Airlines Going a la Carte

United Airlines recently announced a new policy where, beginning May 5, it will charge customers $25 to check a second bag, if they are flying on a low-fare, nonrefundable ticket and do not have Premier, or better, Mileage Plus, or Star Alliance status. This week, U.S. Airways matched United’s move, which includes a charge of $100 for a third checked bag.

This news is part of a growing trend in the airline business to put more and more services on an a la carte basis and add charges for things that used to be covered in the price of a ticket. It is sad, because it is another step towards reducing an airline seat to a mere commodity—a product sold primarily on the basis of price, with little qualitative differentiation. For example, you might compare an airline seat to a bag of rice or sugar, a generic drug, or a silicon chip.

What really concerns me is that baggage fees really represent a huge fare increase for families who travel. For a family of four, it could easily add $200 to the cost of a round trip flight to Hawaii, unless they packed carefully or switched from two small bags to a single piece of larger luggage.

United Airlines tacitly admits this, revealing that the new baggage charges will produce an additional $100 million in revenue annually for the company.

Perhaps United and U.S. Airways got their inspiration for extra fees from Ryanair, Europe’s largest low-cost carrier, which charges £12 (about $24) for each bag checked at the airport. The carrier also charges £3 ($6) for checking in at the airport rather than online. Other charges include a priority-boarding fee of £3 ($6) and a credit card payment fee of £6 ($12) per passenger per round trip. It costs £70 ($140) to change the name on a ticket and £30 ($60) to change the date, time, or destination of a flight. All together, Ryanair’s extra charges bring the airline over £100 ($200) million annually, according to the Daily Telegraph, a British newspaper.

Ryanair’s goal is to get at least half its passengers to travel with hand luggage only and check in online, according to Peter Sherrard, the company’s head of communications.

Don’t be surprised if U.S. carriers go in the same direction.

Hotels have also used a la carte pricing. I am old enough to remember when motels used to charge for the use of a television set in a room. I also remember motels that had beds that would vibrate if you put a few quarters in the slot. When in-room safes first came out, there was a charge for their use. Many years ago, I checked into a hotel in Germany where there was an extra charge for towels and linen. I also visited but did not stay in a hotel in Japan where each room had a separate electric meter and a 100-yen coin dropped into a slot in the bathroom turned on the hot water in the shower for about three minutes. That trend did not seem to gain traction, and I doubt the hotel still operates that way today.

In fact, the hotel industry seems to be going in an opposite direction from the airline industry by including more and more services and amenities in the price of the room. More and more chains are including local telephone and Internet service in the room rate. Free breakfast is common. Fewer and fewer hotels charge for the use of the equipment in the business center, and incoming faxes, for which there used to be a fee, are now received and delivered to a guest’s room without charge. At the Hilton Garden Inn Denver Airport, operated by Outrigger Lodging Services, parking and a shuttle to and from the terminal are both free.

That, to me, is an extension of hospitality, and I hope the hotel industry will stay on that track and not follow the airlines into commoditizing our product. Let’s continue to welcome guests into our properties and, no matter what the airlines do, deliver their baggage right to their room, with a smile, regardless of how many pieces they bring.