

# New North American Airlines Face Obstacles And Opportunities

**Christine Boynton** June 23, 2023



Breeze has grown its number of nonstop routes by nearly 100% year over year.

Credit: joeprisesaviation.net

Even in the best of times, starting an airline is an uphill battle, the last three years have seen a global pandemic, geopolitical airspace restrictions, workforce constraints, aircraft delivery and supply chain challenges and fears of a looming recession. Despite those challenges—or in some cases, because of them—space for new entrants has opened up.

Low-cost carrier [Breeze Airways](#) is moving full steam ahead after achieving a nearly 100% year-over-year increase in nonstop routes shortly after the second anniversary of its first commercial flight. In 2024, it does not intend to swap growth for optimization.

Breeze has grown its network to 109 nonstop routes—a 95% increase over the year-ago period—and 678 frequencies compared to 290, according to OAG data for the week of June 12. Increased capacity will support continued growth, its CEO says.

“Just on the [A]220 side, as long as Airbus can deliver the airplanes, we’ll have 37 by the end of next year,” CEO David Neeleman told Aviation Week on the sidelines of a Wings Club luncheon in New York on June 15. “A few of those may move into the next year, but we’ll be at least double of where we are today.”

Neeleman, who founded Azul in Brazil during the 2008 economic downturn after “the chairman job got really boring really quickly” at JetBlue, started seeking opportunities back in the U.S. as larger airlines consolidated and dropped service to small and medium-size cities, founding his fifth commercial airline in 2018.

“I learned [at Azul] that if you’re [in] an exclusive market with no competition, you just do better,” he quipped. [Breeze Airways](#) commenced operations in May 2021, and by June of this year he said that “93% of our routes that we fly at Breeze have no nonstop competition.”

Today Breeze operates a fleet of 14 A220-300s, 10 [Embraer](#) 190s and seven E195s, according to [Aviation Week Network’s](#) Fleet Discovery database. During his remarks in New York, Neeleman expressed a desire to return their two-class A220s to the 36 first-class seats with which they began before they were scaled back to 12.

Planning to offer more comfort for longer flights suggests his sights are set further out on the horizon: “If we get our ETOPs and go further west than the West Coast . . . if we go into Central and South America and actually hit some of the islands in the North Atlantic, go up to maybe Ireland, and you can take your wife, you can—for a couple hundred bucks—fly her first-class.” Describing the new model as affordable luxury, he said: “It’s kind of a new category.”

Underserved markets have also been key for startup Avelo Airlines, which operated its first flight under that brand in April 2021. Acquired by former United Airlines executive and [Allegiant Air](#) co-founder Andrew Levy in 2018 when it operated charter service as Xtra Airways, it has since grown its fleet to seven Boeing 737-700s and eight -800s, according to the Fleet Discovery Database, and operates scheduled service in 24 U.S. states.

Reflecting on the airline's two-year anniversary, Avelo CEO Levy noted: "There has never been a more formidable period to launch an airline."

"Over the past 24 months, we have navigated headwinds and crosswinds none of us ever imagined," Levy wrote on LinkedIn in April. "Along the way, we have overcome multiple COVID variants, a devastating hurricane, record inflation, historically high jet fuel prices, supply chain deficits and staffing shortages. Yet we have confronted each of these challenges."

Avelo's nonstop routes have nearly tripled year over year, expanding to 68 by the end of June, Avelo notes. On June 22, it announced a further expansion, adding Las Vegas as a sixth U.S. base from which it plans to add service to four new destinations in September.



"There has never been a more formidable period to launch an airline," Avelo CEO Andrew Levy says. Credit: joeprisesaviation.net

The path from founding to first flight can take years—requiring capital, building the infrastructure and fleet, obtaining the necessary certifications and regulatory approvals, and dealing with the unexpected.

For Canada Jetlines, nearly a decade separated its founding and its inaugural flight in September 2022 from [Toronto Pearson International Airport](#) to [Calgary International Airport](#). With a new chief executive coming onboard in 2021, the launch took place with a new vision, shifting a business plan aimed at domestic service to one focused on leisure destinations.

