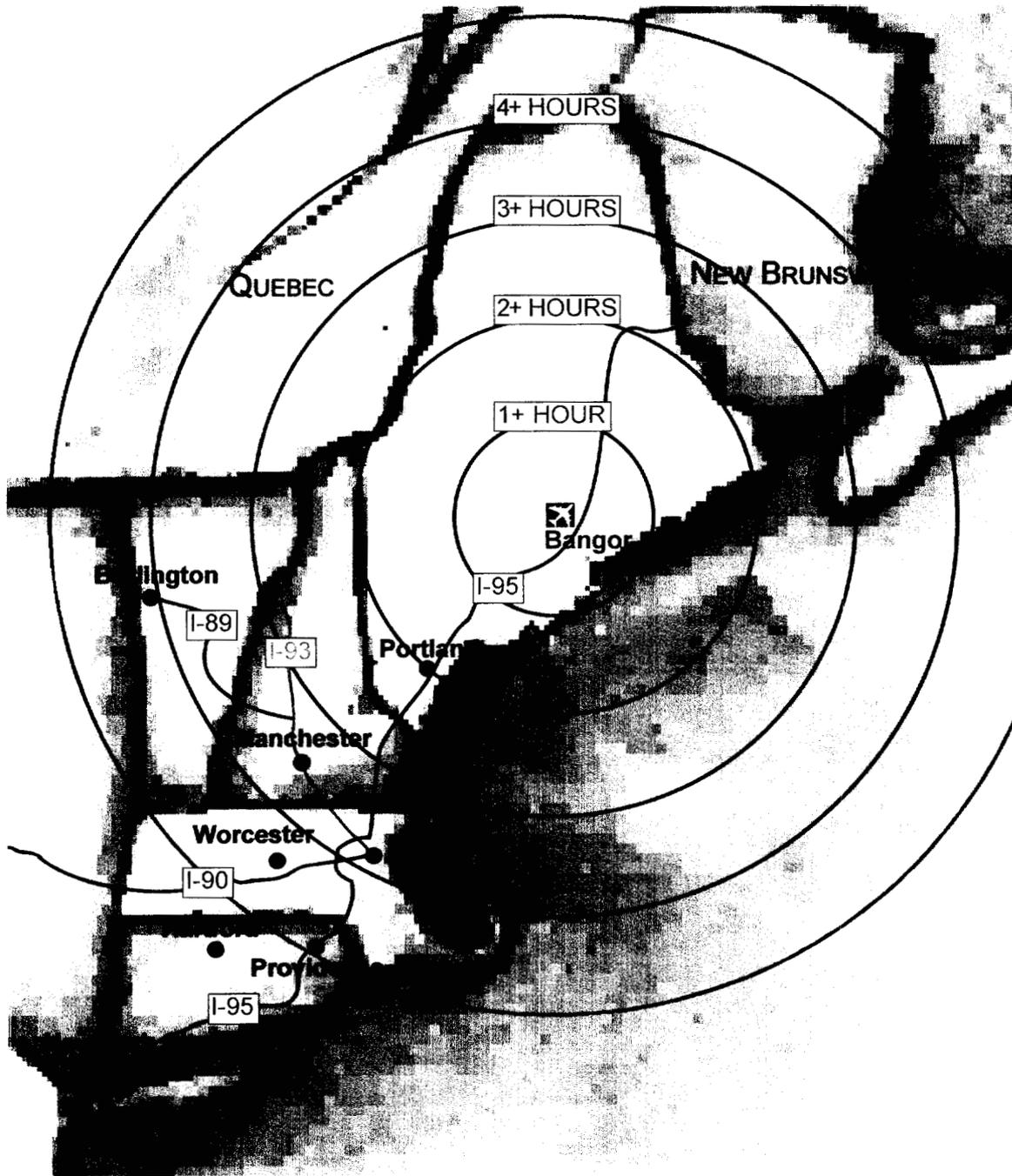
|                              | December<br>1998 | December<br>1999 | December<br>2000 | August<br>2001 |
|------------------------------|------------------|------------------|------------------|----------------|
| Labor Force (persons)        | 51,600           | 53,800           | 53,600           | 52,000         |
| Residents Employed (persons) | 50,300           | 52,600           | 52,500           | 50,800         |
| Unemployment Rate            | 2.50%            | 2.40%            | 1.90%            | 2.30%          |
| Source: Maine Dept. of Labor |                  |                  |                  |                |



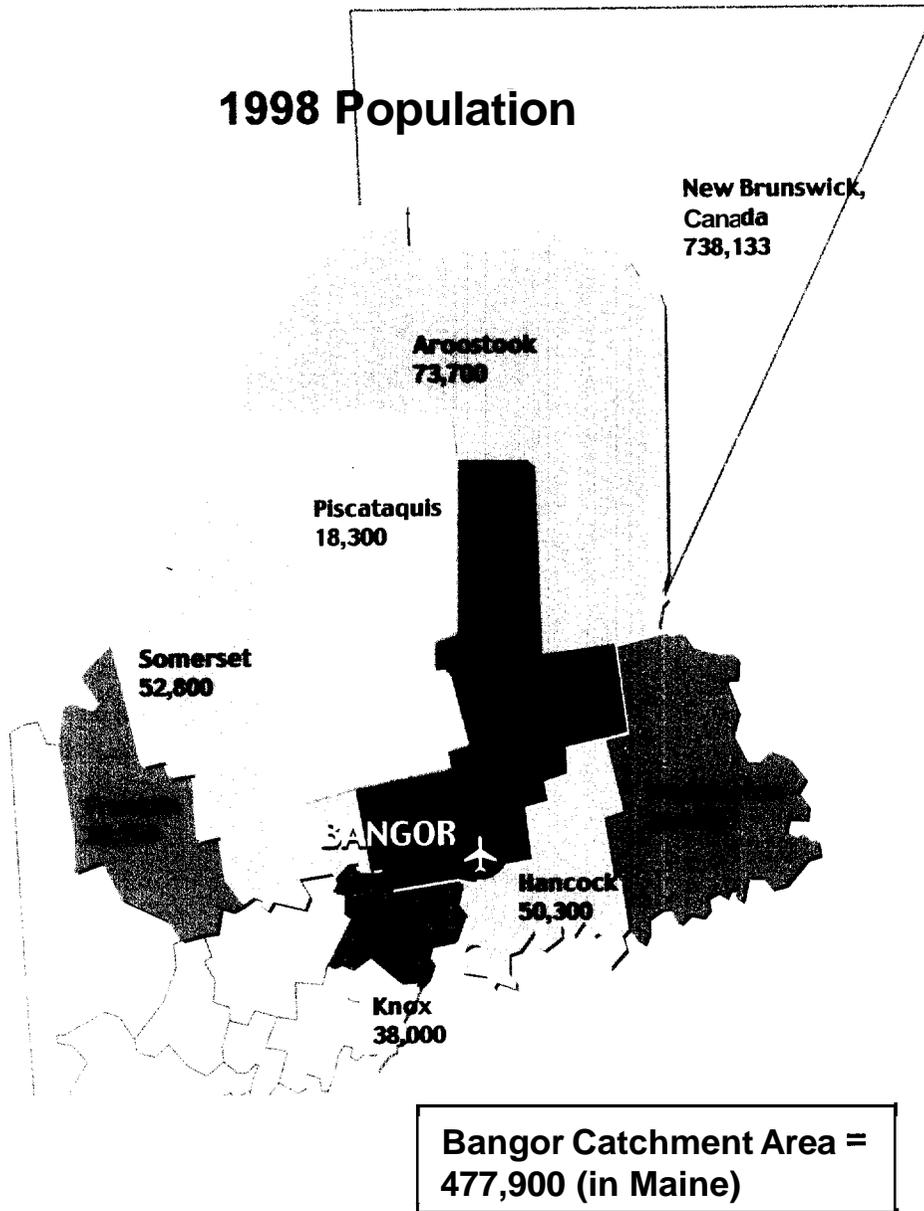
**BANGOR INTERNATIONAL AIRPORT**



# BANGOR INTERNATIONAL AIRPORT - MAJOR HIGHWAY CONNECTIVITY AND DRIVING TIMES IN NEW ENGLAND



# 1998 POPULATION FOR THE GREATER BANGOR REGION AND BANGOR INTERNATIONAL AIRPORT CATCHMENT AREA



Source: 1999 Demographics USA, County Edition

**DEREGULATION EFFECTS ON BANGOR INTERNATIONAL AIRPORT**

**Now departing ...**

**T**he national benefits of of airline deregulation

**Deregulation's revenge**

**N**o doubt Americans within easy driving distance of major airports think the deregulation of the airline industry is just great — low prices and lots of flights. Perhaps some of them have even gotten a

about the savings they could realize being near a larger airport. Things could be worse for the BIA Director Bob Ziegelaar has an outstanding job keeping the fact looking for new airlines and trying to expand opportunities here. But following a nationwide trend of airports not just to where they can make the profit. That has unfortunate effects in places like the northern region.

**BIA's shortcomings**

**B** Curiously missing from four-part series on Bangor national Airport (BDN, Oct 11, 12, 13) is any mention of environmental impact of air traffic in areas of delighted traffic through more real 1980s. Why Bangor's endure the

**Turbulence over BIA**



**D**

**Bangor International Airport struggles in a more competitive market**

**No relief from airport blues...**

**A** Sunday night last June I tried to watch

a piece last year highlighting McCain as a "hero," and for his war

**Senators say Continental departure reflects worst of airline deregulation**

Continental's departure from Bangor is the latest in a series of airline deregulation effects. The number of passengers leaving on the Bangor-BIA route has declined since the deregulation of the airline industry.

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- A Bangor Daily News, 8/31/99
- B Bangor Daily News, 10/22/99
- C Bangor Daily News, 9/9/99
- D Bangor Daily News, 10/9/99
- E Bangor Daily News, 10/10/99
- F Bangor Daily News, 9/14/99

UNITED, DELTA, USAIRWAYS ALL LEAVE THE BGR MARKET

**A**

# Delta Air Lines pulls jet flights to Boston

Successor will use smaller commuter planes; new service planned to Cincinnati, Atlanta

Delta, from left, late getting new service to small. This summer we are... This is something that has been... That is a... will probably be followed by... months from now

**B**



## Loss of Delta route is bad news for UM

Just what the University of Maine athletic department needed. The same day Governor Angus S. King announced a state budget that will in all likelihood put a halt to...

**C**

FRIDAY, MAY 2, 1997

## Airline ends BIA jet service

### US Airways claims route not profitable

By Elaine McDonald



US Airways announced today that it will end its jet service to Bangor International Airport. The airline claims the route is not profitable. The airline will continue to serve Bangor with smaller commuter aircraft. The airline also announced that it will start a new service to Cincinnati and Atlanta.

# United Airlines departs for friendlier skies

Airline drops Bangor from flight schedule

There have been too many airplanes chasing too few passengers

**D**

**E**

## Senators say Continental departure reflects worst of airline deregulation

Continental's departure from Bangor reflects the worst of airline deregulation, according to senators. They say the airline's decision to leave the market is a result of deregulation and increased competition. The senators also expressed concern about the impact of deregulation on smaller airports and airlines.

**F**

## Continental Express set to leave BIA

9/14/99

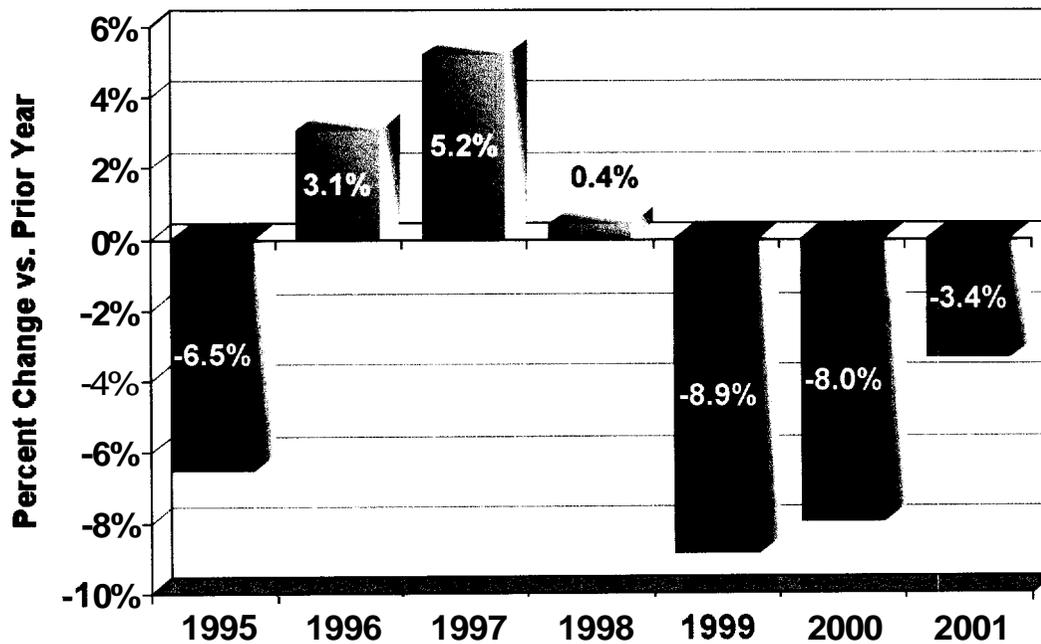
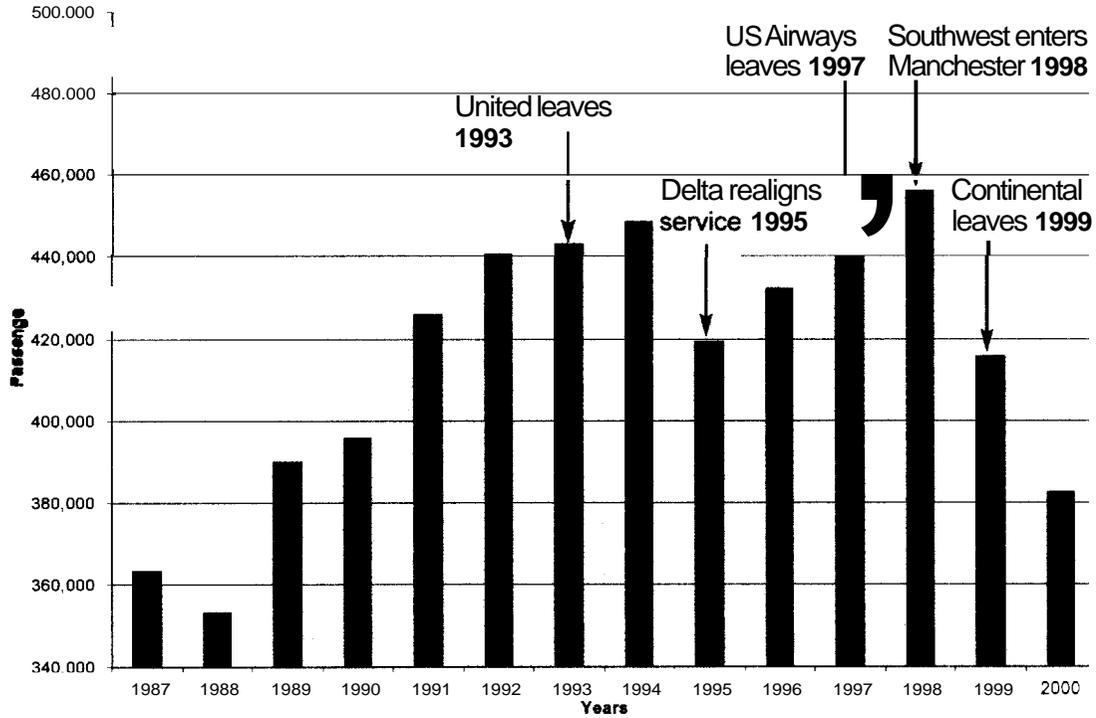
By Deborah Turner

OF THE NEWS

BANGOR: Continental Airlines' decision Tuesday to pull its three Continental Express flights from Bangor International Airport on Oct. 31 is being viewed by an... indicated...

- A Bangor Daily News, 2/2/95
- B Bangor Daily News, 2/3/95
- C Bangor Daily News, 5/9/97
- D Bangor Daily News, 6/30/93
- E Bangor Daily News, 9/14/99
- F Bangor Daily News, 9/14/99

**DOMESTIC TRAFFIC ENPLANED AND DEPLANED  
AT BANGOR INTERNATIONAL AIRPORT 1987-2000**



COMPETITION AND CHANGE AT BGR

# Three-way squeeze



Passengers wait in line at the United Airlines ticket counter at Manchester International Airport in New Hampshire, a rising star in the Northeast that is putting pressure on Bangor International Airport. (Photo by David Rodgers/Special to the NEWS)

## BIA faces increasing competitive pressure from northern New England's other major airports

By A.J. Higgins  
of the NEWS Staff

ger 1997. Carlson asked aloud, "People are leaving and these... rank the world... such as the Tucson gathering. With the threat of... BIA is falling behind... While of... le m...

SOUTHWEST LAUNCH

Low-fare Southwest Airlines due to arrive at Manchester

Southwest Airlines — the low-fare carrier that gave Providence's airport a big boost starting in 1996 — confirmed yesterday that it will begin service from Manchester to Baltimore compared with the \$260 fare offered by other airlines.

Hello Manchester. Goodbye High Fares. Service starts June 7.

Three fare cards: \$39 (Manchester to Baltimore), \$90 (Manchester to Chicago/Oakland), \$99 (Manchester to Orlando). Includes 'Don't fly any other airline' slogan.

Prices Head South

Southwest Airlines Sparks Airfare War in Manchester

By TOM FAHEY, Union Leader Staff. Talk about cheap soon you'll be able to enjoy country dancing in Nashville, bask in Florida sunshine or walk along Lake Michigan — all for less than the price of drinks and a nice dinner for two. Southwest Airlines is pulling into town June 7, bringing with it phenomenally low air fares on the four routes it will serve. Walk-up fares will be between a third and a quarter of the current fares from Manchester Airport. One-way flights to Grand, Fla., Nashville, Tenn., and Chicago will all be less than \$100 when tickets are bought in advance.

Southwest to begin flights from New Hampshire in June

Southwest Airlines has selected Manchester's low-fare passenger traffic was about double to more than a 100 in 1997 since Southwest's arrival, with one parking space following as many as one-third of those travelers are from Massachusetts.

Kevin Dillon, operations director at Logan, said the return of both T.F. Green and Manchester airports is an outcome news. 'Anything that we can do to divert traffic to the regional airports eases congestion and growth concerns here at Logan,' he said.

Dillon said Logan still needs to complete its ground modernization program, add a controversial new runway and build a new waterfield highway to accommodate passenger traffic. The new runway is strongly opposed by Logan's neighbors.

Southwest officials said they plan to begin daily nonstop service to four cities in early June offering eight nonstop flights to Baltimore, two to Chicago, one to Nashville, and one to Orlando.

A Boston Herald, 3/18/98 B Union Leader, 3/18/98 C Boston Globe, 3/18/98

**SOUTHWEST AIRLINES - RECENT NETWORK ADDITIONS  
RANKED IN CHRONOLOGICAL ORDER (OLDEST TO MOST RECENT)**

| City                 | Airport Code | Passengers PDEW | MSA Pop. (000) |
|----------------------|--------------|-----------------|----------------|
| Raleigh-Durham, NC   | RDU          | 10,752          | 1,128          |
| Hartford, CT         | BDL          | 9,447           | 1,115          |
| Albany, NY           | ALB          | 3,608           | 873            |
| Buffalo, NY          | BUF          | 5,264           | 1,142          |
| West Palm Beach, -FL | PBI          | 7,559           | 1,079          |
| Norfolk VA           | ORF          | 3,809           | 1,577          |
| Average              | -            | 6,740           | 1,152          |
| <b>Bangor, ME</b>    | <b>BGR</b>   | <b>484</b>      | <b>145</b>     |

Source: U.S. DOT ODIA & Woods & Poole Economics, both for CY 2000

**NOTE:** The Bangor region averages only 7.2% of passengers per day each way (PDEW) when ranked against the six markets most recently added to Southwest's network of routes. Also, the MSA Population of Bangor is only 12.6% of Southwest's average recent network additions.

