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Delta expands bare-bones ticket option

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Fare 'tiers' based on service are latest weapon in dogfight with discounters

Want the cheapest airfare for your next beach vacation? If you're flying Delta Air Lines, it might mean giving up some benefits like choosing your seat in advance.

Delta is expanding a new variety of stripped-down, bare-bones fares.

The "basic economy" fare gets you a confirmed seat on the plane, but does not allow you to pick the seat in advance and does not allow any flight changes, even if you're willing to pay a change fee. You may also end up literally at the back of the line, as the last to board the plane.

Delta tested the concept on flights from Detroit starting in 2012. Now it has added the basic economy fare option on just over a dozen routes between Atlanta and places including Daytona Beach, Ft Lauderdale, New Orleans, West Palm Beach and San Antonio, along with several routes from other hubs.

The pitch on Delta's website: "If you're looking for a low fare, your travel plans aren't likely to change, and you don't mind where you sit, Basic Economy just may be your ticket."

A recent fare search between Atlanta and two Florida cities showed Basic Economy would save you about \$20 from the next-lowest fare level, but Delta declined to give an average difference.

Come Feb. 1, more restrictions will be added to Basic Economy, including no standing by for a different flight on the same day and no ability to upgrade to economy comfort, preferred seats, first class or business class, even for a fee.

Atlanta-based Delta's expansion of the minimalist airline ticket comes as ultra-low-cost carriers like Spirit Airlines expand.

Spirit charges for carry-ons, checked baggage, seat assignments and soft drinks, has seats that don't recline and offers no in-flight entertainment. It is growing around the country by offering lower fares for those not interested in creature comforts or unwilling to fly if they can't get a cheap fare. From Atlanta, Spirit flies to Chicago, Dallas, Detroit, Fort Lauderdale and Houston.

Over the two years since Delta launched its test of basic economy fares out of Detroit, "We found there is a segment of traveler that is highly price-driven," Delta spokesman Paul Skrbec said.

An industry trend

Airline consultant Jay Sorensen says Delta's goal is "to stop Spirit Airlines or any other startup" from moving in on Delta markets. "We're entering an era in which startups will begin to occur again," due to low fuel costs and airline consolidation, he said.

At Hartsfield-Jackson a gap has been left in the low-cost carrier market by Southwest Airlines' cutbacks of merger partner AirTran Airways' operation. Over the past few years in Atlanta, a series of small carriers have tried to carve out a niche, including Spirit, Frontier Airlines, Silver Airways, and Vision Airlines followed by People Express.

Delta's basic economy fares are also another step in the years-long move by big legacy airlines to strip out some amenities and charge extra for them. Complimentary hot meals started disappearing, then came fees for checked baggage. Now, airlines have added new amenities for extra fees like wi-fi, creating a cornucopia of options — or a proliferation of what many travelers call "nickel and diming."

Instead of just selling amenities a la carte, some airlines are opting to create fare tiers, each offering a different level of service. Travelers who want more service or perks pay extra. That follows a model popular throughout retail, from oil changes to cell phone plans to cable bundles.

Delta isn't the first to offer a lower fare category with fewer benefits. American Airlines sells domestic fares in tiers, including choice, choice essential and choice plus — though all of the tiers include advance seat assignments. Southwest Airlines, now the second-largest carrier in Atlanta, has no assigned seats and sells fares in three tiers: wanna get away, anytime and business select.

This isn't the first time major airlines have tried to compete with discounters with low-frills offers. In the 1990s and early 2000s Delta and others set up separately branded operations, such as Delta's Song, or Shuttle by United. Those dedicated entire planes to the service rather than mixing it with the carrier's mainstream operation, however. None lasted.

Travelers react

Some customers aren't happy about the new Delta basic economy fares. And there are potential pitfalls as Delta wades further into the low-tier market.

Traveler Michael Kelly said while searching for flights for a friend to visit his family in Daytona Beach, he found a good fare at about \$234 round trip.

"All of a sudden it said something about you can't reserve the seat. I said, 'This is strange, this hasn't happened before,'" said Kelly. "It's just sad that we've come to this for air travel, when it used to be really nice and you didn't have all this added stress."

A recent search showed a \$20 difference between basic economy and economy fares from Atlanta to Daytona Beach. That could be enticing to some.

"The most important thing to 70 percent of travelers is getting the lowest fare," Sorensen said.

Airlines such as Delta, American and United don't typically seek out customers who pay the least. But it may create an incentive for travelers to pay more to avoid the low-end — just as some pay for extra legroom in economy comfort seats.

"What difference does it make to them whether I've got a seat or not?... I don't understand the logic behind it," asked traveler Glenda Davis of Newnan. "It's just a way for them to increase their price, and they're already making all this money."

The Delta name

Sorensen said confusing consumers is a potential problem.

"It's like trying to put a Wal-mart store within a Neiman Marcus," he said. Adding to the complexity is the fact that the basic economy fare is only available on some Delta routes, rather than being a standard offering.

Delta says it added messages on its website last month to clarify basic economy during the booking process.

But Sorensen said customers may think it signifies a change to Delta's service overall, not realizing it is associated with a particular fare type on a particular affected route.

A related risk is consumer perception.

"I always figured Delta was first class in my mind.... This is just cheapening them. It's just making air travel worse," said Kelly. "I would never ever have thought that they would try to compete with Spirit."

In recent years, Delta has put increased focus on catering to lucrative business travelers with international flights, upgraded service and amenities.

Delta's challenge is to "thread this space between high-service, high-quality international carrier and zero-frills domestic airline," Sorensen said. "It becomes, what do you want to be?"