

 SOUNDBITE

“ Fees don’t fly with us. ”

— Advertising slogan used by Southwest Airlines, which does not charge customers for first or second checked bags, ticket changes, fuel surcharges, snacks, aisle or window seats, curbside check-in or phone reservations.

One year ago, who would have imagined that not charging for checked bags or snacks would be a way to lure passengers onto airlines? Yet today, it hardly raises an eyebrow. Jokes that passengers will soon have to pay to use seatbelts and restrooms seem less far-fetched as airlines continue to add new fees for services that were previously complementary.

In August, United Airways planned to break new ground in “à la carte pricing” by charging coach passengers up to US\$9 per meal on transatlantic flights. It later changed its mind in response to negative customer feedback.

US Airways, on the other hand, successfully became the first U.S. airline to start charging for soft drinks (US\$2) and coffee or tea (US\$1) on domestic flights, while JetBlue introduced a US\$7 fee for a blanket and pillow kit for flights longer than two hours.

Over the last few months, in addition to charging for a second checked bag, all the legacy U.S. carriers except Delta started asking US\$15 for passengers to check their first bag. First-checked bag charges were also introduced by carriers such as easyJet in Europe. British Airways started to charge £25 (US\$46) for bags weighing 23-31 kg (51-68lb) and said it would not accept bags over 32kg (75lb).

Meanwhile, U.S. carriers including Continental, Northwest, United and US Airways, raised their fee for flight changes from US\$100 to US\$150. Many U.S. carriers increased the number of frequent flyer miles required for a free flight or an upgrade, while charging as much as US\$100 to redeem miles.

The situation continued to evolve as *CWT Vision* went to press. In mid-September, Air Canada said it would eliminate its second-bag fee in response to newly decreasing fuel prices. But other airlines may stand firm. Recently, US Airways president Scott Kirby underlined how bag charges have helped airlines become more efficient, resulting in 10 percent fewer lost, misplaced or misrouted bags. And according to US Airways, new ancillary fees may be earning the struggling airline industry up to US\$700 million annually.

Ironically, some airlines are now said to be considering “all-inclusive” fares to provide a one-stop shop for services that used to be free. *CWT Vision* will keep you informed.