## 1999 LEAKAGE REPORT SUMMARY

### Leakage of the Bangor region's core market

Examining tickets sold by travel agents in Bangor's core market (consisting of Penobscot, Piscataquis, Hancock, Washington, and southern Aroostook counties) it was found that 67 percent of travelers used BGR. The leakage passengers went to Boston (as their first choice) with Manchester and Portland following close behind.

|                   |
|-------------------|
| Bangor share: 67% |
| Leakage rate: 33% |

The leakage numbers may be understated because Southwest – as Manchester's big draw – has so many tickets purchased on-line.

### Leakage of the Bangor region's outer market

Examining tickets sold by travel agents in Bangor's outer market (consisting of Waldo, northern Kennebec, northern Aroostook and Somerset counties) it was found that 27 percent

|                   |
|-------------------|
| Bangor share: 27% |
| Leakage rate: 73% |

of travelers used BGR. In this zone, Portland airport is Bangor's dominant competitor, and drew away the majority of possible BGR travelers.

### BGR traveler destinations

Because of the importance of the above leakage, the report identifies Bangor's top destination cities and the top leakage destinations. The Florida market dominates Bangor's top destinations, while "underserved" markets are spread across the country.

|   |
|---|
| <b><u>Bangor's top destinations</u></b><br>Orlando, Tampa, Boston, New York City (LGA, ERW, JFK), Fort Myers, Chicago, Philadelphia, Atlanta, Las Vegas, Miami. |
|---|

|   |
|---|
| <b><u>Bangor's underserved markets</u></b><br>Orlando, Las Vegas, Tampa, San Francisco, Los Angeles, Philadelphia, Washington DC, Raleigh Durham, San Diego, Phoenix. |
|---|

### **What business travelers say about BGR**

Because business travelers located north and east of Augusta represent a market critical to the growth of BGR, questionnaires were sent to selected business leaders to judge the use of and attitudes towards BGR. This small survey found that the majority of business leaders that 'leaked' from the region to another airport did so for lower fares. On the up side, the reaction to regional Regional Jet Aircraft was almost unanimously positive.

### **Selected Traveler Comments to Questionnaires**

- "Schedules and connections are more important than aircraft size or type."
- "Lack of nonstop flights to major destinations is more important than carriers."
- "We need more service with better options for local East Coast travel."
- "Need an airline willing to provide jet service, especially to Boston and New York."
- "Reliance on Logan as a feeder is a disaster. I like Bangor, but direct access to national airlines is important."
- "Business travel has become more difficult since Delta left."

LEAKAGE HEADLINES FROM 1999

Bangor International's Concourse Terminal C are greeted by "BJI," Conair's marketing mascot. (NEWS Photo by Kevin Bennett)

# Fewer people flew from BIA last summer

**A** By Deborah Turcotte Seavey  
Of the NEWS Staff

**BANGOR** About 4,200 fewer passengers traveled on flights out of Bangor International Airport this summer compared to last, according to the latest figures released Wednesday by BIA's marketing department.

But "Bangor International Airport did not have as bad a summer as I anticipated," said BIA marketing director Jeff Russell.

Before the summer months, the airport staff speculated that the March departure of Delta Air Lines and its 142-passenger planes would contribute to a greater reduction in travelers. Russell said that that did not happen. Despite Delta's larger service and availability, more regional flights were available.

year, according to BIA figures. Although the airport lost 4,200 passengers and gained 61 seats, Russell said BIA still flies more seats per plane than the national average.

## Planes still filled above national average, official points out

In August, the national average was about 82 passengers and gained 61 seats, Russell said. BIA still flies more seats per plane than the national average.

Regardless of its own high capacity figures, Continental Express announced last month it was discontinuing service to BIA starting Oct. 31.

"Continental Express did very well in January, February, March, May, June, July and August," Russell said. "But still they leave the market."

are choosing other airports because of price, airline service, flight times and dates, Russell said.

"The criteria is simply who's leading the market," he said.

Some flights, at certain times of the day, are booked, while other flights take off with a few empty seats, he said. Many travelers cannot be flexible and change their schedules to get on those lowpeak flights, he said. That's one of the reasons they fly out of other airports.

"We're very much aware of that," Russell said. "But if you're flexible at the time or the date, you'll get it."

# Snowe troubled by airline service

**B** The Associated Press

**PORTLAND** - U.S. Sen. Olympia Snowe is not calling for a return to the days of airline regulation, but believes something needs to be done to keep airlines from neglecting smaller cities such as Bangor.

Snowe, R-Maine, will look for ways to make sure airlines keep serving small cities "and not just cherry-pick all across America what are the most profitable routes," she said Monday at Portland International Jetport.

Snowe, who chairs a Senate aviation subcommittee, remains concerned about any reduction in service to Maine airports. Officials at the Portland jetport showed her solid passenger figures Monday.

She has criticized Continental Airlines for canceling its service from Bangor International Airport to Newark, N.J., and is concerned that the move might hurt the future of the airport.

Continental officials said flight congestion in New England is disrupting the airline schedules.

Snowe maintained that deregulation has generally been bad for Maine. Still, she called it a "banner year" for the airport after conference with airport manager Jeff Schaff and Portland Mayor Jeffrey Moore.

Continental Express is carrying more passengers out of BIA than it did last year, that was 50 percent of all travel, Russell said. Conair carried 10 percent of the passengers.

# Time for BIA change

**C**

I am saddened by the decline in business at Bangor International Airport. I recently read that Delta Air Lines has a 50-50 chance of returning carrier service soon. I can't imagine that Delta can be eager to return after the comments by Airport Director Bob Ziegelaar after

the move might hurt the future of the airport.

Continental officials said flight congestion in New England is disrupting the airline schedules.

Snowe maintained that deregulation has generally been bad for Maine. Still, she called it a "banner year" for the airport after conference with airport manager Jeff Schaff and Portland Mayor Jeffrey Moore.

# BIA changes needed

**D**

State government and the Maine congressional delegation would do well to read the on-ed piece (BDN, April 14) by Bob Ziegelaar, airport director of Bangor International Airport. Once again, one of the finest airports on the East Coast is being forced into a second-rate

Continental Express is carrying more passengers out of BIA than it did last year, that was 50 percent of all travel, Russell said. Conair carried 10 percent of the passengers.

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- A Bangor Daily News, 10/21/99
- B Bangor Daily News, 9/22/99
- C Bangor Daily News, 10/2/99
- D Bangor Daily News, 4/21/99

**Bangor  
International  
Airport**

**Leakage of  
Passengers  
from  
Bangor to  
Other  
Airports**

September, 1999



***Stafford Business Advisors***

GLOBAL REPRESENTATION THROUGH INTEGRRA INTERNATIONAL

**REPORT TO**

**BANGOR INTERNATIONAL AIRPORT:**

**LEAKAGE OF PASSENGERS FROM BANGOR TO  
OTHER AIRPORTS**

**Table of Contents**

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| <b>2. How large is the Bangor market?</b>           | <b>6</b>    |
| <b>3. Benchmarking Bangor International</b>         | <b>10</b>   |
| <b>4. Leakage hurts some airlines, helps others</b> | <b>13</b>   |
| <b>5. Bangor's traveler destinations</b>            | <b>15</b>   |
| <b>6. International passengers</b>                  | <b>20</b>   |
| <b>7. What business travelers say about BGR</b>     | <b>21</b>   |
| <b>8. Local marketing actions to consider</b>       | <b>26</b>   |
| <b>9. Air service recruitment priorities</b>        | <b>28</b>   |
| <b>Appendix: Travel Agent Survey Results</b>        |             |
| <b>Appendix: Summary Public Presentation</b>        |             |

**Stafford Business Advisors  
Portland, Maine  
September, 1999**

## 1. THE LEAKAGE FACTOR

All airports suffer from leakage, a phenomenon that happens when passengers drive to distant airports in search of bargains, bigger planes, or better flight connections. Boston passengers drive to Providence, Rhode Island in order to fly on Southwest Airlines. Portland passengers drive to Boston for nonstop transcontinental service. Bangor passengers drive to Portland to avoid flying on small, turboprop aircraft. Airlines call this the fly/drive relationship, and its impact on air service, particularly in smaller communities, can be huge. Yet few airports have taken the trouble to measure, and through measuring begun to confront, this factor which can rob communities of their true air service potential.

Bangor's leakage rate in its core market area, where passenger loyalty should be at its highest, is one third. This means that for every 100 Bangor area residents who fly, 33 will use either the Portland, Boston, or Manchester airports. In annual terms, this comes to 120,000 lost passengers each year, enough to support profitably three additional full-size jet aircraft departures. Thus leakage is at the same time a problem and an opportunity for the City of Bangor.

Why do passengers leak? There are three, and possibly four, reasons. By far the most important is ticket pricing. With the arrival of deregulation in the early 1980s, the airlines underwent a binge of expansionism, using their newfound freedom to battle like warlords for their share of the rich U.S. air service market. If more planes were needed, more planes were acquired. If price wars were necessary to secure market share, price wars were engaged in. When the dust settled in the early 1990s, the industry had lost collectively \$6 billion. Things then changed.

In this, the second major post -deregulation phase of operations, the airlines have embarked on a new and profitable strategy of right-sizing their markets. Just as other industries have done, the airlines have wrung the excess capacity out of their systems, matching seat availability to market size with computer-driven accuracy. For cities like Bangor this has meant higher ticket prices for what the industry has come to regard (wrongly) as a captive market. In response, passengers are driving to Portland, Boston and Manchester in search of cheaper prices.

A desire for nonstop service, better connecting service, and more scheduling choices (“frequency” in airline shorthand) are collectively the second reason for leakage. These factors are the foundations of reliability and convenience that are often more important to business travelers than is price. With nonstop service, important appointments will be kept. With frequent return service, time away from the office can be minimized. These all enter into the total “cost” of the trip, and promote leakage to larger airports.

Many travelers dislike flying on smaller, propeller-driven aircraft, which is the third reason for leakage. Some travelers may feel that anything less than pure jet technology is unreliable and unacceptable. Some may object to the noise and the shaky ride of small planes. To others, it is a matter of safety. Anecdotal evidence abounds, supported by surveys, showing that a desire to avoid these smaller, commuter service planes is a cause of leakage. Our study seems to confirm this aversion for small planes.

A possible fourth cause of leakage connects the three above and can be summed up in the phrase “air service quality.” This means that passengers are drawn to airports that offer an appealing mix of airlines, schedules, prices, equipment types, resources, alternatives, and backup plans to assure a successful trip.

## TWENTY YEARS OF AIRLINE DEREGULATION

Air travel in the U.S. was deregulated by the Carter Administration. The evolution of air service in New England since then has seen ‘waves’ of the impacts of new carriers, new airline strategies and new technology. For example, in the late 1970s the initial post-deregulation era saw a push to hub-and-spoke strategies at the expense of multiple-city services that followed traditional railroad or highway routes. Thus this period saw the end of the Delta (formerly Northeast Airlines) jet service from Bangor (via Portland and Burlington) to Detroit and Chicago.

Instead, it saw the emergence of frequent, propeller-aircraft service to regional hubs, as developed by Bar Harbor Airlines (later Continental Express) and later still by Business Express. These airlines substituted frequency for aircraft size in feeding the major carriers’ long-haul markets. In this period, Bangor’s services fluctuated but boardings overall grew in line with the economy. Air travel was relatively more expensive than today, a higher percentage of passengers were business travelers, and fare differentials between airports were still small – a hangover from the era of regulation.

## NEW ENTRANTS AND LEAKAGE TO PORTLAND

In the 1980s, deregulation spawned a number of new jet airlines, whose entry forever changed traditional patterns in the domestic air transport industry. In New England, the greatest impact was felt with the arrival of People Express, a Newark-based low fare carrier. Portland was an early city to be served by People Express, whose introductory fares of \$29 between city pairs essentially eliminated long-distance bus traffic, as well as airline competition on its routes. People Express's arrival at Portland in 1982 created an awareness in the Bangor Airport market that passengers could shop around among airports for fares – and the first major wave of Bangor 'leakage' began.

## BANGOR'S "GOLDEN AGE"

By the late 1980s, the absorption of People Express into Continental, the bankruptcy of Eastern Airlines and the shakeout of new entrants stabilized the airline marketplace for a period. With higher fares at Portland, Bangor passengers returned to their hometown airport. Jet service from United to Chicago was introduced, along with seasonal US Air jets to Pittsburgh and Philadelphia, to add to the continuing Delta jet service to Boston and (via Portland) New York. Bangor domestic jet service was relatively infrequent, typically two services per day to each destination, but was by relatively large jets – 150-seat Boeing 727s and 110-seat Douglas DC-9s. Although Bangor's service was often one stop rather than nonstop service, this era is nevertheless remembered by some Bangor travelers as a 'golden age' for the airport.

In the mid-1990s, new developments negatively impacted service to BGR. The growth of air travel throughout the decade has led to capacity saturation and congestion at major eastern hubs – notably at Chicago and the New York-area airports. Large jets are more affected by these constraints than smaller aircraft, because of different aircraft separation rules, and the availability at some airports of additional runways for small aircraft use. This has led to a pull-back from many mid-range (1,000 to 2,000-mile) routes from hubs to smaller cities – Bangor's direct flights to Chicago and Atlanta are examples. Not only the aircraft, but the departure slots formerly used on these routes, could more profitably be used – the airlines have calculated – on 'denser' routes to larger markets.

## COMMUTER AIRLINES AND REGIONAL JET SERVICE

As the full size jets exited from the smaller airports, they were replaced by commuter airlines flying smaller planes. Over time these airlines transitioned from piston engine equipment to turboprops, and now high performance regional jets are beginning to appear. U.S. commuter carriers have ordered these regional jets in large numbers.

There are two obstacles to their rapid introduction, however. One is the pace of deliveries: their manufacturers do not have the capacity of a Boeing or an Airbus, and although production is almost exclusively for U.S. orders at this time, deliveries (of the 500 or so aircraft on order from Bombardier, Embraer, and Fairchild-Domier) are running at about 12 per month from all three combined.

The second obstacle is that many major airlines agreed to pilots' union demands for numerical limitations on the use of jet aircraft with less than 70 seats. Flown by younger pilots for lower pay, the regional jets are viewed with suspicion by the Air Line Pilots' Association as a way to undercut pilot salaries.

Bangor now has regional jet service to Cincinnati. Comair was one of the first airlines to place a major order for "RJs", and is consequently a leader in deliveries. Over the next two years, significant numbers of additional jets will be delivered to carriers such as Continental Express, American Eagle, and United's and US Airways' commuter affiliates.

## SOUTHWEST AIRLINE COMES TO NEW ENGLAND

One other important development impacting Bangor in the 1990s has been the arrival of a second 'wave' of low-fare carriers into the Northeast. The period of stability – and high fares – following the absorption of People Express into Continental, ended with the invasion of Southwest Airlines into the Northeast in 1995. Southwest has had an impact at least as great as that of People Express in the early 1980s.

Southwest began Providence, R.I., service in 1995, followed by Manchester, N.H., at the beginning of 1998. In both cases, Southwest was following its strategy of serving a big market (Boston) through smaller, less expensive and less congested airports. It had developed this strategy successfully in such

congested markets as Washington (serving Baltimore airport) and Chicago (serving Midway), in addition to its home base at Dallas' Love Field.

Southwest has also added service to Hartford and Islip, Long Island, in 1999. Southwest appears to be on a relentless path of expansion, but it is still adding cities with markets in the 2 to 4 million population range. It will be a long time before Southwest will consider deploying aircraft to markets as small as 500,000 people. However, other start-up, low-fare carriers may be seeking to enter such markets.

## 2. HOW LARGE IS THE BANGOR MARKET?

The airlines are underestimating the size of Bangor, which they see as a marketplace of 220,000 passenger boardings annually. In fact, it is a 340,000-passenger market. If this perception can be changed by beginning to recapture the leakage market, the airlines will add more service. If part of the New Brunswick population can be lured to Bangor for southbound Florida trips, still more service will be attracted.

The Maine population that Bangor can lay claim to totals in round numbers 500,000 people. The population growth rate is 0.9% per year, but with some coastal areas growing as fast as three to four percent. New Brunswick travelers who are attracted to Bangor are additional to the 500,000 population figure. In 1999, Canadian boardings were low, probably because of the weak Canadian dollar exchange rate, the drive time involved, and the quality of southbound service available at Bangor.

Bangor's rate of economic growth is a bright spot and is likely to continue to be so, at least in comparison with the rest of the U.S. The growth rate between 1997 and 1999, according figures published by the Federal Reserve Bank of Boston, was 4.5 percent. Tourism, Maine's number two "industry," is one of the factors driving this healthy growth rate.

### ZONE ONE: BANGOR'S CORE MARKET

Bangor's core market consists of Penobscot, Piscataquis, Hancock, Washington and southern Aroostook counties, with a population of 277,000. In this zone, we examined 1,294 tickets sold by travel agents throughout the region during the first two weeks of July, 1999. Sixty-seven percent of these travelers used the Bangor airport while 33 percent leaked.

|                     |            |
|---------------------|------------|
| <b>BANGOR SHARE</b> | <b>67%</b> |
| <b>LEAKAGE RATE</b> | <b>33%</b> |

Where did the leakage passengers go? Boston was the first choice, with Portland and Manchester close behind. The Manchester figure may be understated however, because many bookings on Southwest Airline,

Manchester's big attraction, are made by the passenger directly rather than through travel agents. This is because Southwest does not participate in the conventional reservations network as other airlines do.

|                      |                     |
|----------------------|---------------------|
| Leaked to Boston     | 11.9%               |
| Leaked to Portland   | 10.7%               |
| Leaked to Manchester | 8.9% (understated?) |
| Leaked elsewhere     | 1.3%                |

#### ZONE TWO: BANGOR'S OUTER MARKET

The outer market is located in Waldo, northern Kennebec, northern Aroostook, and Somerset Counties, with a population of 196,000. We examined 377 tickets sold by travel agents in this zone, with the following result.

|                     |              |
|---------------------|--------------|
| <b>BANGOR SHARE</b> | <b>27.3%</b> |
| <b>LEAKAGE RATE</b> | <b>72.7%</b> |

In this zone, Portland is Bangor's dominant competitor airport, its force field generated by I 95 and I 295 reaching northward and its robust mix of carriers, nonstop destinations, and connecting hubs.

|                      |                      |
|----------------------|----------------------|
| Leaked to Portland   | 36.1%                |
| Leaked to Manchester | 18.0% (understated?) |
| Leaked to Boston     | 17.3%                |
| Leaked elsewhere     | 1.3%                 |

#### ZONE THREE: THE SOUTHERN PERIPHERY

Knox, Franklin and southern Kennebec Counties make up Zone Three, the Southern periphery. Here we examined **544** travel agent-written tickets. Although this region is geographically closer to Bangor (or equidistant), it is closer in travel time to Portland and within Portland's media market and economic influence. Clearly, this air market belongs to Portland, not Bangor, thus to refer to this as a leakage situation is inaccurate. **Any** attempt by Bangor to increase its market share here should receive a low priority in our opinion. There are more promising market development avenues available to pursue right now.