CEO Eddy Doyle joined the airline with more than 35 years of industry experience, including as a pilot with [Air Canada](#), where he worked his way up to vice president of flight operations. He credits his operational background with helping him navigate the complexities of a startup.

"It's not something you get done in six months, that's for sure," says Doyle. "But it is certainly achievable once you put an experienced team together."

The airline operates commercial flights from Toronto to both Cancun in Mexico and Las Vegas and intends to increase its presence to these and other southern destinations by the fall. Canada Jetlines is also exploring a collaboration with [Qatar Airways](#) that is still "very much in its infancy," Doyle notes, with the potential for adding service to Doha.

"In addition to the leisure market, which we're developing slowly, we've been also doing a lot of charter and wet-lease," says Doyle. "We see a strong demand in that market. I was actually surprised with the demand, especially in the summer. . . . And we anticipate that the demand will be very strong this winter also."

Doyle told Aviation Week on June 20 that in "the next few weeks" the airline expects to have third-country operator authorization, which would enable it to wet-lease aircraft in Europe starting next year.

This summer, the fleet is expected to gain a third [Airbus A320](#), plus an additional one or two by year-end for charter service and wet-leasing, as well as to support the addition of new destinations and increased frequencies.

“Our plan is to keep adding more airplanes in 2024, at the rate of four or five a year,” says Doyle. “Same thing for 2025—every year, we’ll expand our network. Right now, we’re strictly flying from Toronto to sun destinations. We’ll be adding more destinations from Toronto, but there are other markets in Canada that we’ll be looking at offering service from.”

The long-term vision is to build its brand as the airline of choice for Canadians on leisure trips.

“We’ll never have 400 airplanes, but we’ll build it to a critical mass of 15-20 airplanes eventually. That’s what I see in the medium term,” Doyle says. “Long-term, in 10, 15, 20 years, we’ll see.”



Canada Jetlines aims to be the airline of choice for Canadians on leisure trips. Credit: Gordon Zammit/Alamy Stock Photo

Poised to launch commercial operations next is Alaska-based [Northern Pacific Airways](#) (NPA), which anticipates the start of commercial service in mid-July, as it navigates a full spectrum of challenges ranging from the war in Ukraine to competition for workers from U.S. retail chain Target. COVID-19, its top executive says, was one of the things that made the startup possible, creating a little vacuum in the market.

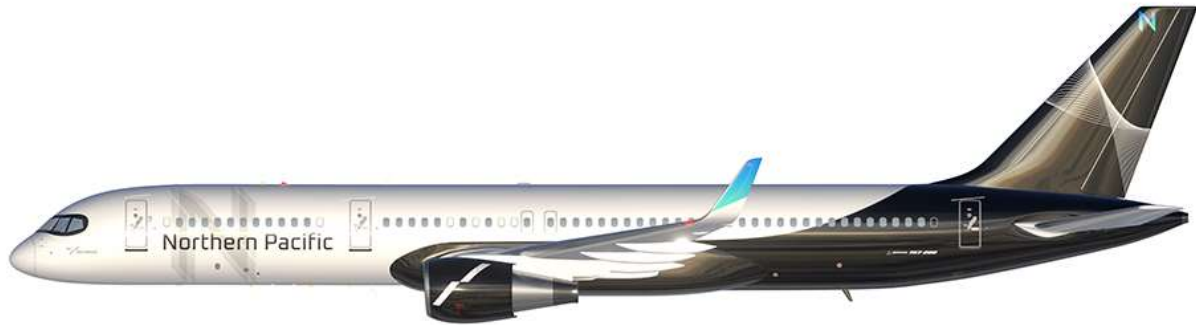
Rather than targeting underserved domestic markets or popular sunny leisure destinations, the carrier was founded along the lines of Icelandair’s successful “stopover on the way to Europe” model, intending to operate transpacific flights to Asia with connections in Alaska. The origin of the airline started with the purchase of bankrupt De Havilland Dash 8 operator Ravn Air by FLOAT Alaska in 2020. CEO Rob McKinney describes the restructuring and relaunch of the regional carrier as [Ravn Alaska](#) to be “beyond all our expectations.”

