

## Abstract

"From Buses to Yachts":  
The Problems and Prospects of New Entrant Airlines  
by  
David A. NewMyer

New entrant airlines are an important product of the deregulation of the airline industry of the United States. These airlines are companies which began operations after October 24, 1978 and which utilize turbojet or turbofan equipment. One of the remarkable things about new entrant airlines is that so many of these companies have begun operations (16 are identified in the article) against the historical backdrop of so few new airlines being started in the era before deregulation.

The new entrant airlines reviewed in the article seem to have at least three common features: 1) "Market niche" or their own unique place in the airline markets; 2) Narrow-body equipment. This feature refers to the new entrant's reliance on mostly older DC-9, 727, 737 and BAC-111 aircraft; and, 3) Low labor costs. One very competitive feature of new entrants is that they are usually non-union and are usually able to beat the older established airlines on pricing, in part, because of low labor costs.

Some of the problems faced by new entrants include: financing their start-ups, aircraft availability, slots/air traffic control, terminal gate space, market identity, and competition. With all of these problems facing new entrants, their future depends upon each of them being safe, efficient and well managed.