06 MAY 2010: Over the last several decades the airline industry has borne a frightening resemblance to some kind of giant Pac-Man game. This week Continental Airlines was gobbled up by United Airlines for the princely sum of $3.2 billion. The long-anticipated move has been widely hailed as a consolidation that will, "lend much needed stability to the industry". Maybe, but I doubt it.
As is the case more often than not, this merger sees a very good carrier being consumed by another not-so-special airline. As usual the only advantage the consuming carrier has over the consumed is that it's the bigger of the two. The sad part is that, once merged, the "lowest common denominator" principle invariably takes over, and all the positive elements that differentiated the good carrier quickly evaporate.

This week all the accompanying noise from aviation analysts is about "improved margins", "pricing power" and "revenue share". So far, no one seems to be saying just how the end-user benefits from all this.

The last few decades are replete with similar depressing tales.

In 1987 highly-regarded Piedmont Airlines was acquired by USAir (formerly Allegheny Airlines). Like this week's CO/UA deal, this take-over almost happened the other way around. Sadly it didn't, and overnight all the little touches that had earned Piedmont a hugely loyal following were eliminated. No more full cans of soda with two bags of almonds per passenger. Pour just enough to cover the ice and no more than one bag of peanuts was the USAir mandate.

Next, in 2005, USAir, by then oddly re-re-branded US Airways, swallowed well-liked America West. There was some discussion about which brand should be applied to the new amalgam, but little if any talk about which corporate culture might have been the better to adopt. Once again despite its reputation for delivering consistently mediocre service, the "US by-any-other-name" brand won out.

Not so this week however. After a brief courtship US Airways was left sitting when United opted for a more attractive dance partner.

Closer to home, in the late eighties, a similar story played out around **Pacific Western**, **Canadian Pacific Airlines** and **Wardair**. To get to this stage **Pacific Western** had already gone through an earlier Pac-Man period.

Russ Baker started Central BC Airways in 1946 in Fort St. James. Over the next seven years, Kamloops Air, Associated Air Taxi, Skeena Air Transport, Whitehorse Flying Services, Port Alberni Airways and the delightfully named Queen Charlotte Airlines were all added to the fold - the group adopted the name Pacific Western Airlines in 1953.

By the early 80's Calgary-based "P-Dub" was flying a fleet of Boeing 737's around western Canada and across the country. Sound familiar? But rather than seizing the opportunity that British real estate developer Clive Beddoe would recognize ten years later, the empire-building board at PWA Corp decided to go for broke – quite literally.

In 1987 PWA acquired Canadian Pacific and then in '89 added Max Ward's Wardair. While both these carriers had some financial problems, CP owned the Canada-Pacific market and Wardair had a hugely loyal following on the Atlantic. Just imagine PWA doing the domestic flying and feeding traffic to its two sister brands with Wardair going east and CP going west. The three of them could have given AC a real run for its money.

Instead, all three strong brands disappeared and were replaced by the amorphous Canadian Airlines International. CAIL was a brand that never really took, and it became known to most Canadians as "CP or whatever it's called now" – the answer to which, is of course, Air Canada.

But the challenges facing such mergers go way beyond whose name goes on the airplanes.

Merging fleets, systems and cultures are all tough, but dealing with "The S Word" is probably the single biggest nightmare in trying to smash two unionized employee groups into one.

Whether at BOAC and BEA in 1974, Pan Am' and National in 1979, or Air Canada and CAIL in 2001, mechanics , pilots and crew seniority issues tend to hang around like a toxic cloud, sometimes creating an entire generation of disenfranchised employees. It breeds service-sapping "us and them" tension in cabins and flight decks and once again the consumer pays the price.

So, if neither the employees nor consumers win out in these mega mergers, who does? If they don't get wiped out stockholders sometimes enjoy a share-value spurt and with their fat fees the lawyers and bankers make out like bandits. But the biggest beneficiary of all is one small discrete group that few people would ever think of.

Want to get into a growth industry? Start a company that specializes in painting commercial jets! In just the last year, consider all those Northwest and Midwest airplanes that are now wearing Delta and Frontier liveries.

Surprisingly one of the first decisions the new bosses of United/Continental made was to put United's name on the fuselage and the familiar Continental globe logo on the tail.

Had they opted to stick with United's present livery, which is all of four years old, they'd have had to repaint only the Continental airplanes. Now 100% of the combined 700+ fleet will have to be repainted – that's a cool $100 million or more in fresh paint!

So, you heard it here first - invest in aircraft painting. Next up has got to be US Airways, which is long overdue to change its name to US Airlines.