“We were really successful in taking over this bankrupt airline in the middle of the pandemic and got it back up and running,” he tells Aviation Week. “But in business, you can’t really tread water. You’re either going forward or you’re going backwards.”

In May 2021, seeing more room for growth, McKinney says he pitched the Icelandair-like model to his investor group and board of directors, “fully expecting them to say, ‘you’re nuts,’” but they saw value in the vision—and in the timing.

“We decided that there was this window of opportunity,” says McKinney. “Because of COVID, major airlines were exiting the [Boeing] 757 and they were available. It seemed like there were too many things coming together all at once not to swing for the fences and take a run for it.”





[Northern Pacific Airways](#) has begun proving flights. Credit: [Northern Pacific Airways](#) concept

The airline went to work on meeting regulatory requirements. But with the start of the war in Ukraine in February 2022, Russia closed its airspace to airlines from three dozen countries.

“It really is just a whole other realm when you start launching into international travel—the amount of hurdles and boxes to check and things to think and worry about that can derail you,” says McKinney. “Never in my life would I have thought a conflict between Ukraine and Russia would interfere with a business plan that I started.”

Ravn and NPA employ about 420 people, which McKinney expects to grow by another 200 once the airline is fully up and running. It is also navigating overall workforce challenges faced by the industry at large, even competing with retailer Target locally, “who here in town is paying \$24 an hour to start,” notes McKinney.

Remaining focused on the original vision, NPA will first launch with charter and scheduled domestic service. Its initial route, delayed from a June launch, will operate weekly between Ontario, California and Las Vegas. It plans to start filing paperwork “in earnest” for service to Mexico, as well.

The launch of commercial flights will also start the clock for ETOPS certification, a process that could take anywhere from 18 months to three years, but would enable it to circumnavigate Russian airspace with 757s.

“We come up against a roadblock, and we don’t just give up and sit back; we try to figure out a way to go around it,” says McKinney. “Some of the stuff that you’ve seen us do over the past year may look like it didn’t make any sense or was a little schizophrenic, but it was just simply to try to continue to move the project forward, even if it was at a 45-deg. angle.”



[Northern Pacific Airways](#) has successfully completed its mini-evacuation drill for the FAA. The cabin crew opened the doors in 7.04 sec., and slides fully deployed in 12 sec.  
Credit: [Northern Pacific Airways](#)

The carrier has already received approval from the U.S. Transportation Department to serve countries covered by existing U.S. Open Skies agreements. Other hurdles passed include safety-focused tabletop exercises and an evacuation drill with the FAA. As of late June, only proving runs were left to complete before receiving its operations specifications. These began on June 21, with a 5-hr. flight between Anchorage, Alaska, and Ontario, California.

“I joke that sometimes people come to me with some problem that’s down into the future, and I say: That’s step 84,612,” McKinney says. “But we really are on step 84,611.”

NPA has four [Boeing 757-200s](#) and could scale “maybe up to 22-25” of the aircraft over the next 7-10 years, while “trying to get our foot in the door” on the Airbus A321XLR, with a potential interim transition to A321LRs, McKinney says. It has 45 pilots for its Ravn-operated Dash 8s and seven for the 757s.

The outlook for the next 18 months is progress on the original vision—2024, McKinney projects, is the year NPA lands in Asia, with the operation up and running as originally described.

“We look at the data and see how much total traffic there is, and while there is some skepticism about why would anyone add a stop when they could go nonstop—well, the same question could be asked of Iceland,” he says, “and yet their business is flourishing. We really only need a 2% market share, and that’s assuming we do zero market stimulation whatsoever.”

Despite challenges and setbacks, McKinney is undeterred. “There was an airline that came close called Airbahn that probably nobody ever heard of,” he says. “And that’s probably the more typical way—people might keep everything secret and keep it to themselves until it’s all working. I’ve never been that person . . . so some of it has been seeing the sausage being made and seeing [us] try something else because we come up against a roadblock, and it’s all part of it. That’s what probably every airline has had to do, to some degree. It has been an interesting ride.”