If Bangor were to attract a low fare carrier, however, the Zone Three market, like the New Brunswick market, can definitely be penetrated. Thus this zone with its population of 125,000 should be included in any market presentations made to low fare carriers.

|                           |
|---------------------------|
| <b>BANGOR SHARE 2.2%</b>  |
| <b>LEAKAGE RATE 97.8%</b> |

The leakage analysis by airport share produced more detailed results in this zone. Manchester begins to cast its large and growing shadow on this market segment. Augusta, these figures reveal, serves only a tiny share of its own local market.

|                      |                      |
|----------------------|----------------------|
| Leaked to Portland   | 46.9%                |
| Leaked to Manchester | 23.1% (understated?) |
| Leaked to Boston     | 20.9%                |
| Leaked to Rockland   | 6.4%                 |
| Leaked to Augusta    | 0.5%                 |

SUMMARY OF THE BANGOR AIR TRAVEL MARKET:

Zone One: Core market:

|                           |                |
|---------------------------|----------------|
| Penobscot County          | 147,000 people |
| Piscataquis County        | 18,000         |
| Hancock County            | 47,000         |
| Washington County         | 35,000         |
| southern Aroostook County | <u>30,000</u>  |
| TOTAL 'ZONE 1':           | 277,000        |

Zone Two: Outer core market:

|                           |               |
|---------------------------|---------------|
| Somerset County           | 50,000        |
| northern Kennebec County  | 56,000        |
| Waldo County              | 34,000        |
| northern Aroostook County | <u>56,000</u> |
| TOTAL 'ZONE 2':           | 196,000       |

[Total Zones 1 plus 2: 473,0001

In addition, for certain types of service – low-fare carriers and international services – there are the following additional markets, bringing the total potential to just over 1 million people:

Zone Three: Southern Periphery

|                          |               |
|--------------------------|---------------|
| Southern Kennebec County | 60,000        |
| Franklin County          | 29,000        |
| Knox County              | <u>36,000</u> |
| TOTAL 'ZONE 3':          | 125,000       |

New Brunswick

Within 4 hours' drive of BGR: 410,000

[Total additional potential: 535,000]

### 3. BENCHMARKING BANGOR INTERNATIONAL

How does Bangor compare with similar airport around the U.S.? We looked for ‘similar’ airports that, like Bangor, have these traits:

- Population between 300,000 and 600,000
- No competitor jet service within 100 miles
- No hub airport within 200 miles
- A primarily rural marketplace
- Traffic impacted by seasonality

We identified ten airports that had at least four of the above five characteristics. The tables that follow show how Bangor compared using a standard cluster of measurements of air service quality. With two important exceptions, large jet service and seat count, Bangor’s scores were well within the service quality benchmarking values that we found at the peer airports.

#### **Bangor compared with 10 peer airports**

|                             |                           |
|-----------------------------|---------------------------|
|                             |                           |
|                             |                           |
| Number of airlines          | Average                   |
| Hubs served                 | Average                   |
| <b>Large jet service</b>    | <b>Below average</b>      |
| Regional jets               | Average                   |
| Prop aircraft               | Above average             |
| Regional jet seats          | Average                   |
| Large jet seats             | Below average             |
| Prop aircraft seats         | Average                   |
| Total daily seats           | Below average             |
| <b>Seats per population</b> | <b>Well below average</b> |
| Boardings per population    | Average                   |

**Detail: Comparison of Bangor with air service 'peer' cities (1)**

| City                       | Bangor<br>ME | Medford<br>OR | Traverse<br>City<br>MI | Pasco<br>WA | Alexan-<br>dria<br>LA | San Luis<br>Obispo<br>CA |
|----------------------------|--------------|---------------|------------------------|-------------|-----------------------|--------------------------|
| Airport code               | BGR          | MFR           | TVC                    | PSC         | AEX                   | SBP                      |
| Bass population            | 405,000      | 337,000       | 318,000                | 281,000     | 371,000               | 217,000                  |
| Closest jet competitor:    | PWM          | EUG           | GRR                    | GEG         | BTR                   | SB4                      |
| - Miles distant:           | 132 mi.      | 165 mi.       | 141 mi.                | 139 mi.     | 128 mi.               | 100 mi.                  |
| Closest hub airport:       | BOS          | PDX           | DTW                    | PDX         | MSY                   | LAX                      |
| - Miles distant            | 250 mi.      | 272 mi.       | 253 mi.                | 215 mi.     | 208 mi.               | 196 mi.                  |
| 1997 boardines             | 240,000      | 213,000       | 165,271                | 185,604     | 100,600               | 140,551                  |
| AUGUST 1999 SCHEDULE:      |              |               |                        |             |                       |                          |
| Airlines                   | 4            | 2             | 3                      | 3           | 4                     | 3                        |
| Hubs served                | 4            | 3             | 3                      | 3           | 4                     | 3                        |
| DAILY DEPARTURES:          |              |               |                        |             |                       |                          |
| Jets (over 90 seats)       | 0            | 4             | 3                      | 3           | 0                     | 0                        |
| Regional jets              | 4            | 0             | 1                      | 1           | 0                     | 0                        |
| Prop aircraft              | 25           | 18            | 15                     | 23          | 18                    | 28                       |
| DAILY SEATS OFFERED:       |              |               |                        |             |                       |                          |
| Jet                        | 0            | 556           | 330                    | 420         | 0                     | 0                        |
| Regional jet               | 200          | 0             | 70                     | 50          | 0                     | 0                        |
| Prop aircraft              | 822          | 612           | 579                    | 600         | 397                   | 952                      |
| Total daily seats          | 1,022        | 1,168         | 979                    | 1,070       | 397                   | 952                      |
| Annualized seats:          | 373,030      | 426,320       | 357,335                | 390,550     | 144,905               | 347,450                  |
| RATIOS:                    |              |               |                        |             |                       |                          |
| Boardings: population      | .588         | .632          | .519                   | .660        | .271                  | .647                     |
| Seats: population          | .914         | 1.264         | 1.124                  | 1.388       | .391                  | 1.600                    |
| 1999 seats: 1997 boardings | 1.554        | 2.001         | 2.162                  | 2.104       | 1.440                 | 2.472                    |
| INDICES (BGR=100):         |              |               |                        |             |                       |                          |
| Boardings: population      | 100          | 108           | 88                     | 112         | 46                    | 110                      |
| Seats: population          | 100          | 135           | 123                    | 152         | 43                    | 175                      |
| 1999 seats: 1997 boardings | 100          | 129           | 139                    | 135         | 93                    | 159                      |

**Bangor versus 'peer' cities, (2)**

| City                         | Bangor<br>ME | Duluth<br>MN | Fayette-<br>ville<br>AR | Spring-<br>field<br>MO | Corpus<br>Christi<br>TX | Charles-<br>ton<br>SC |
|------------------------------|--------------|--------------|-------------------------|------------------------|-------------------------|-----------------------|
| Airport code                 | BGR          | DLH          | XNA                     | SGF                    | CRP                     | CHS                   |
| Base population              | 405,000      | 384,000      | 466,000                 | 671,000                | 506,000                 | 587,000               |
| Closest jet competitor:      | PWM          | -            | TUL                     | XNA                    | SAT                     | CAE                   |
| - Miles distant:             | 132 mi.      | -            | 105 mi.                 | 125 mi.                | 144 mi.                 | 113 mi.               |
| Closest hub airport:         | BOS          | MSP          | MCI                     | MCI                    | IAH                     | CLT                   |
| - Miles distant              | 250 mi.      | 156 mi.      | 210 mi.                 | 169 mi.                | 220 mi.                 | 210 mi.               |
| 1997 boardings               | 240,000      | 120,000      | 252,000                 | 335,000                |                         |                       |
|                              |              |              |                         |                        |                         |                       |
| <b>AUGUST 1999 SCHEDULE:</b> |              |              |                         |                        |                         |                       |
| Airlines                     | 4            | 2            | 4                       | 5                      | 4                       | 5                     |
| Hubs served                  | 4            | 3            | 5                       | 6                      | 4                       | 10                    |
| <b>DAILY DEPARTURES:</b>     |              |              |                         |                        |                         |                       |
| Jets (over 90 seats)         | 0            | 4            | 0                       | 6                      | 9                       | 19                    |
| Regional jets                | 4            | 7            | 15                      | 6                      | 7                       | 7                     |
| Prop aircraft                | 25           | 4            | 18                      | 27                     | 13                      | 15                    |
| <b>DAILY SEATS OFFERED:</b>  |              |              |                         |                        |                         |                       |
| Jet                          | 0            | 480          | 0                       | 660                    | 1,180                   | 2,596                 |
| Regional jet                 | 200          | 430          | 810                     | 360                    | 320                     | 350                   |
| Prop aircraft                | 822          | 136          | 876                     | 842                    | 753                     | 411                   |
| Total daily seats            | 1,022        | 1,046        | 1,686                   | 1,862                  | 2,253                   | 3,346                 |
| Annualized seats:            | 373,030      | 381,790      | 615,390                 | 679,630                | 822,345                 | 1221290               |
|                              |              |              |                         |                        |                         |                       |
| <b>RATIOS:</b>               |              |              |                         |                        |                         |                       |
| Boardings: population        | .588         | .313         | .541                    | .499                   | .933                    | 1.342                 |
| Seats: population            | .914         | .992         |                         |                        | 1.620                   | 2.079                 |
| 1999 seats: 1997 boardings   | 1.554        | 3.175        | 2.439                   |                        | 1.742                   | 1.549                 |
| <b>INDICES (BGR=100):</b>    |              |              |                         |                        |                         |                       |
| Boardings: population        | 100          | 53           | 92                      | 85                     | 159                     | 228                   |
| Seats: population            | 100          | 108          | 145                     | 111                    | 177                     | 227                   |
| 1999 seats: 1997 boardings   | 100          | 204          | 157                     | 131                    | 112                     | 100                   |

## SCARCE SEATS, NO BIG JETS, AND THE “CAPTIVE MARKET” THEORY

Airline seats are relatively scarce in Bangor, as the comparisons above show. This works to the advantage of the airlines, and the disadvantage of Bangor passengers, because it leads to higher than normal fares. This is a matter of supply versus demand. In Bangor, the airlines have “right-sized” the market to an extreme.

They do this in the belief that Bangor passengers (there are 220,000 of them according to the airlines) are captive passengers, who will fly on commuter aircraft and pay high prices because they have no alternative. The 120,000 passengers who leak to other airports are invisible to the carriers, because they have no ready method of counting them. Moreover, the airlines are unconcerned about leakage because they believe, wrongly in some cases, that they will recapture these passengers downline.

### **4. LEAKAGE HURTS SOME AIRLINES. HELPS OTHERS**

Delta Air Lines has long been the dominant ‘brand’ in Bangor, with a market share approaching 80 percent in July 1999. This brand has been served by two regional carriers, Comair and Business Express, since Delta itself pulled out of serving Bangor in early 1999. It is significant that Delta, flying modern regional jets under a Comair codeshare into its efficient hub in Cincinnati, is the only jet carrier in Bangor. This seems to support the connection between air service quality and market share. Bangor’s other carriers in July of 1999 (Continental has since taken down its service to Bangor) flew commuter aircraft to capture small shares of a small market.

This pattern of domination by one ‘brand’ is poised to change, with the acquisition of Business Express by American Eagle and the loss of the Delta code-share on Bangor-New York La Guardia flights. When and if Business Express and Delta end their code sharing agreement between Bangor and Boston, a large southbound market share will become available to other carriers. Meanwhile, Delta, which formerly owned a 22 percent interest in Comair, purchased the company outright in October, 1999.

ESTIMATED MARKETS SHARES, JULY, 1999

| Airline             | Overall Market Share |
|---------------------|----------------------|
| Delta Connection    | 79%                  |
| Continental Express | 10%                  |
| Northwest AirlinK   | 5%                   |
| USAirways Express   | 3%                   |

When leakage occurs, it is Delta/Comair, with its huge market share, which has the most to lose. In Zone One, the core market, Delta has a market share of 72.5 percent. But when passengers leak to Portland, those passengers fly Delta only 48.4 percent of the time. When Manchester is the choice, Delta's share drops to 37.5 percent. Passengers who defect to Boston choose Delta just 32.2 percent of the time. The following charts show who gains and who loses market share through leakage at Bangor.

United Airlines, which does not serve Bangor at all, is the clearest winner in the leakage sweepstakes, picking up market shares in Portland, Manchester and Boston as a result of passengers defecting from Bangor. A second striking fact shown through this analysis is the appeal of Boston as the embarkation airport for international travel by Bangor residents.

ZONE ONE: CORE MARKET.

MARKET SHARE REDISTRIBUTION THROUGH LEAKAGE

| Airline        | At BGR | At PWM | At MHT | At BOS | Overall |
|----------------|--------|--------|--------|--------|---------|
| Delta          | 72.5%  | 48.4%  | 37.7%  | 32.2%  | 38.2%   |
| USAirways      | 4.5%   | 16.4%  | 25.9%  | 14.4%  | 17.6%   |
| Continental    | 10.4%  | 4.7%   | 12.5%  | 7.5%   | 10.8%   |
| United         | -0-    | 13.3%  | 11.6%  | 3.4%   | 8.7%    |
| Northwest      | 8.0%   | 10.1%  | 10.7%  | 2.7%   | 7.2%    |
| American       | 4.6%   | 5.5%   | -0-    | 13.0%  | 6.5%    |
| TWA            | -0-    | -0-    | -0-    | 2.7%   | 1.0%    |
| Other domestic | -0-    | -0-    | 0.9%   | 7.6%   | 3.0%    |
| Air Canada     | -0-    | 0.8%   | -0-    | -0-    | 1.0%    |
| Other foreign  | -0-    | -0-    | -0-    | 16.4%  | 6.0%    |

ZONE TWO: BANGOR'S OUTER MARKET  
 MARKET SHARE REDISTRIBUTION THROUGH LEAKAGE

| AIRLINE        | At BGR | At PWM | At MHT | At BOS | Overall |
|----------------|--------|--------|--------|--------|---------|
| Delta          | 87.4%  | 45.6%  | 11.8%  | 35.4%  | 33.9%   |
| USAirways      | 1.9%   | 25.0%  | 38.2%  | 21.5%  | 27.0%   |
| Continental    | 5.8%   | 3.7%   | 5.9%   | 3.1%   | 5.1%    |
| United         | -0-    | 12.5%  | 33.8%  | 4.6%   | 15.7%   |
| Northwest      | 3.9%   | 8.8%   | -0-    | 9.2%   | 6.6%    |
| American       | 1.0%   | -0-    | -0-    | 6.2%   | 1.5%    |
| TWA            | -0-    | 3.7%   | -0-    | 1.5%   | 2.2%    |
| Other domestic | -0-    | -0-    | 10.3%  | 6.2%   | 4.0%    |
| Air Canada     | -0-    | 0.7%   | -0-    | -0-    | 0.4%    |
| Other foreign  | -0-    | -0-    | -0-    | 12.3%  | 3.6%    |

**5. BANGOR'S TRAVELER DESTINATIONS**

Because of the importance of leakage, this section of the report has two parts, one treating Bangor's top destination cities and one covering what can be called the top leakage destinations or "underserved markets". Florida tops the list in *both* categories. Understanding these markets is fundamental to the development of proposals for new or upgraded air service. The data presented here, coming directly from a large sample of travel agent tickets, is more accurate and more timely than statistics produced the federal government.

**BANGOR'S TOP DESTINATIONS**

**ORLANDO**

Orlando is Bangor's number one destination by far. Round trip air fares from Bangor are inexpensive, comparing favorably with those available in Portland, Manchester and Boston. When RT fares are \$275 or less, leakage should be minimal. In our July sample, Bangor had 62 percent of this market, while **38** percent leaked.

## TAMPA

Another Florida destination that ranks high on the list. Bangor's RT Tampa fares are competitive. Bangor's share of this market is 70 percent captured, 30 percent leaked.

## BOSTON

Air fares to Boston are high, ranging between \$150 and \$300 for a round **trip** coach ticket. Bangor/Boston is an example of what the airlines regard as a captive market, since the only competition is travel by bus or automobile. There is no leakage to other airports.

## NEW YORK CITY (LGA, EWR, JFK)

**An** important destination for business travelers. Ticket prices are high, as a result. Slot and air traffic control restrictions in New York work to Bangor's disadvantage in trying to add service into this market. Our ticket examination showed that Bangor has 80 percent of this market, with 20 percent leaked.

## FORT MYERS

Florida again. Bangor has 70 percent of this market which also serves Naples and Sanibel Island. The remaining 30 percent is leaked.

## CHICAGO

A strategic city for Bangor because a) it's a top destination, b) it's a gateway to westbound markets where Bangor can improve its market penetration, and c) it is a United hub but Bangor has no United service. Market share: 68 percent.

## PHILADELPHIA

Philadelphia holds a key for improved southbound service. It is a top destination city and it connects to USAirway's banks of Florida flights. Raleigh/Durham, another important market for Bangor, is also served through Philadelphia. Bangor has just 50 percent of this market currently.

## ATLANTA

Not only is Atlanta the largest hub of Delta Air Line, but the low fare carrier, Airtran, is also located here. This is a destination city that also has good Florida connection potential.

## LAS VEGAS

A leisure destination, so low fares are the key to market share. Manchester, with service to Las Vegas on Southwest Airlines, is a formidable competitor. Bangor has just 16 percent of this market.

## MIAMI

Four of Bangor's top ten cities are located in Florida. Bangor has 77 percent of the Miami boarding; 23 percent are leaked.

## BANGOR'S UNDERSERVED MARKETS

When passengers leaked from Bangor, these were their destinations in our July, 1999 survey:

### 1. ORLANDO

Although this is Bangor's number one destination, four out of 10 passengers are using Portland, Manchester or Boston for this trip, so there is plenty of room for growth. This is a price-sensitive market, but the availability of jet equipment and well-timed arrival and departure schedules may also be factors in choosing a departure airport. Bangor's rich supply of Florida-bound travelers creates an opportunity to talk with carriers looking for north/south traffic to feed their connecting hubs in places like Philadelphia, Pittsburgh, Dulles, and Newark.

### 2. LASVEGAS

This is a popular destination and likely to become more so. But passengers wanting cheap fares have been willing to drive to Manchester and fly Southwest Airlines for about \$220. This will be a tough market for Bangor to crack.

### 3. TAMPA

Again, one of Bangor's strongest cities holds significant growth potential. If only a portion of this 30% leakage can be captured, momentum can be created which will give Bangor some new leverage with the carriers.

### 4. PHOENIX

Although Phoenix ranks number four in terms of underserved market potential, no carrier flying in northern New England is likely to go up against Southwest Airlines service in the foreseeable future.

### 5. SAN FRANCISCO

### 6. LOS ANGELES

### 7. SANDIEGO

Travelers to these three California destinations are avoiding BGR, notwithstanding Delta's good transcontinental service via Cincinnati. In our survey, Bangor had ONLY 19% of this important market. This should present opportunities for United via Chicago, Continental via Cleveland, or Northwest via Detroit, But careful research will be a prerequisite to meeting with these carriers about West Coast service.

### 8. WASHINGTON, DC, AREA

This market is difficult to analyze, because of the Baltimore factor. With cheap fares now available into Baltimore on Southwest and on Metrojet, coupled with Amtrak service between Baltimore and Washington, this market has grown rapidly. The region thus appears to be served by three airports: Washington National, Dulles, and BWI. Bangor has 22% of this market, so Bangor's carriers appear to have an opportunity to capture a larger share of this traffic and also to feed their Florida services from their conveniently-placed mid-Atlantic hubs. The lower yields enforced by Southwest and Metrojet in this market present an obstacle to a Bangor/Washington strategy, but perhaps not a fatal one.

## 9. PHILADELPHIA

This is a fairly strong market for Bangor, with interesting upside potential. An early morning departure would connect into the USAirways Florida bank in Philly while at the same time providing some high yield destination traffic.

## 10. RALEIGH DURHAM

There is a fair amount of traffic headed for Raleigh/Durham and just one third of it is using BGR, so there is room to grow this service. We need to find out why – specific business links, for example. This could be an attractive element in a discussion with USAirways or Midway Airlines.

