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More fees coming from airlines

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IdeaWorksCompany contributed information to this article - - see italics.

Would you be willing to pay extra for a better meal on an international flight, a ride to the plane in an electric cart, or a seat in a designated child-free area?

These are the questions airlines are pondering as they look for new ways to boost ancillary revenue — industry-speak for money earned from credit cards, vacation packages, premium seating — anything above and beyond the charge for basic fares.

Passengers might not like the idea of paying \$25 to \$30 to check a first bag, but they're going along with it, one reason 50 airlines worldwide reported ancillary revenue of \$22.6 billion in 2011, up from \$13.5 billion in just two years, according to a new report by Wisconsin-based IdeaWorks and its technology partner, Amadeus.

"Checked baggage has been a huge economic windfall for airlines in the U.S.," says IdeaWorks CEO Jay Sorensen, whose company advises airlines on new ways to boost profits and offset rising fuel costs.

So what's next?

Likely new a la carte fees for a combination of "special treatment" and "convenience-adding" features, Sorensen predicts.

That's good news if it means airlines can earn more by charging for extras that actually make flying a better experience rather than just tacking on fees for services that used to be free.

"There is always that passenger who will happily spend more money to be treated differently," Sorensen says.

Enter Alaska Airline's popular \$45 day-pass program for its airport boardroom lounges. Also American's "Five Star Service," starting at \$125 for a uniformed airline rep to meet you curbside, help with bags and provide hassle-free check-in.

Both Southwest Airlines and Seattle-based Alaska made the IdeaWorks/Amadeus report's top 10 list (Southwest ranked No. 5, Alaska No. 10) for generating revenue from ancillary services in 2011.

The report estimates that Southwest, the only major U.S. airline that doesn't charge for checked bags, earned \$142 million last year on its EarlyBird service, which provides early boarding for a \$10 fee. It took in an additional \$96 million from sales of a package called Business Select that includes priority airport screening, early boarding and a welcome cocktail.

International travelers will likely see more airlines offering meal upgrades. While I refuse to pay to check a bag, I would pay extra for a decent meal on a long flight.

KLM continues to offer free meals on international flights as well as the option of paying \$15 to \$20 extra for special Italian, Dutch, Japanese or Indonesian dishes. Air France and US Airways offer similar options.

What aren't passengers willing to pay more for? Wi-Fi hasn't been a big seller, according to Sorensen. "At some point," he predicts, "I think the airlines will offer it free to premium class passengers."

Go Airport Express, which provides shuttle service between Chicago's O'Hare and Midway airports, recently polled 360 of its customers on airline fees and what services they found worth an extra cost.

At the top of the list was more leg room. Near the bottom: larger overhead bins and designated child-free areas.

"The airline industry in the U.S. has been looking around the world at what the low-cost carriers are doing, with a particular emphasis on Europe," Sorensen says.

If that's the case, we might see more following the lead of Spain's Vueling Airlines. It holds the middle seat empty, boards you early and provides a drink and snack for an extra \$75.

Hopefully none will adopt European discounter Ryanair's idea (since dropped) to charge passengers to use the plane's toilets.