

Airline deals may lead to less choice, higher fares

United Airlines is in merger talks with Continental Airlines. (Tim Boyle/Bloomberg News)

By themselves, the latest airline merger gambits -- a United Airlines-[Continental Airlines](#) combination and a hostile takeover of Midwest Airlines by [AirTran](#) Airways -- would have no major impact on Boston air travelers using Logan International Airport.

But against the backdrop of a proposed \$8 billion US Airways Group Inc. acquisition of [Delta Air Lines Inc.](#), the moves could well set off a long-awaited, and in some quarters long-feared, wave of airline consolidation that could leave travelers facing less competition, fewer choices, and higher fares.

"I can't imagine that the Justice Department would let a United-Continental deal go through, but if they do, it would have a huge domino effect," said Alan M. Krensky, chief executive of Colpitts World Travel, a Dedham corporate travel planning service. "That would absolutely trigger merger mania, and they'd be hard-pressed not to let the Delta-US Airways merger happen, too."

Several financial news services have been reporting this week that UAL Corp.'s United, the country's second-biggest carrier by passenger volume, and Continental Airlines Inc., fourth biggest, have begun talks about a possible merger. The combined carrier would eclipse [AMR Corp.'s](#) American Airlines as the world's biggest carrier. Separately, discount carrier AirTran Holdings Inc. yesterday launched a \$290 million hostile bid for Midwest Air Group Inc.

Neither combination would significantly remake the Logan air market. For the first 10 months of the year, United and United Express carried 9.9 percent of Logan passengers, and Continental 4.2 percent, Logan data show. At Logan, the combined carrier would be smaller than American, Delta, and US Airways, and by the time a merger happened, would probably be overtaken by fast-growing [JetBlue](#) Airways Corp., too. They serve very different markets, with Continental running shuttle-like service to its big Newark Liberty International Airport hub and other flights mainly to its Houston hub. United's key destinations from Boston are Dulles International Airport outside Washington, D.C.; O'Hare International in Chicago; and the Denver, Los Angeles, and San Francisco airports.

Likewise, an AirTran takeover of Midwest would make few ripples at Logan. Midwest operates only six flights daily from Logan, five to its Milwaukee hub and one to Kansas City. AirTran flies chiefly north-south along the East Coast to Philadelphia, Atlanta, Florida, and other destinations.

"It could potentially mean more offerings into New England, and we'd offer consumers a national airline in scope offering low fares and a great product," AirTran chief financial officer Stanley J. Gadek said.

Midwest, however, is refusing the takeover bid and rebuffing AirTran requests for talks.

One key issue would be integrating the fleets of no-frills AirTran and upscale Midwest, which features leather first-class-like seating. Both fly [Boeing](#) Co. 717s, but while AirTran squeezes 117 seats into three first class rows and 21 economy rows, Midwest's 717s have only 88 seats, with one fewer in every economy row. Gadek said AirTran would convert Midwest jets to AirTran's format but keep Midwest's signature feature of chocolate chip cookies baked onboard.

Aviation industry stock analyst Ray Neidl of Calyon Securities Inc. said he sees the AirTran-Midwest deal -- if AirTran can get shareholders to overrule management's objections -- facing minimal objections from antitrust regulators.

But he warned a United-Continental deal, even though it makes financial sense, would face a much harder time, adding: "We are not sure if the regulators and politicians are ready for major industry consolidation."

Peter J. Howe can be reached at howe@globe.com.

© Copyright 2006 Globe Newspaper Company.