## 6. INTERNATIONAL PASSENGERS

Present rates of leakage, applied to the whole BGR market, suggest that there are at least 10 currently 'lost' international connecting passengers a day available to a carrier offering through fares and well-timed connections at an east coast international hub. Examples are American, Delta or TWA at JFK, US Airways at PHL, or United at **IAD**. Many of these passengers are driving or taking the bus to Boston and catching foreign carriers at present. Given the high rate of Delta Frequent Flyer membership in the market, a Delta BGR – JFK connection would seem to be a good fit but would depend on Delta's post-Business Express northeast feeder plans.

### **International Passengers from Bangor market**

|  |  |                  |
|--|--|------------------|
| Zones 1 and 2:   | Total tickets reviewed .....           | 1,614            |
|  | International tickets:                 | 132 (8.2%)       |
| <i>Ticket sample coverage of market: est. 25% of passengers originating in market.</i> |  |                  |
|  | of which:                              |                  |
|  | Europe:                                | 66 (4.1%)        |
|  | Mexico, Central America, Caribbean:    | 38 (2.4%)        |
|  | Canada:                                | 22 (1.4%)        |
|  | Asia:                                  | 6 (0.4%)         |
|  | of which:                              |                  |
|  | Bangor boarding:                       | <b>57 (3.5%)</b> |
|  | Boston boarding:                       | 63 (3.9%)        |
|  | Portland boarding:                     | <b>8 (0.5%)</b>  |
|  | Other cities:                          | <b>5 (0.3%)</b>  |
| Zone 1:  | Bangor leakage, all flights:           | 32.6%            |
|  | Bangor leakage, international flights: | 50.5%            |
| Zone 2:  | Bangor leakage, all flights:           | 72.7%            |
|  | Bangor leakage, international flights: | 88.0%            |

Bangor appears to have significantly higher rates of leakage for international flights than for domestic. While this reflects, in part, a national trend – passengers are willing to travel further on the ground to catch an international flight – it also appears to reflect the lack of easy interline connections and fares at Bangor’s connecting hubs. The only on-line international connections with through fares are American (London, Paris, and the Caribbean via San Juan) at Boston; and Continental at Newark. At Cincinnati, in addition to the psychological impact of the distance detoured west to travel east to Europe, there are poorly timed connections to Delta’s European flights and no through connecting fares are offered. This means that there are no direct international all-jet connections available from BGR at present.

## **7. WHAT BUSINESS TRAVELERS SAY ABOUT BGR**

Because business travelers located north and east of Augusta represent a market critical to the growth of Bangor International Airport, we sought the opinions of Bangor business leaders who make the air travel decisions for their companies.

During the month of July 1999, we sent out 26 surveys to major businesses in the Greater Bangor area to seek information about their use of and attitudes toward BIA. To ensure a high response rate, each business was first contacted by telephone to establish a contact person who would commit to completing the survey. Eighteen of the surveys were completed, representing an almost 70% return rate. Below is a summary of the responses.

### **SURVEY OF MAJOR EMPLOYERS IN THE BANGOR REGION**

**26 surveys sent; 18 responses -- 70% return**

#### **Question 1: Number of employees**

|                  |    |
|------------------|----|
| 50-100 employees | 1  |
| 100+ employees   | 17 |

#### **Question 2: Number of yearly air trips**

|         |    |
|---------|----|
| 10-20   | 2  |
| 30-50   | 2  |
| Over 50 | 14 |

**Question 3: In the last year, did You use Portland as an alternative to BGR?**

|               |   |
|---------------|---|
| Don't know    | 1 |
| No            | 4 |
| Several times | 4 |
| 6+ times      | 2 |
| 10+ times     | 1 |
| 15-20 times   | 3 |
| 50+ times     | 1 |

**Why?**

|             |    |
|-------------|----|
| Lower fares | 10 |
| Jets        | 8  |
| Non-stops   | 8  |

**Question 4: Did you use Manchester?**

|           |   |
|-----------|---|
| No        | 7 |
| Sometimes | 3 |
| 2-5 times | 5 |
| 10+ times | 3 |

**Why?**

|                    |    |
|--------------------|----|
| Lower fares        | 10 |
| Jets               | 4  |
| Non-stops          | 7  |
| Better connections | 1  |

**Question 5: Did you use Boston?**

|            |    |
|------------|----|
| Don't know | 1  |
| No         | 10 |
| 1-10 times | 6  |
| 10+        | 1  |

### **Why?**

|             |   |
|-------------|---|
| Lower fares | 4 |
| Jets        | 2 |
| Non-stops   | 3 |

### **Question 6: Airlines Most Frequentlly Used**

1. Business Express
2. Delta
3. USAirways
4. Continental

### **Question 7: What Frequent Flver Memberships do you hold?**

|             |    |
|-------------|----|
| Delta       | 14 |
| Continental | 8  |
| Northwest   | 8  |
| United      | 8  |
| USAirways   | 8  |
| American    | 4  |

### **Question 8: Most Frequent Domestic Destinations**

|               |   |
|---------------|---|
| Chicago       | 7 |
| Boston        | 7 |
| Washington DC | 5 |
| Cincinnati    | 3 |
| Atlanta       | 2 |
| Minneapolis   | 2 |
| Montreal      | 2 |
| Detroit       | 2 |
| Los Angeles   | 1 |
| Philadelphia  | 1 |
| Tampa         | 1 |
| Orlando       | 1 |

**Question 9: International Destinations**

|         |   |
|---------|---|
| Germany | 5 |
| France  | 3 |
| Italy   | 3 |
| UK      | 3 |
| Finland | 2 |
| Mexico  | 2 |
| Japan   | 2 |
| Belgium | 1 |
| Brazil  | 1 |
| Spain   | 1 |
| Canada  | 1 |

**Question 10: What additional airlines would you like to see in Bangor?**

|             |   |
|-------------|---|
| Delta       | 5 |
| United      | 3 |
| Southwest   | 2 |
| USAirways   | 2 |
| Northwest   | 1 |
| Continental | 1 |
| American    | 1 |

**Question 11: Regarding Commuter Aircraft**

Number of responses agreeing with the following statements:

|  |    |
|--|----|
| “Some of our travelers will not fly in commuter aircraft”                                    | 11 |
| “Some travelers use distant airports to avoid commuter planes”                               | 10 |
| “Our travelers consider schedules and connections more important than aircraft size or type” | 11 |

## Question 12: Reaction to New Regional Jet Aircraft

|                  |    |
|------------------|----|
| “Like RJs”       | 14 |
| “Don’t like RJs” | 0  |

### **Comments:**

The respondents added the following comments, repeated verbatim, to the questionnaires.

“Need airline willing to provide jet service, especially to Boston and New York.”

“BEX has continual scheduling problems and poor customer service. It needs improvement if it is to continue to serve our needs.”

“Business travel has become more difficult since Delta left. And we’d love to see United come back since many of our trips take us to Chicago.”

“Both Delta and United were generally full when we used them. They are giving up Canada business by pulling out. Lots of Canadians used to use Bangor.”

“Any major airline with jet service.”

“Lack of non-stop flights to major destinations is more important than carriers.”

“We need more service with better options for local East Coast travel.”

“Better flights to Washington DC.”

“Reliance on Logan as a feeder is a disaster. I like Bangor, but direct access to national airlines is important. Bangor has lost industrial growth because of reliance as a feeder through Boston.”

“Employees cannot understand why Delta does not service BIA with jets. Comair is a nice addition but there have been occasions when these flights were full and other travel plans had to be made.”

“The addition of Comair, as a result of Delta pulling out, has made last-minute reservations very difficult. And in some cases planning ahead has become difficult due to less seats being available. For business travelers this can be extremely inconvenient.”

“We can save time and sometime a day by flying out of Portland. Even counting driving time. Sometimes get home at 3am from Portland.”

“We like it when we can get it.”

“Miss Delta!”

“Have experienced too many full flights Bangor to Cincinnati and Bangor to Boston.”

“There appear to be very limited flight options on weekends.”

## **8. LOCAL MARKETING ACTIONS TO CONSIDER**

In order to combat leakage, airports need not only to retain and improve the air service they offer, a sufficiently difficult task, they also need to inform and educate their potential customers that good service is indeed available and that there are benefits to using the local airport, in this case BGR. This section of the report addresses this informational and educational task.

We recommend that airports set aside a certain amount of money per passenger in their annual budgets for market development. Each airport will have its own financial capacity to do this, so there is no one size fits all recommendation here. The value of this concept lies in the discipline that it imposes on the marketing process, year after year without debate, and in its potential to grow and reinforce success as boardings rise.

Newspaper advertising is tangible, it is local, and it can be targeted to your markets (the financial page, or the travel section for examples.) It is seen not only by your potential customers but also by your air carriers, so it has the potential to build or reward relationships.

With this advertising, we would engage in three efforts. First, we would battle to retain the core Bangor market. BIA has some excellent air service. The task

is to make sure that the flying public knows this, and print advertising can be a large help in getting the message out. Second is the battle for Zone Two. Too much of this market is being ceded to Portland. BGR needs to promote its brand name and raise its profile in this area through a tireless campaign of showing the services and benefits of flying from BGR. This is an easy campaign to design. Third is the battle for the southbound Canadian market. We think that BGR should be New Brunswick's airport for Florida service, based on a three-hour drive radius, cheap fares, and one-stop service, which Bangor has today.

We recommend maximum energy be given to working with area travel agents, some of whom do not seem to be thinking of Bangor first in planning trips for their clients. A good approach is the regular sales call to talk up Bangor's current good points. Keep in mind that (1) the travel agents are now very angry with the airlines over commission caps and (2) some agencies are now under serious financial stress. Yet most will welcome a visit from an ally who has some inside information to share and who understands what's happening in the business.

Given the seriousness of the battle to reduce leakage and given all that is at stake, we would consider the radical concept of free parking at the airport. This would have great appeal to passengers and would probably do more to earn their business quickly than any other measure. We understand, however, that the parking concession at airports is usually the number one or number two revenue generator, so a free parking policy would require carefully thought as to its short-term financial consequences. Also, there is the matter of the concession agreement with the parking operator and the length of its term; it may not be possible, practically speaking, to intervene in this area.

Our final comment on steps that can be taken locally to reduce leakage is one that addresses a difficult but important topic: the reliability of commuter airline services offered on Bangor's short haul markets, particularly to Boston. Our general experience leads us to believe that service quality in this sector is not up to customer expectations at any airport in New England and this causes passengers to shun such carriers even if it means driving to an alternative airport. We have seen many tactics suggested for airports to consider when carriers provide shoddy service, which leads us to the conclusion that there is no easy route to follow here. But we are convinced that there is a strong negative relationship between cancelled flights, overbooking, dirty hold rooms, "mechanical problems," insufficient staff-- all the components of poor air service quality—and leakage. Airports need to find ways to fight back.

## **9. AIR SERVICE RECRUITMENT PRIORITIES**

### **1. SOUTHBOUND JET SERVICE**

As an example, we think Bangor could support a profitable Regional Jet service to a hub with good Florida and other southbound connections. This service would attract a combination of high yield business travel to, for example, Philadelphia or Washington, with Florida leisure travelers. With service quality sufficient to recapture leakage of existing travelers, there is a demand for 15,000 annual round trips on this route. A strong candidate for regional jet service would be a Philadelphia route operated by USAirways. An alternative is United RJ service (ACA) via Dulles International.

### **2. ADDITIONAL WESTBOUND SERVICE**

A majority of Bangor's westbound travelers leak to other airports. In the key California markets, for example, we found that Bangor's capture rate was 20 percent. Currently, Delta is the only carrier with good westbound service. There is an opportunity for regional jet service to Chicago, Cleveland, or Detroit that would give access to many destinations in the southwest and West Coast.

### **3. INTERNATIONAL FEED**

Bangor has a proportionally high number of international travelers, but most of them drive to Boston to begin their trips. International traffic is important to the airlines because it produces higher yields. The competition is intense for this business, however. Bangor can deliver these passengers to international gateway airports like Newark, Philadelphia, and JFK, if the add-on fare for the Bangor segment is inexpensive.

### **4. A LOW FARE AIRLINE**

A low fare carrier flying nonstop or one-stop to Florida would solve three of Bangor's most common complaints: a) lack of large jet equipment, b) low fare availability, and c) the lack of Florida service. Most of Bangor's travelers are leisure travelers who are price sensitive and would support a low fare carrier. The service would also draw from New Brunswick and from points south of Bangor where business is currently being leaked to competitor airports. A low fare carrier to Florida could easily augment Bangor's boardings by 20 percent.

**Appendix:  
Travel  
Agent  
Survey  
Results**

**Appendix: Travel Agent Survey Results**



*Stafford Business Advisors*

GLOBAL REPRESENTATION THROUGH INTEGRAL INTERNATIONAL

Results of travel agent survey: airline tickets issued in the greater Bangor market, by departure airport, airline and issuing agency

**1. DEPARTURE AIRPORT: BANGOR INTERNATIONAL (BGR)**

| Travel agency / city    | TOTAL      | DL         | CO        | US        | AA        | NW        | UA       | Others   |
|-------------------------|------------|------------|-----------|-----------|-----------|-----------|----------|----------|
| 1. Brewer               | 40         | 30         | 1         | 0         | 2         | 7         | 0        | 0        |
| 2. Bangor               | 118        | 89         | 10        | 10        | 5         | 4         | 0        | 0        |
| 3. Bangor               | 141        | 120        | 11        | 4         | 2         | 4         | 0        | 0        |
| 4. Bangor               | 95         | 68         | 10        | 4         | 5         | 8         | 0        | 0        |
| 5. Bangor               | 132        | 72         | 27        | 7         | 11        | 15        | 0        | 0        |
| 6. Bangor               | 124        | 98         | 9         | 0         | 4         | 13        | 0        | 0        |
| 7. Ellsworth            | 62         | 45         | 12        | 2         | 1         | 2         | 0        | 0        |
| 8. Ellsworth            | 130        | 86         | 10        | 9         | 10        | 15        | 0        | 0        |
| 9. Milbridge            | 25         | 21         | 0         | 3         | 0         | 1         | 0        | 0        |
| <b>SUBTOTAL: Zone 1</b> | <b>867</b> | <b>629</b> | <b>90</b> | <b>39</b> | <b>40</b> | <b>69</b> | <b>0</b> | <b>0</b> |
| 10. Belfast             | 58         | 46         | 5         | 2         | 1         | 4         | 0        | 0        |
| 11. Skowhegan           | 20         | 19         | 1         | 0         | 0         | 0         | 0        | 0        |
| 12. Waterville          | 25         | 25         | 0         | 0         | 0         | 0         | 0        | 0        |
| <b>SUBTOTAL: Zone 2</b> | <b>103</b> | <b>90</b>  | <b>6</b>  | <b>2</b>  | <b>1</b>  | <b>4</b>  | <b>0</b> | <b>0</b> |
| <b>SUBTOTAL: 1+2</b>    | <b>970</b> | <b>719</b> | <b>96</b> | <b>41</b> | <b>41</b> | <b>73</b> | <b>0</b> | <b>0</b> |
| 13. Augusta             | 4          | 2          | 0         | 0         | 0         | 2         | 0        | 0        |
| 14. Camden              | 2          | 1          | 1         | 0         | 0         | 0         | 0        | 0        |
| 15. Rockland            | 6          | 5          | 1         | 0         | 0         | 0         | 0        | 0        |
| 16. Rockland            | 0          | 0          | 0         | 0         | 0         | 0         | 0        | 0        |
| <b>SUBTOTAL: Zone 3</b> | <b>12</b>  | <b>8</b>   | <b>2</b>  | <b>0</b>  | <b>0</b>  | <b>2</b>  | <b>0</b> | <b>0</b> |
| <b>TOTAL: 1+2+3</b>     | <b>982</b> | <b>727</b> | <b>98</b> | <b>41</b> | <b>41</b> | <b>75</b> | <b>0</b> | <b>0</b> |

Results of travel agent survey: airline tickets issued in the greater Bangor market, by departure airport, airline and issuing agency

2. DEPARTURE AIRPORT: MANCHESTER, NH (MHT)

| Travel agency / city    | TOTAL      | DL        | CO        | US         | AA       | NW        | UA        | Others    |
|-------------------------|------------|-----------|-----------|------------|----------|-----------|-----------|-----------|
| 1. Brewer               | 5          | 2         | 1         | 0          | 0        | 2         | 0         | 0         |
| 2. Bangor               | 15         | 9         | 0         | 2          | 0        | 4         | 0         | 0         |
| 3. Bangor               | 13         | 3         | 3         | 2          | 0        | 1         | 4         | 0         |
| 4. Bangor               | 13         | 4         | 0         | 4          | 0        | 0         | 5         | 0         |
| 5. Bangor               | 19         | 9         | 3         | 6          | 0        | 1         | 0         | 0         |
| 6. Bangor               | 26         | 9         | 1         | 10         | 0        | 2         | 4         | 0         |
| 7. Ellsworth            | 1          | 1         | 0         | 0          | 0        | 0         | 0         | 0         |
| 8. Ellsworth            | 23         | 7         | 7         | 5          | 0        | 4         | 0         | 0         |
| 9. Milbridge            | 0          | 0         | 0         | 0          | 0        | 0         | 0         | 0         |
| <b>SUBTOTAL: Zone 1</b> | <b>115</b> | <b>44</b> | <b>15</b> | <b>29</b>  | <b>0</b> | <b>14</b> | <b>13</b> | <b>0</b>  |
| 10. Belfast             | 17         | 5         | 3         | 6          | 0        | 0         | 3         | 0         |
| 11. Skowhegan           | 12         | 0         | 1         | 10         | 0        | 0         | 1         | 0         |
| 12. Waterville          | 32         | 3         | 0         | 10         | 0        | 0         | 19        | 0         |
| <b>SUBTOTAL: Zone 2</b> | <b>61</b>  | <b>8</b>  | <b>4</b>  | <b>26</b>  | <b>0</b> | <b>0</b>  | <b>23</b> | <b>0</b>  |
| <b>SUBTOTAL: 1+2</b>    | <b>176</b> | <b>52</b> | <b>19</b> | <b>55</b>  | <b>0</b> | <b>14</b> | <b>36</b> | <b>0</b>  |
| 13. Augusta             | 34         | 0         | 4         | 16         | 0        | 0         | 6         | 8 (WN, 8) |
| 14. Camden              | 31         | 6         | 5         | 13         | 0        | 3         | 4         | 0         |
| 15. Rockland            | 51         | 2         | 9         | 21         | 0        | 8         | 11        | 0         |
| 16. Rockland            | 15         | 0         | 1         | 8          | 0        | 0         | 6         | 0         |
| <b>SUBTOTAL: Zone 3</b> | <b>131</b> | <b>8</b>  | <b>19</b> | <b>58</b>  | <b>0</b> | <b>11</b> | <b>27</b> | <b>8</b>  |
| <b>TOTAL:</b>           | <b>307</b> | <b>60</b> | <b>38</b> | <b>113</b> | <b>0</b> | <b>25</b> | <b>63</b> | <b>8</b>  |

