

COMMENTARY**What really happened to Braniff and why**

*By J. Ronald Carey
and Sandra Harley Carey**

Deregulation is the best/worst event in the history of aviation.

As professors and consultants in business, it helps us to put all major events into the format of a multiple-choice test. Unfortunately, the truth in this case requires an essay answer.

Let us begin with Braniff International. For several years, it was the dominant airline in one of the largest intrastate markets—the republic of Texas. The golden triangle of Dallas, Houston and San Antonio had frequent flights and good ridership. There was also little true competition so Braniff was the only way to fly.

Absolute control sometimes leads to arrogance. An example of this can be found in the several occasions when Braniff had two flights ready for departure from a Texas city—one to another Texas city and one to a distant city such as New York.

If the flight to the Texas city developed mechanical problems, the airline would try to fix them. However, if the flight to the distant city developed mechanical problems, the airline would take the passengers off the local plane and replace them with the passengers going to the distant city. The passengers going to New York would then be able to leave while those going to the Texas city were left behind.

The goal was to serve those people who contributed the greatest revenue. The result was a lack of service to those who had made the airline powerful enough to enter the long-distance market—Texans.



Sandra Harley Carey

Then a new carrier entered the market. Southwest Airlines offered frequent service, reliable departures, convenient ticketing, stewardesses in hot pants, and service out of the downtown airports (similar to the advantage National airport has over Dulles in the Washington area).

Braniff's reaction to the new carrier was to try to drive it out of existence using such unimaginative tactics as pricing. Braniff did not try to beat Southwest—instead Braniff tried to beat it down.

Crushing a better idea is always tough. The proper response, as all of us who have had Marketing 100 know, is to provide a service/product which best serves the cus-



J. Ronald Carey

tomers. The customers then will patronize the superior service or product and provide profit.

As Braniff's management reacted to deregulation, it overexpanded and undercapitalized. When things got tough, massive appeals were made throughout the state of Texas playing on the citizens' patriotism to back Braniff against the insurgent American Airlines (which had moved recently to Dallas from New York).

The intent was that Texans should be loyal to the original Texas company and fly it to show their support.

Alas, Braniff failed to realize that Texans have more than loyalty—they also have a memory. All those people who had been

bounced from the flight to Austin so others could go to Baltimore formed an informal conspiracy.

It took many of them a decade, but they finally did it. The people of Texas got even with Braniff.

Is there a moral? Of course. But is it being heeded? Of course not.

Other airlines will follow Braniff's setbacks because they do not understand that the key to success in the marketplace is marketing. So many companies are wrapped up around the "bottom line" that they don't see what is happening to them.

A good example is Eastern Airlines. On many of their DC-9s, there is no lavatory in the first-class section. That makes sense if you are an accountant working for the airline. If you, on the other hand, are a first-class passenger and have to walk back several rows, it does not make sense.

For what they are paying, those people should at least have a standard convenience. Not giving them one is a decision made by those who deal in dollars; they were able to overrule those who deal with people.

Numbers never should take precedence over consumer satisfaction.

The question for companies who want to survive and succeed should be: if we in marketing promise not to give advice on accounting, will top management agree not to take marketing advice from accountants?●

**J. Ronald Carey is an associate professor of marketing at Loyola College. Sandra Harley Carey is president of San Stara Services, a market research and management consulting firm.*