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Delta, other airlines push a la carte model

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Delta Air Lines and other carriers are seeking to answer a critical question: What does the base price of a ticket really buy?

The answer has shifted over the last several years. In many cases, what you get for your fare has stopped including checked baggage allowances, meals and other services.

But how far the trend will go remains uncertain as some carriers continue to experiment with fees, while others -- most notably giant discounter Southwest Airlines -- try to woo consumers by going against the grain.

Delta's announcement last week that it will add a premium economy section on longer international flights is another step toward offering different options to travelers willing to pay extra.

For a fee of \$80 to \$160 each way on top of the fare, passengers will get seats with up to four inches of extra legroom, beyond the roughly 31 inches of pitch in international economy. They also will get 50 percent more recline than regular international economy seats. Passengers in the new section, which Delta calls "economy comfort," also will be able to board early and get free alcoholic beverages.

Atlanta-based Delta will offer the premium seats starting this summer in the first few rows of economy class on all of its long-haul routes, which include trans-oceanic routes and flights to South America. Elite-level frequent flier members will either get into the section for free or get a discount, depending on which elite level they occupy.

The premium economy concept has proven successful at other carriers including United Airlines, and airline experts say it's well-received by travelers because it's a new option that adds value to the trip.

Walt Frank, a frequent flier on Delta, said he's skeptical and is waiting to see what the new seats are like.

"It's all going to boil down to what they actually deliver for the fee, and after someone's experience, whether they feel they got actual value for what they had to pay," Frank said.

Airlines say parceling out their services is a way to charge people for what they value.

Behind the shifts are a variety of factors, including competition and high fuel prices that have put pressure on airlines to find new sources of revenue to cover the costs.

"A la carte pricing is here to stay because airlines have found that it's easier to add a fee or to raise a fee than it is to raise a fare," airline consultant Jay Sorensen said. Because consumers can compare fares in a single glance on a travel website, "it's very difficult for an airline to go out of alignment to try to raise a fare."

It's partly because of a view of airline travel as a commodity, with virtually no difference between carriers.

"Truth be told, most consumers simply only want to pay the lowest fare," Sorensen said. Behind the trend is the idea that not all travelers want to pay the highest fare with all the services included, Sorensen said.

"I think younger consumers are more accustomed to taking their wallet out to buy what they want because they didn't grow up in an era where everything was included," Sorensen said. "I think older consumers harbor some anger [and] resentment in terms of having to pay for stuff."

The addition of options like premium economy are a shift toward the decommo-ditization of airline travel, said Bill Swelbar, a researcher at the Massachusetts Institute of Technology's International Center for Air Transportation.

"Now we're starting to differentiate a bit what each airline offers to a customer. I think this is a positive step that not only gives the consumer choice, but also enhances airline revenue-generating capability."

At United, spokesman Rahsaan Johnson said the airline's "economy plus" section on domestic and international flights with extra legroom for a fee is one of its most popular options and is a "significant driver of customer satisfaction."

Whether passengers pay the fee to move up to United's economy plus seats or are upgraded for free because they are elite frequent fliers, they give higher ratings to the entire travel experience, Johnson said. "The coffee was warmer, they liked the website more, the boarding process was nicer, everything," Johnson said.

Premium economy may be attractive for business travelers who used to travel in business class but have been downgraded to coach due to economic pressures at their companies, Sorensen said. Even if their companies won't pay for business class, some may allow employees to expense the fee for premium economy.

Meanwhile, Southwest Airlines, which plans to enter the Atlanta market through its pending acquisition of AirTran Airways, takes a different tack. While Southwest does not have many of the amenities of other major carriers, including assigned seating, meals and first class or business class sections, it has loudly touted its decision against charging baggage fees.

Raphael Béjar, chief executive of Airsavings, an airline group buying service, said other airlines' business models will continue to evolve.

"Airlines didn't have any options other than taking this path if they want to survive," he said.

Eventually, a fare may not get passenger anything but a seat on the plane, said Terry Tripler, owner of airlinerulestoknow.com.

"The airlines are to a point now where you're going to buy a ticket on an airplane and there's going to be all these separate options. It's kind of like going to a ballgame -- the more you pay, the better location you have."

In the long term, the shift toward charging fees for amenities could lead to improved services in some areas, Sorensen said, because when airlines include amenities like food in the fare, they view it as a cost.

"Before, food was something that continued to cheapen because it was a cost," Sorensen said. "Now, food is a business.. it has to be something that is more appealing."