Results of travel agent survey: airline tickets issued in the greater Bangor market, by departure airport, airline and issuing agency  
**3. DEPARTURE AIRPORT: PORTLAND JETPORT (PWM)**

| Travel agency / city    | TOTAL      | DL         | CO        | US         | AA       | NW        | UA        | Others                |
|-------------------------|------------|------------|-----------|------------|----------|-----------|-----------|-----------------------|
| 1. Brewer               | 11         | 8          | 1         | 0          | 0        | 2         | 0         | 0                     |
| 2. Bangor               | 9          | 3          | 0         | 3          | 0        | 2         | 1         | 0                     |
| 3. Bangor               | 25         | 15         | 2         | 5          | 1        | 0         | 2         | 0                     |
| 4. Bangor               | 29         | 11         | 0         | 9          | 3        | 2         | 4         | 0                     |
| 5. Bangor               | 23         | 15         | 2         | 1          | 3        | 2         | 0         | 0                     |
| 6. Bangor               | 15         | 5          | 1         | 2          | 0        | 0         | 7         | 0                     |
| 7. Ellsworth            | 6          | 0          | 0         | 0          | 0        | 4         | 2         | 0                     |
| 8. Ellsworth            | 20         | 13         | 1         | 1          | 0        | 3         | 1         | 1 (AC, 1)             |
| 9. Milbridge            | 0          | 0          | 0         | 0          | 0        | 0         | 0         | 0                     |
| <b>SUBTOTAL: Zone 1</b> | <b>138</b> | <b>70</b>  | <b>7</b>  | <b>21</b>  | <b>7</b> | <b>15</b> | <b>17</b> | <b>1</b>              |
| 10. Belfast             | 37         | 12         | 2         | 11         | 0        | 1         | 11        | 0                     |
| 11. Skowhegan           | 52         | 31         | 0         | 13         | 0        | 3         | 2         | 3 (AC,1;TW,2)         |
| 12. Waterville          | 46         | 18         | 3         | 10         | 0        | 8         | 4         | 3 (TW,3)              |
| <b>SUBTOTAL: Zone 2</b> | <b>135</b> | <b>61</b>  | <b>5</b>  | <b>34</b>  | <b>0</b> | <b>12</b> | <b>17</b> | <b>6</b>              |
| <b>SUBTOTAL: 1+2</b>    | <b>273</b> | <b>131</b> | <b>12</b> | <b>55</b>  | <b>7</b> | <b>27</b> | <b>34</b> | <b>7</b>              |
| 13. Augusta             | 45         | 19         | 4         | 16         | 0        | 3         | 3         | 0                     |
| 14. Camden              | 85         | 38         | 4         | 31         | 0        | 7         | 5         | 0                     |
| 15. Rockland            | 102        | 39         | 6         | 26         | 0        | 10        | 17        | 4 (TW,2; AC,2)        |
| 16. Rockland            | 26         | 11         | 1         | 11         | 1        | 2         | 0         | 0                     |
| <b>SUBTOTAL: Zone 3</b> | <b>258</b> | <b>107</b> | <b>15</b> | <b>84</b>  | <b>1</b> | <b>22</b> | <b>25</b> | <b>4</b>              |
| <b>TOTAL:</b>           | <b>531</b> | <b>238</b> | <b>27</b> | <b>139</b> | <b>8</b> | <b>49</b> | <b>59</b> | <b>11 (TW,7;AC,4)</b> |

Results of travel agent survey: airline tickets issued in the greater Bangor market, by departure airport, airline and issuing agency

**4. DEPARTURE AIRPORT: BOSTON LOGAN INTERNATIONAL (BOS)**

| Travel agency / city    | TOTAL      | DL         | CO        | US        | AA        | NW        | UA        | Others                       |
|-------------------------|------------|------------|-----------|-----------|-----------|-----------|-----------|------------------------------|
| 1. Brewer               | 7          | 1          | 0         | 1         | 0         | 1         | 0         | 4 (FI,4)                     |
| 2. Bangor               | 23         | 7          | 0         | 4         | 3         | 0         | 0         | 9 (BA,5;TW,2;VS,FI)          |
| 3. Bangor               | <b>24</b>  | 9          | 5         | 0         | <b>4</b>  | 0         | 1         | 5 (BA,2;F9,2;TW)             |
| 4. Bangor               | 15         | 3          | 0         | 1         | 1         | 0         | 0         | 10 (JI,3;FI,2;TW,2;VS,IB,LH) |
| 5. Bangor               | 11         | 6          | 0         | 2         | 0         | 0         | 1         | 2 (BA,AF)                    |
| 6. Bangor               | 42         | 13         | 6         | 10        | 5         | 4         | 2         | 2 (BA,2)                     |
| 7. Ellsworth            | <b>10</b>  | <b>4</b>   | 0         | 0         | 2         | 0         | 1         | 3 (SR,2;VS)                  |
| <b>8.</b> Ellsworth     | 22         | 5          | 0         | 4         | <b>4</b>  | 0         | 0         | 9 (FL,5;BA,2;OA,2)           |
| 9. Milbridge            | 0          | 0          | 0         | 0         | 0         | 0         | 0         | 0                            |
| <b>SUBTOTAL: Zone 1</b> | <b>154</b> | <b>48</b>  | <b>11</b> | <b>22</b> | <b>19</b> | <b>5</b>  | <b>5</b>  | <b>44</b>                    |
| <b>10.</b> Belfast      | 42         | 15         | 2         | 6         | 3         | 3         | 1         | 12 (BA,5;HP,3;LH,2;AZ,TW)    |
| 11. Skowhegan           | <b>14</b>  | 7          | 0         | 2         | 0         | 3         | 1         | 1 (FL)                       |
| <b>12.</b> Waterville   | <b>9</b>   | 1          | 0         | <b>6</b>  | 1         | 0         | 1         | 0                            |
| <b>SUBTOTAL: Zone 2</b> | <b>65</b>  | <b>23</b>  | <b>2</b>  | <b>14</b> | <b>4</b>  | <b>6</b>  | <b>3</b>  | <b>13</b>                    |
| <b>SUBTOTAL: 1+2</b>    | <b>219</b> | <b>71</b>  | <b>13</b> | <b>36</b> | <b>23</b> | <b>11</b> | <b>8</b>  | <b>57</b>                    |
| 13. Augusta             | 23         | 9          | 1         | 5         | 1         | 3         | 0         | 4 (FL,2;BA,JI)               |
| 14. Camden              | 39         | 20         | 0         | 7         | 0         | 0         | 6         | 6 (W9,2;FL,2;SN,HP)          |
| 15. Rockland            | 38         | <b>11</b>  | 3         | 5         | <b>4</b>  | 3         | 1         | 11 (HP,5;AF,3;VS,SR,JI)      |
| 16. Rockland            | 17         | 7          | 1         | 0         | 0         | 0         | 3         | 6 (KE,3;BA,2;LH)             |
| <b>SUBTOTAL: Zone 3</b> | <b>117</b> | <b>47</b>  | <b>5</b>  | <b>17</b> | <b>5</b>  | <b>6</b>  | <b>10</b> | <b>27</b>                    |
| <b>TOTAL:</b>           | <b>336</b> | <b>118</b> | <b>18</b> | <b>53</b> | <b>28</b> | <b>17</b> | <b>18</b> | <b>84</b>                    |

Results of travel agent survey: airline tickets issued in the greater Bangor market, by departure airport, airline and issuing agency

**5. ALL OTHER AIRPORTS**

| Travel agency / city    | TOTAL     | DL       | CO        | US       | AA       | NW       | UA       | Others       |
|-------------------------|-----------|----------|-----------|----------|----------|----------|----------|--------------|
| 1. Brewer               | 0         | 0        | 0         | 0        | 0        | 0        | 0        | 0            |
| 2. Bangor               | 1         | 1        | 0         | 0        | 0        | 0        | 0        | 0            |
| 3. Bangor               | 2         | 0        | 0         | 0        | 0        | 0        | 0        | 2 (AC/YFD,2) |
| 4. Bangor               | 2         | 0        | 0         | 2        | 0        | 0        | 0        | 0            |
| 5. Bangor               | 0         | 0        | 0         | 0        | 0        | 0        | 0        | 0            |
| 6. Bangor               | 3         | 1        | 0         | 2        | 0        | 0        | 0        | 0            |
| 7. Ellsworth            | 6         | 0        | 5         | 0        | 0        | 0        | 0        | 1 (ACNSJ)    |
| 8. Ellsworth            | 6         | 0        | 6         | 0        | 0        | 0        | 0        | 0            |
| 9. Milbridge            | 0         | 0        | 0         | 0        | 0        | 0        | 0        | 0            |
| <b>SUBTOTAL: Zone 1</b> | <b>20</b> | <b>2</b> | <b>11</b> | <b>4</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>3</b>     |
| 10. Belfast             | 5         | 0        | 5         | 0        | 0        | 0        | 0        | 0            |
| 11. Skowhegan           | 2         | 0        | 1         | 0        | 0        | 0        | 0        | 1 (CPNSJ)    |
| 12. Waterville          | 0         | 0        | 0         | 0        | 0        | 0        | 0        | 0            |
| <b>SUBTOTAL: Zone 2</b> | <b>7</b>  | <b>0</b> | <b>6</b>  | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>1</b>     |
| <b>SUBTOTAL: 1+2</b>    | <b>27</b> | <b>2</b> | <b>17</b> | <b>4</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>4</b>     |
| 13. Augusta             | 0         | 0        | 0         | 0        | 0        | 0        | 0        | 0            |
| 14. Camden              | 1         | 0        | 1         | 0        | 0        | 0        | 0        | 0            |
| 15. Rockland            | 1         | 0        | 1         | 0        | 0        | 0        | 0        | 0            |
| 16. Rockland            | 0         | 0        | 0         | 0        | 0        | 0        | 0        | 0            |
| <b>SUBTOTAL: Zone 3</b> | <b>2</b>  | <b>0</b> | <b>2</b>  | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b>     |
| <b>TOTAL:</b>           | <b>29</b> | <b>2</b> | <b>19</b> | <b>4</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>4</b>     |

Results of travel agent survey: airline tickets issued in the greater Bangor market, by departure airport, airline and issuing agency

**TOTALS: ALL DEPARTURE AIRPORTS**

| Travel agency / city    | TOTAL       | DL          | CO         | US         | AA        | NW         | UA         | Others     |
|-------------------------|-------------|-------------|------------|------------|-----------|------------|------------|------------|
| 1. Brewer               | 63          | 41          | 3          | 1          | 2         | 12         | 0          | 4          |
| 2. Bangor               | 166         | 109         | 10         | 19         | 8         | 10         | 1          | 9          |
| 3. Bangor               | 205         | 147         | 21         | 11         | 7         | 5          | 7          | 7          |
| 4. Bangor               | 154         | 86          | 10         | 20         | 9         | 10         | 9          | 10         |
| 5. Bangor               | 185         | 102         | 32         | 16         | 14        | 18         | 1          | 2          |
| 6. Bangor               | 210         | 126         | 17         | 24         | 9         | 19         | 13         | 2          |
| 7. Ellsworth            | 85          | 50          | 17         | 2          | 3         | 6          | 3          | 4          |
| 8. Ellsworth            | 201         | 111         | 24         | 19         | 14        | 22         | 1          | 10         |
| 9. Milbridge            | 25          | 21          | 0          | 3          | 0         | 1          | 0          | 0          |
| <b>SUBTOTAL: Zone 1</b> | <b>1294</b> | <b>793</b>  | <b>134</b> | <b>115</b> | <b>66</b> | <b>103</b> | <b>35</b>  | <b>48</b>  |
| 10. Belfast             | 159         | 78          | 17         | 25         | 4         | 8          | 15         | 12         |
| 11. Skowhegan           | 100         | 57          | 3          | 25         | 0         | 6          | 4          | 5          |
| 12. Waterville          | 112         | 47          | 3          | 26         | 1         | 8          | 24         | 3          |
| <b>SUBTOTAL: Zone 2</b> | <b>371</b>  | <b>182</b>  | <b>23</b>  | <b>76</b>  | <b>5</b>  | <b>22</b>  | <b>43</b>  | <b>20</b>  |
| <b>SUBTOTAL: 1+2</b>    | <b>1665</b> | <b>975</b>  | <b>157</b> | <b>191</b> | <b>71</b> | <b>125</b> | <b>78</b>  | <b>68</b>  |
| 13. Augusta             | 106         | 30          | 9          | 37         | 1         | 8          | 9          | 12         |
| 14. Camden              | 158         | 65          | 11         | 51         | 0         | 10         | 15         | 6          |
| 15. Rockland            | 198         | 57          | 20         | 52         | 4         | 21         | 29         | 15         |
| 16. Rockland            | 58          | 18          | 3          | 19         | 1         | 2          | 9          | 6          |
| <b>SUBTOTAL: Zone 3</b> | <b>520</b>  | <b>170</b>  | <b>43</b>  | <b>159</b> | <b>6</b>  | <b>41</b>  | <b>62</b>  | <b>39</b>  |
| <b>TOTAL:</b>           | <b>2185</b> | <b>1145</b> | <b>200</b> | <b>350</b> | <b>77</b> | <b>166</b> | <b>140</b> | <b>107</b> |

Results of travel agent survey: airline tickets issued in the greater Bangor market, by departure airport, airline and issuing agency

**TOTALS: ALL LEAKAGE (ALL EXCEPT BGR BOARDINGS)**

| Travel agency / city    | TOTAL       | DL         | CO        | US         | AA        | NW        | UA        | Others    |
|-------------------------|-------------|------------|-----------|------------|-----------|-----------|-----------|-----------|
| 1. Brewer               | 23          | 11         | 2         | 1          | 0         | 5         | 0         | 4         |
| 2. Bangor               | 48          | 20         | 0         | 9          | 3         | 6         | 1         | 9         |
| 3. Bangor               | 64          | 27         | 10        | 7          | 5         | 1         | 7         | 7         |
| 4. Bangor               | 59          | 18         | 0         | 16         | 4         | 2         | 9         | 10        |
| 5. Bangor               | 53          | 30         | 5         | 9          | 3         | 3         | 1         | 2         |
| 6. Bangor               | 86          | 28         | 8         | 24         | 5         | 6         | 13        | 2         |
| 7. Ellsworth            | 23          | 5          | 5         | 0          | 2         | 4         | 3         | 4         |
| 8. Ellsworth            | 71          | 25         | 14        | 10         | 4         | 7         | 1         | 10        |
| 9. Milbridge            | 0           | 0          | 0         | 0          | 0         | 0         | 0         | 0         |
| <b>SUBTOTAL: Zone 1</b> | <b>427</b>  | <b>164</b> | <b>44</b> | <b>76</b>  | <b>26</b> | <b>34</b> | <b>35</b> | <b>48</b> |
| 10. Belfast             | 101         | 32         | 12        | 23         | 3         | 4         | 15        | 12        |
| 11. Skowhegan           | 80          | 38         | 2         | 25         | 0         | 6         | 4         | 5         |
| 12. Waterville          | 87          | 22         | 3         | 26         | 1         | 8         | 24        | 3         |
| <b>SUBTOTAL: Zone 2</b> | <b>268</b>  | <b>92</b>  | <b>17</b> | <b>74</b>  | <b>4</b>  | <b>18</b> | <b>43</b> | <b>20</b> |
| <b>SUBTOTAL: 1+2</b>    | <b>695</b>  | <b>256</b> | <b>61</b> | <b>150</b> | <b>30</b> | <b>52</b> | <b>78</b> | <b>68</b> |
| 13. Augusta             | 102         | 256        | 61        | 150        | 30        | 52        | 78        | 68        |
| 14. Camden              | 156         | 28         | 9         | 37         | 1         | 6         | 9         | 12        |
| 15. Rockland            | 192         | 64         | 10        | 51         | 0         | 10        | 15        | 6         |
| 16. Rockland            | 58          | 52         | 19        | 52         | 4         | 21        | 29        | 15        |
| <b>SUBTOTAL: Zone 3</b> | <b>508</b>  | <b>18</b>  | <b>3</b>  | <b>19</b>  | <b>1</b>  | <b>2</b>  | <b>9</b>  | <b>6</b>  |
| <b>TOTAL:</b>           | <b>1203</b> | <b>162</b> | <b>41</b> | <b>159</b> | <b>6</b>  | <b>39</b> | <b>62</b> | <b>39</b> |

Airline shares by departure airport and issuing agent

1 DEPARTURE AIRPORT - AIRCARRIERS INTERNATIONAL / RGR

| Travel agency / city    | TOTAL %       | DL %         | CO %         | US %        | AA %        | NW %         | UA %        | Other %     |
|-------------------------|---------------|--------------|--------------|-------------|-------------|--------------|-------------|-------------|
| 1. Brewer               | 100.0%        | 75.0%        | 2.5%         | 0.0%        | 5.0%        | 17.5%        | 0.0%        | 0.0%        |
| 2. Bangor               | 100.0%        | 75.4%        | 8.5%         | 8.5%        | 4.2%        | 3.4%         | 0.0%        | 0.0%        |
| 3. Bangor               | 100.0%        | 85.1%        | 7.8%         | 2.8%        | 1.4%        | 2.8%         | 0.0%        | 0.0%        |
| 4. Bangor               | 100.0%        | 71.6%        | 10.5%        | 4.2%        | 5.3%        | 8.4%         | 0.0%        | 0.0%        |
| 5. Bangor               | 100.0%        | 54.5%        | 20.5%        | 5.3%        | 8.3%        | 11.4%        | 0.0%        | 0.0%        |
| 6. Bangor               | 100.0%        | 79.0%        | 7.3%         | 0.0%        | 3.2%        | 10.5%        | 0.0%        | 0.0%        |
| 7. Ellsworth            | 100.0%        | 72.6%        | 19.4%        | 3.2%        | 1.6%        | 3.2%         | 0.0%        | 0.0%        |
| 8. Ellsworth            | 100.0%        | 66.2%        | 7.7%         | 6.9%        | 7.7%        | 11.5%        | 0.0%        | 0.0%        |
| 9. Milbridge            | 100.0%        | 0.0%         | 0.0%         | 0.0%        | 0.0%        | 0.0%         | 0.0%        | 0.0%        |
| <b>SUBTOTAL: Zone 1</b> | <b>100.0%</b> | <b>72.5%</b> | <b>10.4%</b> | <b>4.5%</b> | <b>4.6%</b> | <b>8.0%</b>  | <b>0.0%</b> | <b>0.0%</b> |
| 10. Belfast             | 100.0%        | 79.3%        | 8.6%         | 3.4%        | 1.7%        | 6.9%         | 0.0%        | 0.0%        |
| 11. Skowhegan           | 100.0%        | 95.0%        | 5.0%         | 0.0%        | 0.0%        | 0.0%         | 0.0%        | 0.0%        |
| 12. Waterville          | 100.0%        | 100.0%       | 0.0%         | 0.0%        | 0.0%        | 0.0%         | 0.0%        | 0.0%        |
| <b>SUBTOTAL: Zone 2</b> | <b>100.0%</b> | <b>87.4%</b> | <b>5.8%</b>  | <b>1.9%</b> | <b>1.0%</b> | <b>3.9%</b>  | <b>0.0%</b> | <b>0.0%</b> |
| <b>SUBTOTAL: 1+2</b>    | <b>100.0%</b> | <b>74.1%</b> | <b>9.9%</b>  | <b>4.2%</b> | <b>4.2%</b> | <b>7.5%</b>  | <b>0.0%</b> | <b>0.0%</b> |
| 13. Augusta             | 100.0%        | 50.0%        | 0.0%         | 0.0%        | 0.0%        | 50.0%        | 0.0%        | 0.0%        |
| 14. Camden              | 100.0%        | 50.0%        | 50.0%        | 0.0%        | 0.0%        | 0.0%         | 0.0%        | 0.0%        |
| 15. Rockland            | 100.0%        | 83.3%        | 16.7%        | 0.0%        | 0.0%        | 0.0%         | 0.0%        | 0.0%        |
| 16. Rockland            | 100.0%        | 0.0%         | 0.0%         | 0.0%        | 0.0%        | 0.0%         | 0.0%        | 0.0%        |
| <b>SUBTOTAL: Zone 3</b> | <b>100.0%</b> | <b>66.7%</b> | <b>16.7%</b> | <b>0.0%</b> | <b>0.0%</b> | <b>16.7%</b> | <b>0.0%</b> | <b>0.0%</b> |
| <b>TOTAL</b>            | <b>100.0%</b> | <b>74.3%</b> | <b>10.0%</b> | <b>4.4%</b> | <b>4.4%</b> | <b>7.0%</b>  | <b>0.0%</b> | <b>0.0%</b> |

