

Maclean's

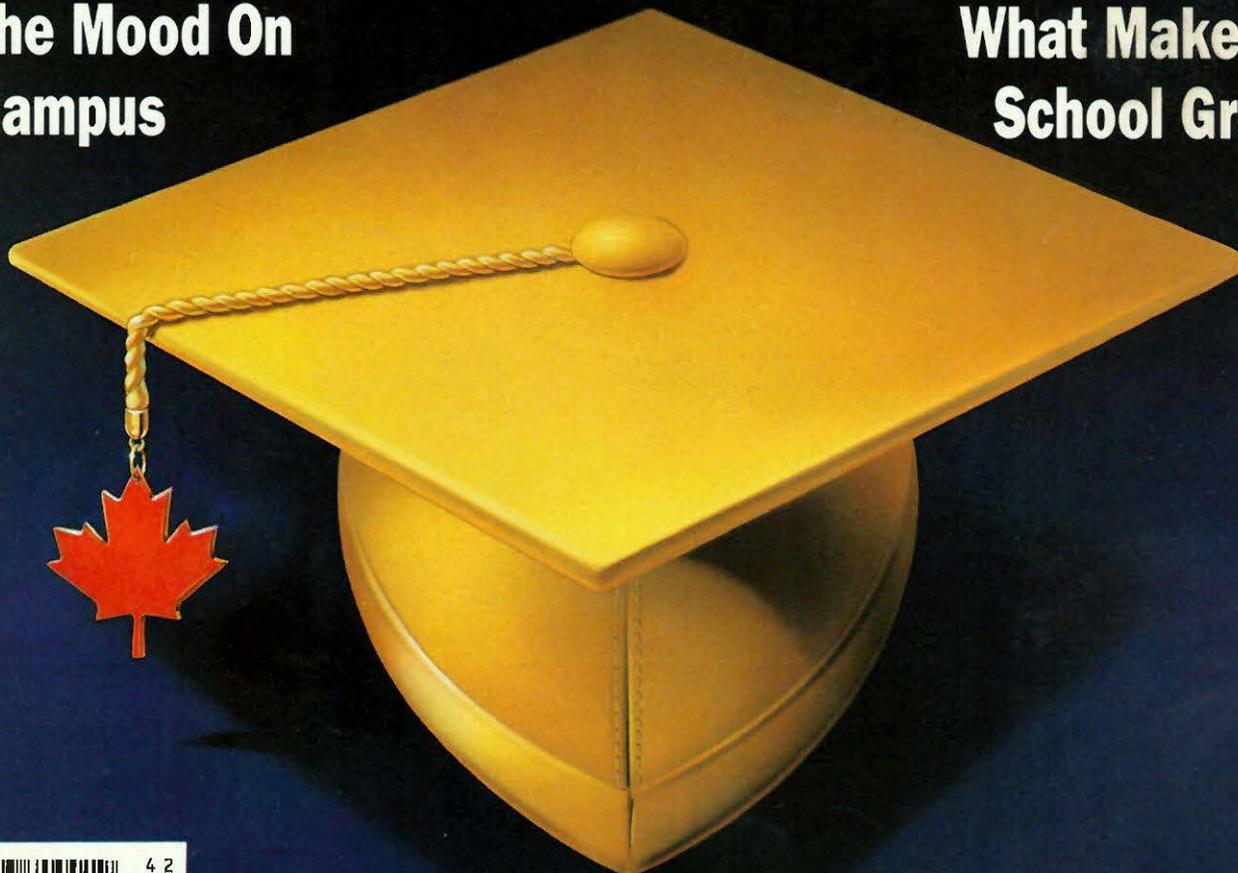
**A DARK
SHADOW ON
THE GRAIN FIELDS**

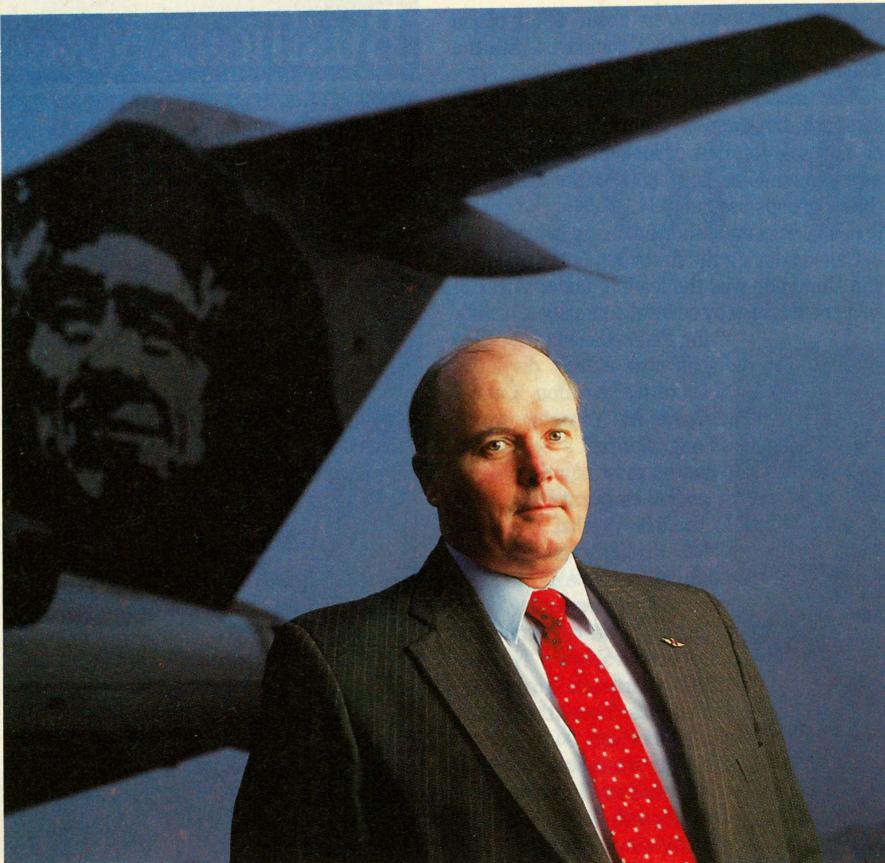
RANKING THE UNIVERSITIES

A MEASURE OF EXCELLENCE

**The Mood On
Campus**

**What Makes A
School Great**





REX RYSTEDT

Glenn: safety instructions from an Elvis Presley imitator on some flights

Southern exposure

Offbeat Alaska Airlines takes on Air Canada

Raymond Vecci, the president of Seattle-based Alaska Airlines Inc., is accustomed to getting rave reviews from passengers for his airline's personable—and occasionally quirky—brand of customer service. On some flights, the airline's white-hatted executive chef, Wolfgang Erbe, asks travellers their opinion of their in-flight meals. On others, one of the company's flight attendants does an Elvis Presley imitation while delivering the pre-flight safety monologue. As a result, polls conducted by U.S. consumer and travel magazines have consistently rated the West Coast carrier the top U.S. airline for service—ahead of rivals 10 times its size, including American Airlines Inc. But Vecci said that when company executives decided in June to compete against Air Canada on the Toronto-Los Angeles route, they were surprised when marketing surveys revealed that most Canadians had never heard of their airline. “We don't fly into Chicago or New York either,” he said, “but people in those places know our reputation.” Undaunted by the survey results, Alaska Airlines mounted an imaginative advertising campaign and, last week, began two round trips daily between

Toronto and Los Angeles. Said Vecci: “We have to convince people that we are not some fly-by-night organization. We've been around for nearly 60 years.”

Given Alaska Airlines' consistently profitable record on other routes, Vecci appears to have solid grounds for optimism. The intense customer loyalty that the company has generated with its service has helped it weather the turbulence of both the recession and the Persian Gulf War. Those two events, which drove away passengers and increased fuel prices, have resulted in one of the steepest slumps ever for the airline industry. But while other airlines, including Air Canada and Canadian Airlines International Ltd., have suffered heavy losses, Alaska has posted 18 consecutive years in the black. Even last year, when the U.S. airline industry as a whole lost \$4.5 billion, Alaska Airlines earned a profit of \$19.4 million on revenues of \$1.2 billion. And many airline analysts predict that the publicly traded company will be profitable again in 1991. Said William Whitlow, research director for Gallagher Capital Corp. in Portland, Ore.: “They have held their own.”

Alaska Airlines has carved out a unique