Airline shares by departure airport and issuing agent  
 2. DEPARTURE AIRPORT: MANCHESTER, NH (MHT)

| Travel agency / city    | TOTAL %       | DL %         | CO %         | US %         | AA %        | NW %         | UA %         | Other %     |
|-------------------------|---------------|--------------|--------------|--------------|-------------|--------------|--------------|-------------|
| 1. Brewer               | 100.0%        | 40.0%        | 20.0%        | 0.0%         | 0.0%        | 40.0%        | 0.0%         | 0.0%        |
| 2. Bangor               | 100.0%        | 60.0%        | 0.0%         | 13.3%        | 0.0%        | 26.7%        | 0.0%         | 0.0%        |
| 3. Bangor               | 100.0%        | 23.1%        | 23.1%        | 15.4%        | 0.0%        | 7.7%         | 30.8%        | 0.0%        |
| 4. Bangor               | 100.0%        | 30.8%        | 0.0%         | 30.8%        | 0.0%        | 0.0%         | 38.5%        | 0.0%        |
| 5. Bangor               | 100.0%        | 47.4%        | 15.8%        | 31.6%        | 0.0%        | 5.3%         | 0.0%         | 0.0%        |
| 6. Bangor               | 100.0%        | 34.6%        | 3.8%         | 38.5%        | 0.0%        | 7.7%         | 15.4%        | 0.0%        |
| 7. Ellsworth            | 100.0%        | 100.0%       | 0.0%         | 0.0%         | 0.0%        | 0.0%         | 0.0%         | 0.0%        |
| 8. Ellsworth            | 100.0%        | 30.4%        | 30.4%        | 21.7%        | 0.0%        | 17.4%        | 0.0%         | 0.0%        |
| 9. Milbridge            | 100.0%        | 0.0%         | 0.0%         | 0.0%         | 0.0%        | 0.0%         | 0.0%         | 0.0%        |
| <b>SUBTOTAL: Zone 1</b> | <b>100.0%</b> | <b>38.3%</b> | <b>13.0%</b> | <b>25.2%</b> | <b>0.0%</b> | <b>12.2%</b> | <b>11.3%</b> | <b>0.0%</b> |
| 10. Belfast             | 100.0%        | 29.4%        | 17.6%        | 35.3%        | 0.0%        | 0.0%         | 17.6%        | 0.0%        |
| 11. Skowhegan           | 100.0%        | 0.0%         | 8.3%         | 03.3%        | 0.0%        | 0.0%         | 8.3%         | 0.0%        |
| 12. Waterville          | 100.0%        | 9.4%         | 0.0%         | 31.3%        | 0.0%        | 0.0%         | 59.4%        | 0.0%        |
| <b>SUBTOTAL: Zone 2</b> | <b>100.0%</b> | <b>13.1%</b> | <b>6.6%</b>  | <b>42.6%</b> | <b>0.0%</b> | <b>0.0%</b>  | <b>37.7%</b> | <b>0.0%</b> |
| <b>SUBTOTAL: 1+2</b>    | <b>100.0%</b> | <b>29.5%</b> | <b>10.8%</b> | <b>31.3%</b> | <b>0.0%</b> | <b>8.0%</b>  | <b>20.5%</b> | <b>0.0%</b> |
| 13. Augusta             | 100.0%        | 0.0%         | 11.8%        | 47.1%        | 0.0%        | 0.0%         | 17.6%        | 23.5%       |
| 14. Camden              | 100.0%        | 19.4%        | 16.1%        | 41.9%        | 0.0%        | 9.7%         | 12.9%        | 0.0%        |
| 15. Rockland            | 100.0%        | 3.9%         | 17.6%        | 41.2%        | 0.0%        | 15.7%        | 21.6%        | 0.0%        |
| 16. Rockland            | 100.0%        | 0.0%         | 6.7%         | 53.3%        | 0.0%        | 0.0%         | 40.0%        | 0.0%        |
| <b>SUBTOTAL: Zone 3</b> | <b>100.0%</b> | <b>6.1%</b>  | <b>14.5%</b> | <b>44.3%</b> | <b>0.0%</b> | <b>8.4%</b>  | <b>20.6%</b> | <b>6.1%</b> |
| <b>TOTAL:</b>           | <b>100.0%</b> | <b>19.5%</b> | <b>12.4%</b> | <b>36.8%</b> | <b>0.0%</b> | <b>8.1%</b>  | <b>20.5%</b> | <b>2.6%</b> |

Airline shares by departure airport and issuing agent

**3. DEPARTURE AIRPORT: PORTLAND JETPORT (PWM)**

| Travel agency / city    | TOTAL %       | DL %         | CO %        | US %         | AA %        | NW %         | UA %         | Other %     |
|-------------------------|---------------|--------------|-------------|--------------|-------------|--------------|--------------|-------------|
| 1. Brewer               | 100.0%        | 72.7%        | 9.1%        | 0.0%         | 0.0%        | 18.2%        | 0.0%         | 0.0%        |
| 2. Bangor               | 100.0%        | 33.3%        | 0.0%        | 33.3%        | 0.0%        | 22.2%        | 11.1%        | 0.0%        |
| 3. Bangor               | 100.0%        | 60.0%        | 8.0%        | 20.0%        | 4.0%        | 0.0%         | 8.0%         | 0.0%        |
| 4. Bangor               | 100.0%        | 37.9%        | 0.0%        | 31.0%        | 10.3%       | 6.9%         | 13.8%        | 0.0%        |
| 5. Bangor               | 100.0%        | 65.2%        | 8.7%        | 4.3%         | 13.0%       | 8.7%         | 0.0%         | 0.0%        |
| 6. Bangor               | 100.0%        | 33.3%        | 6.7%        | 13.3%        | 0.0%        | 0.0%         | 46.7%        | 0.0%        |
| 7. Ellsworth            | 100.0%        | 0.0%         | 0.0%        | 0.0%         | 0.0%        | 66.7%        | 33.3%        | 0.0%        |
| 8. Ellsworth            | 100.0%        | 65.0%        | 5.0%        | 5.0%         | 0.0%        | 15.0%        | 5.0%         | 5.0%        |
| 9. Milbridge            | 100.0%        | 0.0%         | 0.0%        | 0.0%         | 0.0%        | 0.0%         | 0.0%         | 0.0%        |
| <b>SUBTOTAL: Zone 1</b> | <b>100.0%</b> | <b>50.7%</b> | <b>5.1%</b> | <b>15.2%</b> | <b>5.1%</b> | <b>10.9%</b> | <b>12.3%</b> | <b>0.7%</b> |
| 10. Belfast             | 100.0%        | 32.4%        | 5.4%        | 29.7%        | 0.0%        | 2.7%         | 29.7%        | 0.0%        |
| 11. Skowhegan           | 100.0%        | 59.6%        | 0.0%        | 25.0%        | 0.0%        | 5.8%         | 3.8%         | 5.8%        |
| 12. Waterville          | 100.0%        | 39.1%        | 6.5%        | 21.7%        | 0.0%        | 17.4%        | 8.7%         | 6.5%        |
| <b>SUBTOTAL: Zone 2</b> | <b>100.0%</b> | <b>45.2%</b> | <b>3.7%</b> | <b>25.2%</b> | <b>0.0%</b> | <b>8.9%</b>  | <b>12.6%</b> | <b>4.4%</b> |
| <b>SUBTOTAL: 1+2</b>    | <b>100.0%</b> | <b>48.0%</b> | <b>4.4%</b> | <b>20.1%</b> | <b>2.6%</b> | <b>9.9%</b>  | <b>12.5%</b> | <b>2.6%</b> |
| 13. Augusta             | 100.0%        | 42.2%        | 0.9%        | 35.6%        | 0.0%        | 6.7%         | 6.7%         | 0.0%        |
| 14. Camden              | 100.0%        | 44.7%        | 4.7%        | 36.5%        | 0.0%        | 8.2%         | 5.9%         | 0.0%        |
| 15. Rockland            | 100.0%        | 38.2%        | 5.9%        | 25.5%        | 0.0%        | 9.8%         | 16.7%        | 3.9%        |
| 16. Rockland            | 100.0%        | 42.3%        | 3.8%        | 42.3%        | 3.8%        | 7.7%         | 0.0%         | 0.0%        |
| <b>SUBTOTAL: Zone 3</b> | <b>100.0%</b> | <b>41.5%</b> | <b>5.8%</b> | <b>32.6%</b> | <b>0.4%</b> | <b>8.5%</b>  | <b>9.7%</b>  | <b>1.6%</b> |
| <b>TOTAL:</b>           | <b>100.0%</b> | <b>44.8%</b> | <b>5.1%</b> | <b>26.2%</b> | <b>1.5%</b> | <b>9.2%</b>  | <b>11.1%</b> | <b>2.1%</b> |

**Airline shares of the Bangor market by departure airport  
AIRPORT: BOSTON LOGAN INTERNATIONAL (BOS)**

| <b>Travel agency / city</b> | <b>TOTAL %</b> | <b>DL %</b> | <b>CO %</b> | <b>US %</b> | <b>AA %</b> | <b>NW %</b> | <b>UA %</b> | <b>Other %</b> |
|-----------------------------|----------------|-------------|-------------|-------------|-------------|-------------|-------------|----------------|
| 1. Brewer                   | 100.0%         | 14.3%       | 0.0%        | 14.3%       | 0.0%        | 14.3%       | 0.0%        | 57.1%          |
| 2. Bangor                   | 100.0%         | 30.4%       | 0.0%        | 17.4%       | 13.0%       | 0.0%        | 0.0%        | 39.1%          |
| 3. Bangor                   | 100.0%         | 37.5%       | 20.8%       | 0.0%        | 16.7%       | 0.0%        | 4.2%        | 20.8%          |
| 4. Bangor                   | 100.0%         | 20.0%       | 0.0%        | 6.7%        | 6.7%        | 0.0%        | 0.0%        | 66.7%          |
| 5. Bangor                   | 100.0%         | 54.5%       | 0.0%        | 18.2%       | 0.0%        | 0.0%        | 9.1%        | 18.2%          |
| 6. Bangor                   | 100.0%         | 31.0%       | 14.3%       | 23.8%       | 11.9%       | 9.5%        | 4.8%        | 4.8%           |
| 7. Ellsworth                | 100.0%         | 40.0%       | 0.0%        | 0.0%        | 20.0%       | 0.0%        | 10.0%       | 30.0%          |
| 8. Ellsworth                | 100.0%         | 22.7%       | 0.0%        | 18.2%       | 18.2%       | 0.0%        | 0.0%        | 40.9%          |
| 9. Milbridge                | 100.0%         | 0.0%        | 0.0%        | 0.0%        | 0.0%        | 0.0%        | 0.0%        | 0.0%           |
| <b>SUBTOTAL: Zone 1</b>     | 100.0%         | 31.2%       | 7.1%        | 14.3%       | 12.3%       | 3.2%        | 3.2%        | 28.6%          |
| 10. Belfast                 | 100.0%         | 35.7%       | 4.8%        | 14.3%       | 7.1%        | 7.1%        | 2.4%        | 28.6%          |
| 11. Skowhegan               | 100.0%         | 50.0%       | 0.0%        | 14.3%       | 0.0%        | 21.4%       | 7.1%        | 7.1%           |
| 12. Waterville              | 100.0%         | 11.1%       | 0.0%        | 66.7%       | 11.1%       | 0.0%        | 11.1%       | 0.0%           |
| <b>SUBTOTAL: Zone 2</b>     | 100.0%         | 35.4%       | 3.1%        | 21.5%       | 6.2%        | 9.2%        | 4.6%        | 20.0%          |
| <b>SUBTOTAL: 1+2</b>        | <b>100.0%</b>  | 32.4%       | 5.9%        | 16.4%       | 10.5%       | 5.0%        | 3.7%        | 26.0%          |
| 13. Augusta                 | 100.0%         | 39.1%       | 4.3%        | 21.7%       | 4.3%        | 13.0%       | 0.0%        | 17.4%          |
| 14. Camden                  | 100.0%         | 51.3%       | 0.0%        | 17.9%       | 0.0%        | 0.0%        | 15.4%       | 15.4%          |
| 15. Rockland                | 100.0%         | 28.9%       | 7.9%        | 13.2%       | 10.5%       | 7.9%        | 2.6%        | 28.9%          |
| 16. Rockland                | 100.0%         | 41.2%       | 5.9%        | 0.0%        | 0.0%        | 0.0%        | 17.6%       | 35.3%          |
| <b>SUBTOTAL: Zone 3</b>     | 100.0%         | 40.2%       | 4.3%        | 14.5%       | 4.3%        | 5.1%        | 8.5%        | 23.1%          |
| <b>TOTAL:</b>               | 100.0%         | 35.1%       | 5.4%        | 15.8%       | 8.3%        | 5.1%        | 5.4%        | 25.0%          |

Results of travel agent survey: airline tickets issued in the greater Bangor market, by departure airport, airline and issuing agency

**5. ALL OTHER AIRPORTS**

| Travel agency / city    | TOTAL %       | DL %         | CO %          | US %         | AA %        | NW %        | UA %        | Other %      |
|-------------------------|---------------|--------------|---------------|--------------|-------------|-------------|-------------|--------------|
| 1. Brewer               | 100.0%        | 0.0%         | 0.0%          | 0.0%         | 0.0%        | 0.0%        | 0.0%        | 0.0%         |
| 2. Bangor               | 100.0%        | 100.0%       | 0.0%          | 0.0%         | 0.0%        | 0.0%        | 0.0%        | 0.0%         |
| 3. Bangor               | 100.0%        | 0.0%         | 0.0%          | 0.0%         | 0.0%        | 0.0%        | 0.0%        | 100.0%       |
| 4. Bangor               | 100.0%        | 0.0%         | 0.0%          | 100.0%       | 0.0%        | 0.0%        | 0.0%        | 0.0%         |
| 5. Bangor               | 100.0%        | 0.0%         | 0.0%          | 0.0%         | 0.0%        | 0.0%        | 0.0%        | 0.0%         |
| 6. Bangor               | 100.0%        | 33.3%        | 0.0%          | 66.7%        | 0.0%        | 0.0%        | 0.0%        | 0.0%         |
| 7. Ellsworth            | 100.0%        | 0.0%         | 83.3%         | 0.0%         | 0.0%        | 0.0%        | 0.0%        | 16.7%        |
| 8. Ellsworth            | 100.0%        | 0.0%         | 100.0%        | 0.0%         | 0.0%        | 0.0%        | 0.0%        | 0.0%         |
| 9. Milbridge            | 100.0%        | 0.0%         | 0.0%          | 0.0%         | 0.0%        | 0.0%        | 0.0%        | 0.0%         |
| <b>SUBTOTAL: Zone 1</b> | <b>100.0%</b> | <b>10.0%</b> | <b>55.0%</b>  | <b>20.0%</b> | <b>0.0%</b> | <b>0.0%</b> | <b>0.0%</b> | <b>15.0%</b> |
| 10. Belfast             | 100.0%        | 0.0%         | 100.0%        | 0.0%         | 0.0%        | 0.0%        | 0.0%        | 0.0%         |
| 11. Skowhegan           | 100.0%        | 0.0%         | 50.0%         | 0.0%         | 0.0%        | 0.0%        | 0.0%        | 50.0%        |
| 12. Waterville          | 100.0%        | 0.0%         | 0.0%          | 0.0%         | 0.0%        | 0.0%        | 0.0%        | 0.0%         |
| <b>SUBTOTAL: Zone 2</b> | <b>100.0%</b> | <b>0.0%</b>  | <b>85.7%</b>  | <b>0.0%</b>  | <b>0.0%</b> | <b>0.0%</b> | <b>0.0%</b> | <b>14.3%</b> |
| <b>SUBTOTAL: 1+2</b>    | <b>100.0%</b> | <b>7.4%</b>  | <b>63.0%</b>  | <b>14.8%</b> | <b>0.0%</b> | <b>0.0%</b> | <b>0.0%</b> | <b>14.8%</b> |
| 13. Augusta             | 100.0%        | 0.0%         | 0.0%          | 0.0%         | 0.0%        | 0.0%        | 0.0%        | 0.0%         |
| 14. Camden              | 100.0%        | 0.0%         | 100.0%        | 0.0%         | 0.0%        | 0.0%        | 0.0%        | 0.0%         |
| 15. Rockland            | 100.0%        | 0.0%         | 100.0%        | 0.0%         | 0.0%        | 0.0%        | 0.0%        | 0.0%         |
| 16. Rockland            | 100.0%        | 0.0%         | 0.0%          | 0.0%         | 0.0%        | 0.0%        | 0.0%        | 0.0%         |
| <b>SUBTOTAL: Zone 3</b> | <b>100.0%</b> | <b>0.0%</b>  | <b>100.0%</b> | <b>0.0%</b>  | <b>0.0%</b> | <b>0.0%</b> | <b>0.0%</b> | <b>0.0%</b>  |
| <b>TOTAL:</b>           | <b>100.0%</b> | <b>6.9%</b>  | <b>65.5%</b>  | <b>13.8%</b> | <b>0.0%</b> | <b>0.0%</b> | <b>0.0%</b> | <b>13.8%</b> |

Results of travel agent survey: airline tickets issued in the greater Bangor market, by departure airport, airline and issuing agency  
**TOTALS: ALL DEPARTURE AIRPORTS**

| Travel agency / city    | TOTAL % | DL %  | CO %  | US %  | AA % | NW %  | UA %  | Other % |
|-------------------------|---------|-------|-------|-------|------|-------|-------|---------|
| 1. Brewer               | 100.0%  | 65.1% | 4.8%  | 1.6%  | 3.2% | 19.0% | 0.0%  | 6.3%    |
| 2. Bangor               | 100.0%  | 65.7% | 6.0%  | 11.4% | 4.8% | 6.0%  | 0.6%  | 5.4%    |
| 3. Bangor               | 100.0%  | 71.7% | 10.2% | 5.4%  | 3.4% | 2.4%  | 3.4%  | 3.4%    |
| 4. Bangor               | 100.0%  | 55.8% | 6.5%  | 13.0% | 5.8% | 6.5%  | 5.8%  | 6.5%    |
| 5. Bangor               | 100.0%  | 55.1% | 17.3% | 8.6%  | 7.6% | 9.7%  | 0.5%  | 1.1%    |
| 6. Bangor               | 100.0%  | 60.0% | 8.1%  | 11.4% | 4.3% | 9.0%  | 6.2%  | 1.0%    |
| 7. Ellsworth            | 100.0%  | 58.8% | 20.0% | 2.4%  | 3.5% | 7.1%  | 3.5%  | 4.7%    |
| 8. Ellsworth            | 100.0%  | 55.2% | 11.9% | 9.5%  | 7.0% | 10.9% | 0.5%  | 5.0%    |
| 9. Milbridge            | 100.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0% | 0.0%  | 0.0%  | 0.0%    |
| <b>SUBTOTAL: Zone 1</b> | 100.0%  | 61.3% | 10.4% | 8.9%  | 5.1% | 8.0%  | 2.7%  | 3.7%    |
| 10. Belfast             | 100.0%  | 49.1% | 10.7% | 15.7% | 2.5% | 5.0%  | 9.4%  | 7.5%    |
| 11. Skowhegan           | 100.0%  | 57.0% | 3.0%  | 25.0% | 0.0% | 6.0%  | 4.0%  | 5.0%    |
| 12. Waterville          | 100.0%  | 42.0% | 2.7%  | 23.2% | 0.9% | 7.1%  | 21.4% | 2.7%    |
| <b>SUBTOTAL: Zone 2</b> | 100.0%  | 49.1% | 6.2%  | 20.5% | 1.3% | 5.9%  | 11.6% | 5.4%    |
| <b>SUBTOTAL: 1+2</b>    | 100.0%  | 58.6% | 9.4%  | 11.5% | 4.3% | 7.5%  | 4.7%  | 4.1%    |
| 13. Augusta             | 100.0%  | 58.6% | 9.4%  | 11.5% | 4.3% | 7.5%  | 4.7%  | 4.1%    |
| 14. Camden              | 100.0%  | 28.3% | 8.5%  | 34.9% | 0.9% | 7.5%  | 8.5%  | 11.3%   |
| 15. Rockland            | 100.0%  | 41.1% | 7.0%  | 32.3% | 0.0% | 6.3%  | 9.5%  | 3.8%    |
| 16. Rockland            | 100.0%  | 28.8% | 10.1% | 26.3% | 2.0% | 10.6% | 14.6% | 7.6%    |
| <b>SUBTOTAL: Zone 3</b> | 100.0%  | 53.0% | 9.3%  | 15.6% | 3.6% | 7.7%  | 6.2%  | 4.7%    |
| <b>TOTAL:</b>           | 100.0%  | 55.4% | 9.3%  | 13.8% | 3.9% | 7.6%  | 5.5%  | 4.5%    |

Results of travel agent survey: airline tickets issued in the greater Bangor market, by departure airport, airline and issuing agency

**TOTALS: ALL LEAKAGE (ALL EXCEPT BGR BOARDINGS)**

| Travel agency / city    | TOTAL %       | DL %         | CO %         | US %         | AA %        | NW %        | UA %         | Other%       |
|-------------------------|---------------|--------------|--------------|--------------|-------------|-------------|--------------|--------------|
| 1. Brewer               | 100.0%        | 47.8%        | 8.7%         | 4.3%         | 0.0%        | 21.7%       | 0.0%         | 17.4%        |
| 2. Bangor               | 100.0%        | 41.7%        | 0.0%         | 18.8%        | 6.3%        | 12.5%       | 2.1%         | 18.8%        |
| 3. Bangor               | 100.0%        | 42.2%        | 15.6%        | 10.9%        | 7.8%        | 1.6%        | 10.9%        | 10.9%        |
| 4. Bangor               | 100.0%        | 30.5%        | 0.0%         | 27.1%        | 6.8%        | 3.4%        | 15.3%        | 16.9%        |
| 5. Bangor               | 100.0%        | 56.6%        | 9.4%         | 17.0%        | 5.7%        | 5.7%        | 1.9%         | 3.8%         |
| 6. Bangor               | 100.0%        | 32.6%        | 9.3%         | 27.9%        | 5.8%        | 7.0%        | 15.1%        | 2.3%         |
| 7. Ellsworth            | 100.0%        | 21.7%        | 21.7%        | 0.0%         | 8.7%        | 17.4%       | 13.0%        | 17.4%        |
| 8. Ellsworth            | 100.0%        | 35.2%        | 19.7%        | 14.1%        | 5.6%        | 9.9%        | 1.4%         | 14.1%        |
| 9. Milbridge            | 100.0%        | 0.0%         | 0.0%         | 0.0%         | 0.0%        | 0.0%        | 0.0%         | 0.0%         |
| <b>SUBTOTAL: Zone 1</b> | <b>100.0%</b> | <b>30.4%</b> | <b>10.3%</b> | <b>17.8%</b> | <b>6.1%</b> | <b>8.0%</b> | <b>8.2%</b>  | <b>11.2%</b> |
| 10. Belfast             | 100.0%        | 31.7%        | 11.9%        | 22.8%        | 3.0%        | 4.0%        | 14.9%        | 11.9%        |
| 11. Skowhegan           | 100.0%        | 47.5%        | 2.5%         | 31.3%        | 0.0%        | 7.5%        | 5.0%         | 6.3%         |
| 12. Waterville          | 100.0%        | 25.3%        | 3.4%         | 29.9%        | 1.1%        | 9.2%        | 27.6%        | 3.4%         |
| <b>SUBTOTAL: Zone 2</b> | <b>100.0%</b> | <b>34.3%</b> | <b>6.3%</b>  | <b>27.6%</b> | <b>1.5%</b> | <b>6.7%</b> | <b>16.0%</b> | <b>7.5%</b>  |
| <b>SUBTOTAL: 1+2</b>    | <b>100.0%</b> | <b>36.8%</b> | <b>8.8%</b>  | <b>21.6%</b> | <b>4.3%</b> | <b>7.5%</b> | <b>11.2%</b> | <b>9.8%</b>  |
| 13. Augusta             | 100.0%        | 36.8%        | 8.8%         | 21.6%        | 4.3%        | 7.5%        | 11.2%        | 9.8%         |
| 14. Camden              | 100.0%        | 27.5%        | 8.8%         | 36.3%        | 1.0%        | 5.9%        | 8.8%         | 11.8%        |
| 15. Rockland            | 100.0%        | 41.0%        | 6.4%         | 32.7%        | 0.0%        | 6.4%        | 9.6%         | 3.8%         |
| 16. Rockland            | 100.0%        | 27.1%        | 9.9%         | 27.1%        | 2.1%        | 10.9%       | 15.1%        | 7.8%         |
| <b>SUBTOTAL: Zone 3</b> | <b>100.0%</b> | <b>31.0%</b> | <b>5.2%</b>  | <b>32.8%</b> | <b>1.7%</b> | <b>3.4%</b> | <b>15.5%</b> | <b>10.3%</b> |
| <b>TOTAL:</b>           | <b>100.0%</b> | <b>31.9%</b> | <b>8.1%</b>  | <b>31.3%</b> | <b>1.2%</b> | <b>7.7%</b> | <b>12.2%</b> | <b>7.7%</b>  |

**Appendix:  
Summary  
Public  
Presentation**

**Appendix: Summary Public Presentation**



*Stafford Business Advisors*

GLOBAL REPRESENTATION THROUGH INTEGRA INTERNATIONAL

# Leakage: Challenges and Opportunities

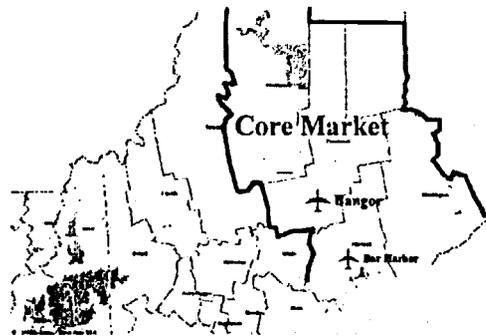
Bangor International Airport

September, 1999

**Bangor is losing 120,000 passengers a year from its core market to other airports. This is Bangor's market 'leakage'.**

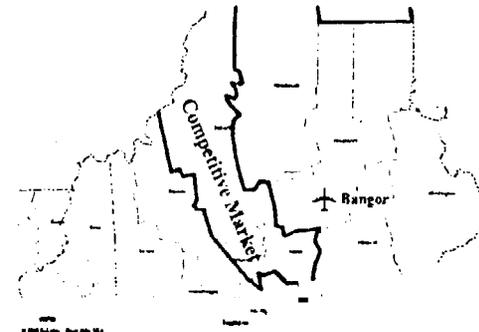
This represents significant potential for **BIA** to attract new airline service.  
Bangor also has opportunities to reach beyond its current market area for certain types of service.

**Bangor's Core Market contains 280,000 year-round residents**



It includes Penobscot, Piscataquis, Washington, Hancock, and southern Aroostook Counties. It **also** includes one competitor airport - the Bar Harbor Airport at Trenton.

**Bangor also serves an outer area in which it overlaps with other major jet airports. This area includes another 200,000 people.**



Bangor competes to the south primarily with Portland and to the north with Presque Isle. This 'competitive' zone includes Waldo, Somerset and northern Kennebec Counties; and northern Aroostook County.

## From where else could Bangor attract passengers?

*(Especially for a low-fare carrier)*

- In a region stretching from Rangeley, through Farmington and Augusta, to Rockland and Camden, there are 200,000 residents (and many seasonal visitors) who are roughly equidistant between Bangor and Portland. They use Portland as their primary airport, and their primary business and retail hub. However they are a market for a low fare carrier at BIA, and for international service.

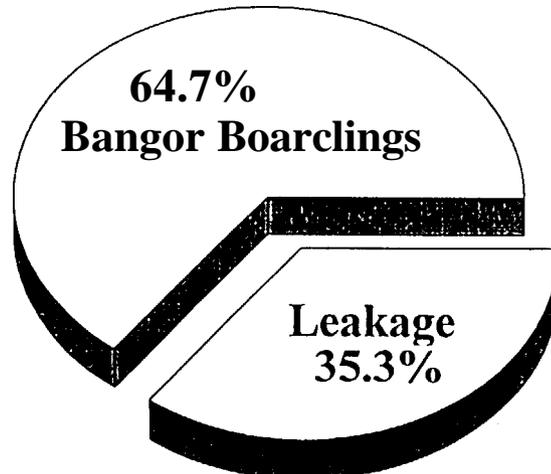
## From where else could Bangor attract passengers?

*(Especially for a low-fare carrier)*

- In New Brunswick, there are 400,000 people within a 3-hour drive of Bangor - including the cities of Saint John and Fredericton. Traveling to US points, they often drive as far as Portland or Manchester to board a US carrier - or else connect through Halifax, Montreal or Toronto.

## Bangor's air travel market

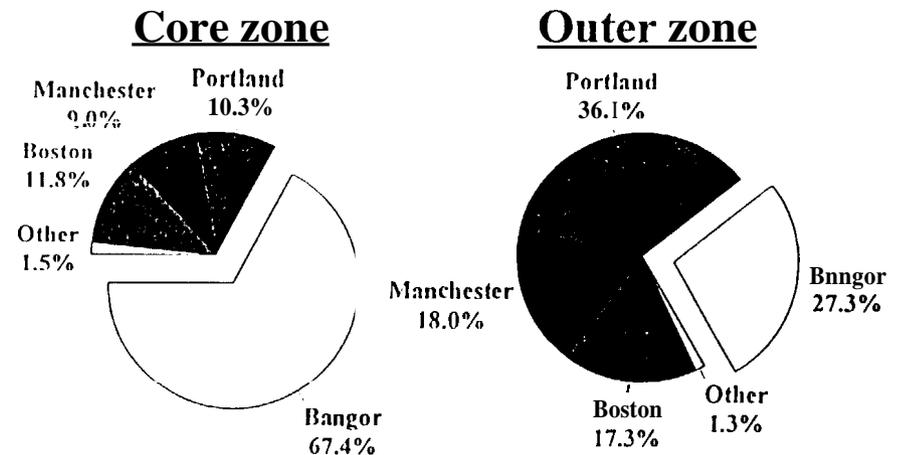
340,000 travelers per year



Leakage amounts to 329 passengers a day: enough to fill three large jets or eight Regional Jets.

## Airport shares by region

Bangor can also capture passengers from the competitive outer zone



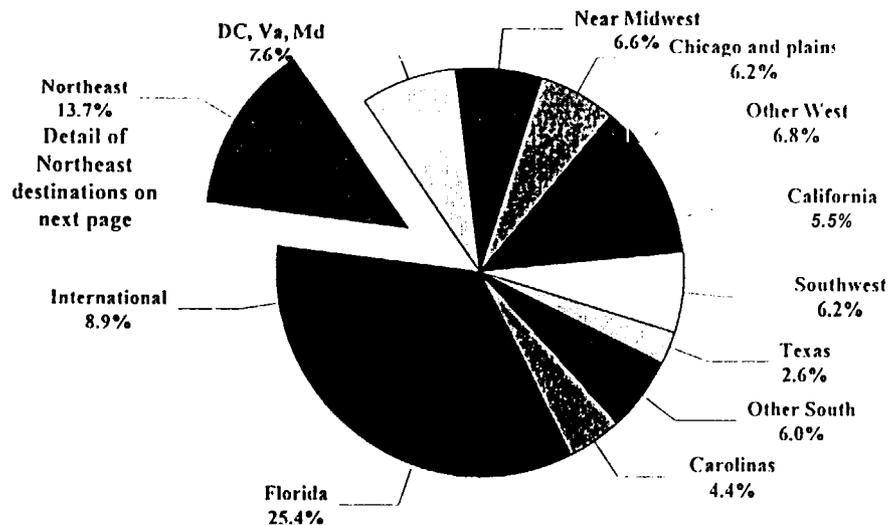
## Why do people say they 'leak'?

- Low fares
- Nonstop flights
- Equipment - bigger jets preferred for comfort or safety
- Air service quality includes ease of connections, frequency, on-time record, on-board and ground amenities of major carriers.

## Key features of the Bangor market:

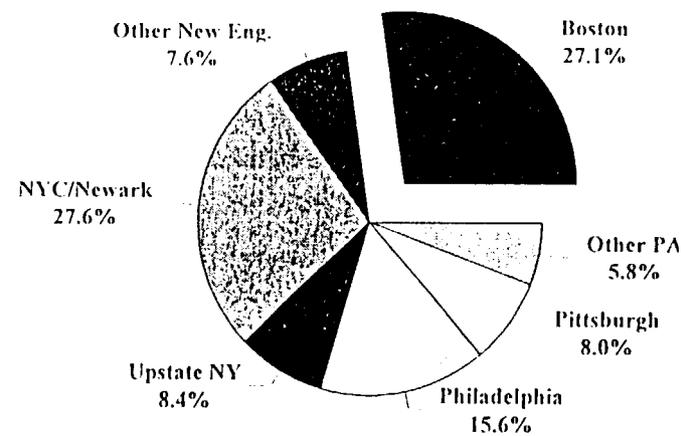
- Seasonal market: 40% is summer travel
- Leisure travelers are 60% of the market
- Outbound (resident) travelers exceed inbound (non-resident) travelers in both the leisure and business segments
- MARKET DRIVEN BY THE BOOMING RETIREMENT MARKET
- This market is sophisticated - affluent - but price-sensitive.

## Where do Bangor travelers fly to?



## Northeast Destinations

The northeast only accounts for 14% of travelers



Boston has 50% of Bangor seats per day.

But: Boston is the destination for only 3.7% of Bangor-area air travelers. Boston is not considered a convenient airport for connections.

## Bangor's Strong Markets

Top ten destinations for Bangor boardings

- Orlando
- Washington / Baltimore (IAD, DCA, BWI)
- Tampa
- New York / Newark (LGA, JFK, EWR)
- Boston
- Chicago
- Denver
- Atlanta
- Philadelphia
- Fort Myers

## Bangor's Weak Markets

Top ten 'Leakage' markets

- Orlando
- Las Vegas
- Tampa
- California (LAX, SAN, SFO)
- Phoenix
- Washington / Baltimore (IAD, DCA, BWI)
- Philadelphia
- West Palm Beach
- London, England (LHR, LGW)
- Raleigh/Durham

## Bangor's Two Big Underserved Markets

- Florida. This accounts for 25% of all outbound travel; but for a third of all leakage.
- Westbound service. Despite good connections at Cincinnati, a majority of west coast and southwest passengers 'leak' to other airports.

## What Service Could Bangor Support?

*(based on leakage analysis)*

- 1. A quality southbound carrier
  - Regional Jet service to EWR, PHL, or IAD - typically 3 per day
- 2. A low-fare, low-frequency southbound carrier
  - 1 or 2 full-size jets a day to JFK, ATL, or MCO
- 3. An additional quality westbound carrier
  - Regional Jet service to ORD, DTW or CLE - typically 2 per day

## How Could Bangor Fill These Extra Seats?

- 3 southbound 50-seat RJs: 150 seats @ 70% load factor = 105 passengers
- 2 southbound 737s: 260 seats @ 70% = 182 passengers
- 2 westbound RJs: 100 seats @ 70% = 140 seats

**To support all 3 new services if they all came to Bangor: need 425 passengers/day**

## If this is possible, why are airlines not beating a path to Bangor today?

- Major carriers are looking at 200+ markets.
  - Bangor is a SMALL market, even allowing for the leakage.
- The leakage data is NOT KNOWN.
  - Neither public and proprietary boardings data reveal leakage.

**125 extra passengers could plausibly come from:**

- Bangor's core market leakage cut by half: 165 passengers/day
- Outer competitive market: Bangor share grows from 27% to 40%: 140 passengers/day
- Bangor passengers diverted from other, existing services: 60 passengers/day
- Low-fare carrier attracts passengers from Portland and New Brunswick markets: 60 seats/day

In this scenario, only 60 are 'cannibalized' from existing service - most likely at Boston. This is equivalent to a 20% fall in Boston passengers.

## If this is possible, why are airlines not beating a path to Bangor today?

- Carriers may assume that if a Bangor traveler leaks, they keep that business but at another airport.
- Our data suggest this is not necessarily so; e.g. Delta loses heavily from leakage.
- There is an EQUIPMENT SHORTAGE of Regional Jets - these are being rationed.
  - It could be two years before new RJ services to BGR-sized markets begin, without BGR marketing efforts.

## What story can BGR be selling?

- Booming local economy.
  - At this point in cycle, has the fastest growth in New England.
  - Is likely to grow faster than US average for next few years.
  - Driven by affluent retirees who travel a lot.

### Final Points

- There is concern about offending or hurting existing carriers.
- There need not be.
- Boston and New York/Newark are adequately or over-served from Bangor.
- High-frequency, low-quality, small-plane, full-fare service is appropriate for a point-to-point business market - but that is not how we view the Bangor air travel market.

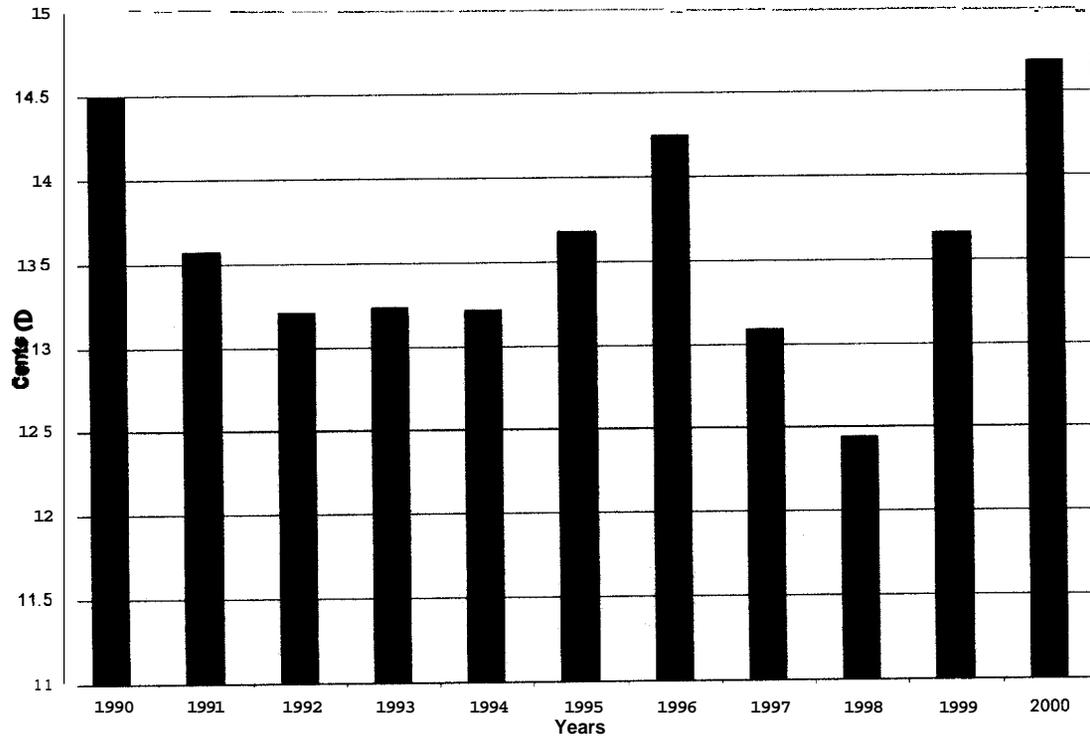
## What story can BGR be selling?

- Leakage numbers are high.
  - We know which carriers gain and lose from leakage.
  - Leakage is highest in long-distance and international traffic.
  - Conversely, can attract additional passengers from New Brunswick (reverse leakage)
- Local marketing efforts
  - Partnerships between BIA and airlines.