position for itself in the U.S. airline industry. The company started operations in 1932 as McGee Airways, when a bush pilot, Linus McGee, began flying a single-engine, three-passenger Stinson between Anchorage and Bristol Bay, Alaska. The company subsequently grew through mergers and acquisitions, changing its name to Alaska Airlines in 1944. But it underwent its biggest changes after the U.S. government deregulated the nation's airline industry in 1979. At that time, Alaska Airlines' 10 planes and 1,200 employees served only one city outside the state of Alaska—Seattle. Now, the airline's 64 planes and more than 6,000 employees serve 38 cities in six U.S. states, Mexico, the Soviet Union and Canada. It ranks as the 12th-largest U.S. carrier in terms of revenue passenger miles.

Still, Alaska Airlines has been highly selective in the routes it has added. The company's chief operating officer, Patrick Glenn, said that his company added Toronto—its first destination east of the Rockies—because it resembles markets that it already serves. “Toronto and Los Angeles are large point-to-point markets that do not depend on a lot of feeder routes,” he said. But Whitlow and other analysts say that the airline's conservative approach also means that it will drop the new route if it proves unprofitable—as the company did with its Seattle-Las Vegas route in 1986. Whitlow added: “They're not bashful about pulling out.”

Despite its successes on the U.S. West Coast, some analysts warn that what worked at home for Alaska Airlines may not work in Canada. Frederick Larkin, for one, an airline analyst with the Toronto-based brokerage firm Bunting Warburg Inc., said that the airline has gained its stellar reputation in the U.S. market because bad service there is notoriously common. “In Canada, we're spoiled,” Larkin said. “Canadian carriers offer among the best service in the world.” Larkin added that Air Canada has other advantages. Its frequent-flyer plan has a loyal clientele, and it flies several of its more comfortable wide-bodied Boeing 767s on the route, while Alaska is flying the narrow-bodied McDonnell Douglas MD-80.

Vecci says that Alaska's executives know precisely what they are up against. “We do not underestimate Air Canada,” he said. To tempt flyers to try Alaska Airlines, the company, which painted sunglasses on the native Alaskan logo on some of its planes in 1987 to promote its flights to California, launched a \$1.4-million, three-month promotional campaign. It includes full-page newspaper ads and six offbeat 30-second commercials on Toronto-area television stations by award-winning Chicago art director Joseph Sedelmaier, who created the successful “Where's the beef?” promotion for the Wendy's hamburger chain. Said Vecci: “If we can get people to try us just once, they will become our best advertisers.” Despite Alaska Airlines' often humorous approach to customer service, however, succeeding on the Toronto-Los Angeles route is more than a laughing matter for the company's executives.

BARBARA WICKENS