### Final Points

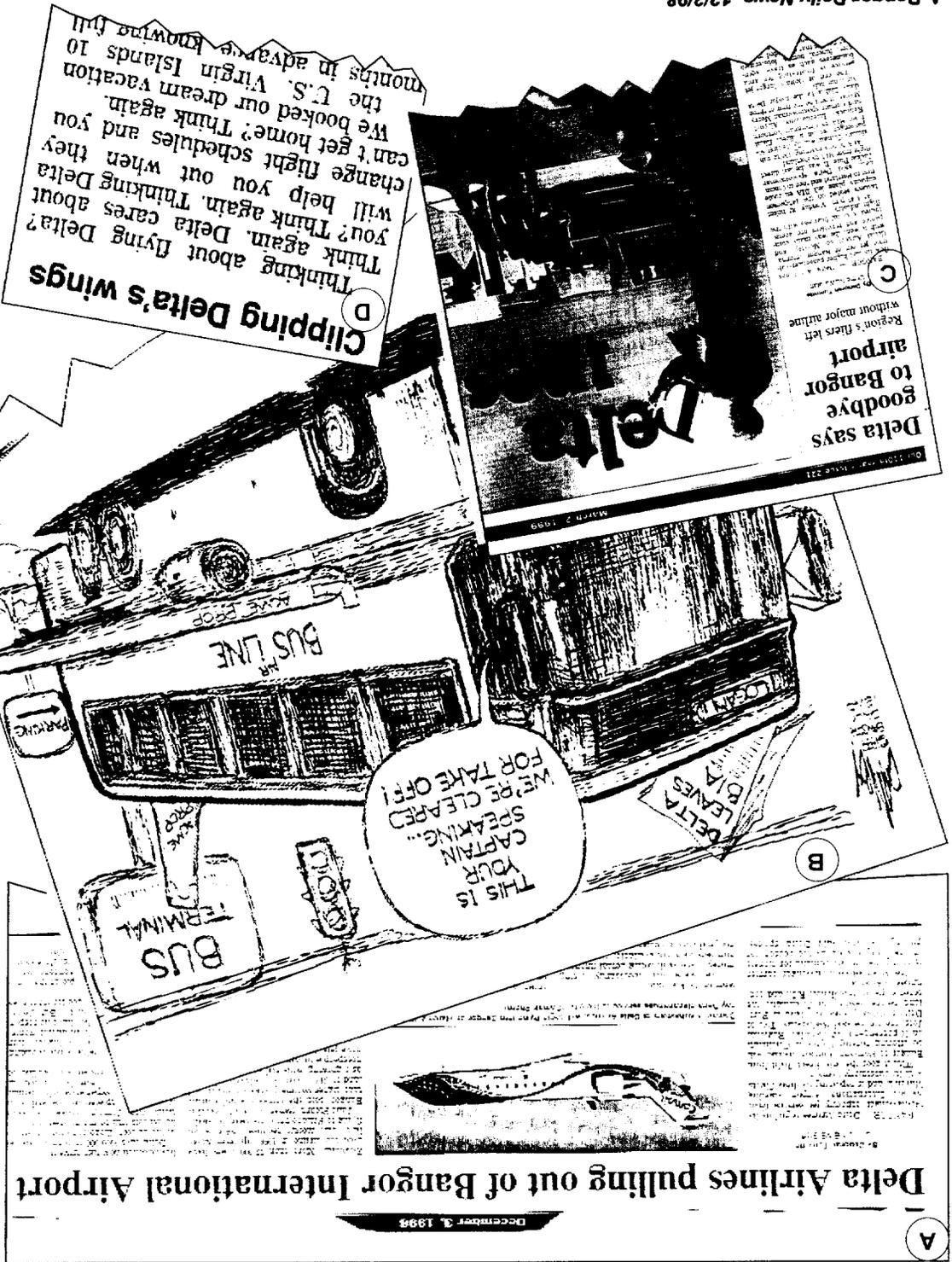
- The Bangor market is overwhelmingly to points well beyond Boston and NYC.
- Boston and New York are not preferred connecting hubs.
- There may well be a trade-off between providing seats in the Boston/New York markets, and providing seats to more distant hubs with new service.
- If so - go for the new service!

**YIELD PER REVENUE PASSENGER MILE - 1990 - 2000**



**DELTA PULL-OUT IN 1999**

A Bangor Daily News, 12/3/98  
 B Bangor Daily News, 3/6/99  
 C Bangor Daily News, 3/2/99  
 D Bangor Daily News, 9/3/99



A proposal to the Department of Transportation



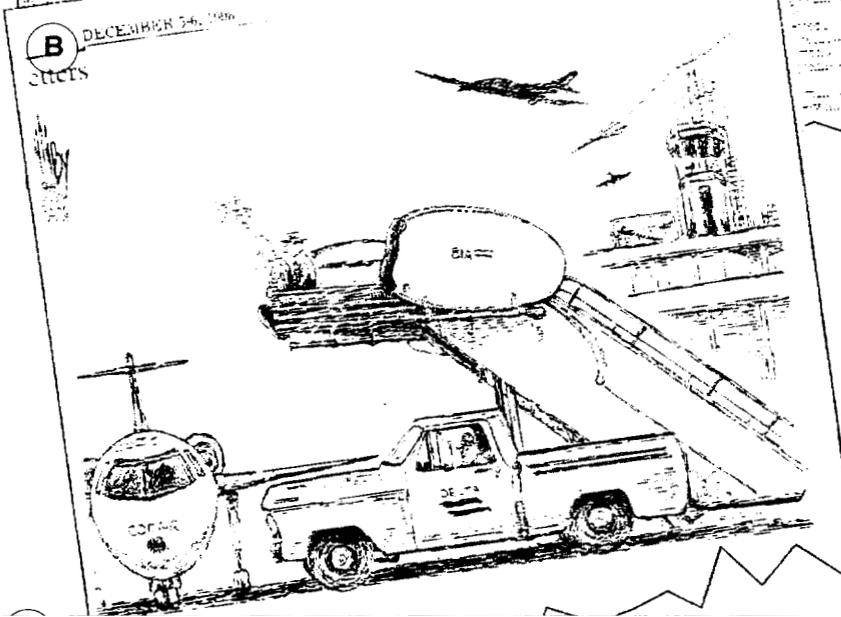
COMAIR REASSURANCE VISIT - DAMAGE CONTROL

**(A)** FROM BI/STATE

# Comair plans damage control

Reputation hurt through handling of Delta pullout from BIA

By Deborah Linnell, Bangor Daily News Staff Writer  
Bangor Daily News, 10/20/99



# Officials discuss BIA jet service

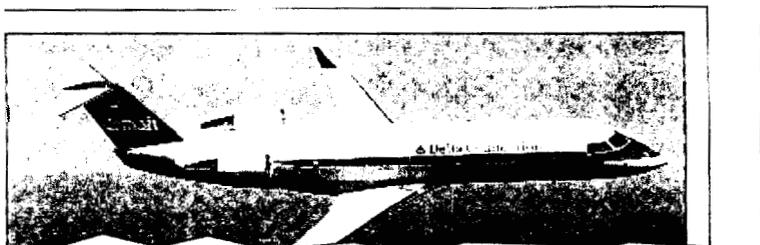
**BANGOR** - Members of the state's congressional delegation and city officials met Tuesday with representatives of Delta Air Lines and Comair, a Cincinnati-based Delta affiliate, to discuss initiating nonstop jet flights at BIA effective March 2, 1999. Delta announced earlier this month it planned to replace its large-passenger jet service with smaller Comair flights in March.

Attending the two-hour meeting at BIA were Bangor Mayor Joseph Baldacci, Rep. John Baldacci, Sen. Susan Collins, City Manager Edward Barrett, airport committee member James Tyler, BIA Director Bob Ziegelaar, Maine Tourism Director Dann Lewis and several Delta and

**(D)** **Comair tries to assuage travel concerns**

Delta subsidiary

**(E)** **Comair, Delta connection offers Double Delta SkyMiles Between Bangor and Cincinnati**



- A Bangor Daily News, 10/20/99
- B Bangor Daily News, 12/5/98
- C Bangor Daily News, 12/10/98
- D Bangor Daily News, 1/29/99
- E Northeast International Business Journal, February 1999

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## SOUTHWEST'S GROWTH AND LAUNCH

RESERVATIONS
SCHEDULES
FARES
CLICK 'N SAVE
TRAVEL CENTER
RAPID REWARDS

**ABOUT SWA** A

SERVICE COMMITMENT

HISTORY

STUDENT KITS

PHOTO GALLERY

SOUTHWEST CITIES

LOVE FIELD TRAVEL

POLICIES

▶ NEWS RELEASES

MEDIA RELATIONS

INVESTOR RELATIONS

FACT SHEET

BIBLIOGRAPHY

### Southwest Airlines Celebrates One Year In Northern New England

*Manchester Airport Experiences Record Passengers*

MANCHESTER, N.H.—June 7, 1999—Southwest Airlines Employees, Manchester Mayor Raymond **Wieczorek**, and state and airport representatives celebrated Southwest's one-year anniversary of service today in northern New England. Southwest presented Mayor **Wieczorek** and the state of New Hampshire ceremonial keys to Southwest's fleet of Boeing 737s in honor of this special milestone. Southwest also is serving birthday cake to its Customers during the day and two Boston Celtics players were on hand in the gate areas to play basketball with passengers.

According to the Department of Transportation, the number of passengers flying between Manchester Airport and Baltimore/Washington in the third quarter of 1998 increased more than 4,500 percent versus the same quarter a year before. The average fare between the two cities dropped 71 percent. Southwest's arrival last year helped make Manchester Airport the fastest-growing airport in the nation in 1998.

"Southwest is throwing a birthday party today to thank our Customers for quite a year. Southwest is proud to bring our special brand of service and low fares to northern New England, and we look forward to continued growth at Manchester Airport," said Ronda Ivy, Southwest's area marketing manager for northern New England.

On August 5, Southwest will initiate nonstop service between Manchester Airport and Kansas City with one daily flight.

Southwest began service at Manchester Airport on June 8, 1998, with 12 daily departures to Baltimore/Washington, Chicago Midway, Nashville, and Orlando. The carrier currently employs 45 people at Manchester Airport.

Southwest Airlines (NYSE:LUV), the fourth largest domestic carrier in terms of Customers boarded, currently serves 55 cities in 29 states. Southwest began service to Raleigh-Durham International Airport on June 8, 1999. Based in Dallas, Southwest currently operates more than 2,400 flights a day with a fleet of 292 Boeing 737s with an average age of 8.5 years--one of the youngest pure jet fleets in the domestic airline industry.

[www.southwest.com](http://www.southwest.com)

### N.H. AIRPORT PASSES WITH FLYING COLORS

Published on June 7, 1998. Author(s): Bruce Mohl and Patricia Wen, Globe Staff

B

MANCHESTER N.H. -- Martin Meehan may represent Massachusetts in Congress, but he doesn't need any prodding to use the airport hen!! whenever he can.

When he leaves Washington on a Thursday or Friday, he usually tries to catch a 3 p.m. flight to Manchester Airport, which allows him to reach the Merrimack Valley as early as 5:30. If he flew into Boston's Logan Airport, he says, the traffic would delay him until close to 8 p.m.

A [www.southwest.com/about\\_swa/press/mht\\_oneyear\\_07jun99.html](http://www.southwest.com/about_swa/press/mht_oneyear_07jun99.html)

B Boston Globe, 6/7/98

CONTINENTAL ABANDONMENT

Continental's victims

A I was delighted to read that Sen. Susan Collins has taken steps to call Continental Airlines to task for its shabby treatment of customers as it highballs it out of the Bangor marketplace. My family is among the victims of these hard-hearted bean counters.

We purchased a round-trip plane ticket to send my son from Bangor to Pittsburgh to college in late August, and then to bring him home for Christmas. He used the first half of the ticket

Now, in December he to stop his paid-in-advance home in Portland, and on own pocket pay, first, for transfer to the bus station at a bus ticket to Bangor. time and cost to his trip. We a natural dislocation like storm or plane equipment firm, Continental doubtless be required to take responsibility for alternative means of providing service. But this is nothing but business decision and the numbers are being stacked against us. I suspect Continental care less about its reputation

B Bangor mulls loss of air service City Council to announce 'extraordinary measures' next week

By A. Jay Higgins OF THE NEWS STAR

BANGOR — Ten months after Delta Air Lines said it would pull out of the city and more than a week after Continental expressed its desire to also withdraw its services, the Bangor City Council expressed its concern Friday about the exodus of services from Bangor International Airport.

In their first, scheduled public statement on developments at BIA, members of the City Council called a press conference at the airport to announce plans over the next few days to hold a public hearing on the proposed withdrawal of services.

...the best course of action to remedy the situation.

...will require extraordinary measures on the city's part to remedy the situation. I think that the city should discuss with the airlines the possibility of the city council is still working with the airlines to see if there are any other options available to all citizens in the region.

...Bangor flights were announced that Bob Ziegler, airport manager, announced the necessity of new Delta service to BIA through a contract with Atlantic Coast Airlines, which plans to start flights to New York from either Portland or Bangor next week.

...While efforts to improve service...

...about the need for service. We're very serious that it needs to be and the City Council, along with airport staff and our regular customers are working hard to make sure that there's no flight out of Bangor.

...At the moment, however, we should be happy if we can get things back to normal. A recent study showed that the airport is 90 percent of its potential passenger capacity.

C 'No tears' needed for Continental BIA advised to improve marketing

By Roxanne Moore Saucier OF THE NEWS STAR

BANGOR — A consultant to Bangor International Airport told city councilors Wednesday that the upcoming loss of Continental Airlines flights will be a "no-tears" situation. "I said no tears," said the consultant.

- "Quality" regional jets, headed for points south.
  - Low-fare, full-size jets, flying less often than the regional jets, headed for points south.
  - Regional jets, headed for points west.
- When the airport does not need, he said, are "high-frequency, low-quality" flights.
- Stalling points for the airport, Collins said she contacted David

D Heads in the sand

D Talk about head-in-the-sand mentality. The Sept. 15 article about Continental Express leaving Bangor International Airport included our two senators Rep. John Baldacci critic Continental for being greedy rather than interpreting it as a business decision.

E Continental customers may forfeit BIA tickets

E WASHINGTON — Continental Express may not honor tickets bought for flights out of Bangor International Airport after Oct. 31, according to U.S. Sen. Susan Collins. Collins said she contacted David

A Bangor Daily News, 9/24/99
B Bangor Daily News, 9/25/99
C Bangor Daily News, 9/30/99
D Bangor Daily News, 9/25/99
E Bangor Daily News, 9/20/99

## 1999 – 2000 TASK FORCE SUMMARY

### Background

Formed at the behest of the Hon. Angus King, Jr., Governor of Maine, a Task Force on Air Service was created in 1999. The Task Force included State representatives, representatives from the City of Bangor local authority, Maine's Congressional delegation, Airport management, and the region's business, medical and educational communities. The group was asked to examine, consider and recommend measures that would stabilize and enhance **BGR's** existing air service, support the Airport's marketing efforts to attract additional services and passengers, and promote the long-term health of the region's economy through efficient transportation links.

### Recommendations

Recommendations ranged from the simple – reviewing the travel policies of state employees – to the complex – specific airline proposals. The coordinated efforts of federal, state and local agencies, and the community, intended to ensure that new air services are successful and that a virtuous circle – of improved services, increased enplanements, and attracted business – begins at Bangor International Airport.

S\_\_\_\_\_

The State approved a one-year grant in 2000 to assist the Airport in funding a new marketing campaign. While ideally seeking to sustain efforts at one million dollars a year for four years, in actual practice funding going forward from the first year of the program has been **approximately half of the necessary budget requirements.**

GOVERNOR'S TASK FORCE ON AIR SERVICE

**A Committee addresses air service changes**  
 Certain Business Express follow-up targeted

By Roxanne Moore Saucier  
 Of the NEWS Staff

BANGOR — The topic of Tuesday's meeting of the airport committee was not surprising. Committee members were alerted to the need to look three days before departure to find the best available plane to fly to Bangor International Airport with certain regional jet service and American

**B BIA director says southern Maine favored in tourism**  
 Ziegelaar tells city airport committee state could do more for Bangor area

By Roxanne Moore Saucier  
 Of the NEWS Staff

BANGOR — Tourism is a strong connector for Bangor area. Ziegelaar says that the airport is a major reason for much of the state's tourism. He has tremendous

**C Task force seeks ways to bolster BIA**

By Roxanne Moore Saucier  
 Of the NEWS Staff

Term of Stafford Associates offered same preliminary findings from study it has been doing for flights and bigger planes, which they perceive as faster. connector cities, things will improve over the next five years. other hand, has a high percentage of leisure travelers, many

**D Governor pledges to work to revitalize region**

By Governor  
 Of the NEWS Staff

As an airport, the region BIA committed the responsibility

**E BIA task force examines marketing ideas**

By Roxanne Moore Saucier  
 Of the NEWS Staff

the initial...  
 Measure also discussed other...  
 ment of Defense to put up the...

**F Businesses seek air power in numbers**

By Deborah Turcotte  
 Of the NEWS Staff

BANGOR — Four companies that collectively spend about \$10 million annually in business air travel expenses are wanting a better deal for their money from the airlines that fly in and out of Bangor International Airport.

At a closed-door meeting Friday, representatives from the University of Maine, Eastern Maine Healthcare, Lembarco Corp., and Jackson Laboratory talked with BIA officials and U.S. Rep.

What the four companies are suggesting is to pool their resources and approach an airline with a "we're willing to work with you if you're willing to work with us" approach, Baldaacci said.

Worldwide business in that area about \$20 million in business travel, and for 1,000 employees, including 400 in Bangor, spend about \$1 million annually on personal travel.

Plans to approach an airline are in the very early stages, Baldaacci said. But the group would like to take the same path followed recently at Bangor, Ore., he said. After being told by United Airlines, the only carrier to fly into the airport, that it was not going to expand air service there, the area's 59 largest businesses pooled to put up \$500,000 from their travel agencies and started up another

idea is "very good and clearly an avenue we want to explore."

"We can do the same thing as Eastern providing weight a carrier that's giving new service and not duplicating what we have got now," Ziegelaar said.

Another issue that will be considered in these discussions is ensuring that none of the airlines currently offering service through BIA is financially affected by a new airline coming in, he said.

Ledwin and Duringer did admit that many of these fellow employees do drive

- A Bangor Daily News, f2/16/98
- B Bangor Daily News, 7/28/99
- C Bangor Daily News, 8/20/99
- D Bangor Daily News, 8/5/99
- E Bangor Daily News, f2/14/99
- F Bangor Daily News, 6/5/99

## **BANGOR INTERNATIONAL AIRPORT AIR SERVICE TASK FORCE REPORT AND RECOMMENDATIONS (DECEMBER 13, 1999)**

### **Introduction**

Bangor International Airport ('BGR', to use its universal airport code) is the principal air service gateway for much of Maine. BGR fulfills many roles. It is a major stopover point for transatlantic flights, offering refueling and customs clearance services; it is Maine's principal Air and Army National Guard flight operations base; and it provides a full range of general aviation services including charter and aircraft maintenance. BGR is both an indicator of, and a catalyst for, the regional economy. The airport and its aviation-related businesses directly employ around 2,000 people and inject at least \$70 million into the regional economy every year.

Of all Bangor International Airport's roles, that of scheduled air service terminal has the greatest overall impact on the region. The airport serves a geographically extensive region, including eastern and much of northern and central Maine, with about 400,000 people for whom BGR is the closest jet airport. Maine's businesses and institutions are dependent on air travel for efficient access to and from worldwide markets. In addition to business travel, recreational (or discretionary) air travel also plays an important role in the region's economy. Not only is inbound tourism in part dependent on air service, but also access to outbound air service for residents is a significant element in 'quality of life' decisions about whether to move to Maine for business or retirement - and, conversely, whether to leave the state.

In common with hundreds of small hub, small- to medium-sized markets throughout North America - i.e., with populations of less than one million regional residents - Bangor has experienced a decline in air service quality in the late 1990s. Nationally, major airlines have adopted strategies of concentrating their capacity on routes between major cities, while turning smaller destinations over to affiliated or franchised operators of smaller aircraft known as regional or commuter airlines.