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BUSINESS TRAVEL
For Airline Frills, Check Out the No-Frills Carriers

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Delta Air Lines lost \$5.2 billion, an industry record, in 2004. The Atlanta-based carrier, which warned last week that it might have to seek bankruptcy protection, is so desperate to cut costs that it no longer sells meals in coach seats, let alone gives them away. Delta has also raised the price of alcoholic drinks in coach and, following American Airlines' lead, is doing away with pillows.

If Delta is cutting services to the bone, you might think its low-cost subsidiary airline, Song, would be charging even faster down the no-frills path. But Song evidently has other ideas. It believes that it can increase revenue and market share by adding amenities to appeal to travelers who are tired of being treated like cargo.

In recent weeks, for example, Song has quietly introduced a costly in-flight entertainment system that rivals the fancy audio-visual diversions found on the most luxurious international carriers - and one that is far superior to anything offered on any major domestic carrier, including Delta.

Featuring digital touch-screen monitors at each seat, the system offers a choice of 10 pay-per-view on-demand recently released movies; 1,600 audio tracks that can each be downloaded onto personal play lists; 11 video games and a big selection of television programs transmitted by satellite.

Struggling for survival, major airlines say they cannot even think of spending the kind of money it would cost to add such systems, especially since their revenue-producing abilities are as yet unproved. A few carriers, including American Airlines, have been experimenting with improving entertainment offerings by renting laptop video players to passengers on some long-haul flights.

The closest competition to Song's system is on JetBlue, the low-cost carrier that introduced in-seat monitors with live television when it started operations in 2000. JetBlue's system, which has 36 channels of programming, does not offer on-demand abilities or as wide a selection of movies.

"Obviously, Song is focused on some salient things that look like JetBlue, and has copied them studiously," said Gareth Edmonson-Jones, a JetBlue spokesman.

Song says its in-flight entertainment initiative is a necessary component of its drive to brand itself as a hip, though low-cost, airline. Since it started operations in 2000, that is exactly what JetBlue, which makes money, has accomplished.

"Our intent has never been to be low cost, low class," Mr. Mapes said. "It has to be high style at very competitive fares. For that reason, we find ourselves carrying a very different, much more upscale segment of customers than you might reasonably expect."

From its inception, JetBlue promoted the in-seat video offerings as a centerpiece of its in-flight experience. "The TV's put us on the map," Mr. Edmonson-Jones said. But he added that JetBlue's customer loyalty solidified and grew not just because of personal TV's but because of good service, comfortable planes, low fares and dependability.

Over all, the airline industry is well aware of the appeal of personal entertainment offerings among passengers who long ago lost enthusiasm for watching badly edited airline movies shown on squint-producing overhead screens, without any choice in programming.

Major international carriers have for some time offered a broad range of programming, especially on mega-flights like Singapore Airlines' 18-hour nonstop from New York to Singapore that offers the chance to watch four movies, read, have a meal, listen to music - and still have time left over for a good snooze on a flat-bed seat.

On premium long-haul flights, quality in-flight entertainment - along with the availability of comfortable seats that recline into flat beds - has become well established as a reason for choosing an airline.

"It's huge," said Paul Metselaar, the chief executive of the Ovation Group, a travel-management firm that specializes in travel for law firms and professional-service companies. "We have clients that want us to find out what movies are playing on airplanes, and they might take a flight on that basis, particularly if it is a long-haul flight, like to the Orient."

As digital technology advanced to the point where in-flight video systems could offer a big range of on-demand choices, carriers like Singapore Airlines, British Airways, Emirates, Virgin Atlantic Airways, Qatar Airlines, Cathay Pacific and others led the way, with many offering in-seat monitors even in coach class. Passengers on Emirates, for example, can choose from about 375 on-demand movies in a variety of languages.

As international travel grew and flights became longer, foreign carriers regarded the expense of installing fancy in-flight entertainment systems as a necessity for differentiating their brands in a fiercely competitive environment.

While passengers may not base their choice of an airline on entertainment alone, "it's a significant aspect of the bundle of benefits perceived by premium passengers," said Mike Simon, an Emirates spokesman.

In the United States, however, airlines were complacent about in-flight entertainment until JetBlue shook things up with its in-seat television offerings.

Recently, some struggling domestic carriers have been trying to improve their in-flight systems without spending huge amounts of money. American Airlines, for example, installed personal video monitors with 10 channels of programming in all seats of its 777 aircraft on routes crossing the Atlantic and the Pacific.

American, a unit of AMR, also recently experimented with renting laptop video players, programmed with movies and television shows, to domestic passengers on long-haul flights.

United Airlines, a unit of UAL, meanwhile, offers hand-held DVD players on a handful of new full-service flights, called p.s., between New York and Los Angeles and San Francisco.

But basically, the high-end domestic in-flight entertainment innovations are the province of low-cost carriers. JetBlue is now adding satellite radio programs to its in-flight systems. Frontier Airlines also has satellite television on in-seat screens.

Song's initiative, using an Ethernet-based MAS eFX system supplied by Matsushita Avionics, raises the bar once again domestically, during a time when airlines are more worried about how to pay for gas than how to entertain the passengers. The system is in place on all of Song's fleet, which consists of 36 Boeing 757 aircraft that were once operated by Delta.

Installation costs were "a large upfront capital" outlay, said Mr. Mapes, who would not disclose the actual figure. But the system is seen as a revenue generator, not just for entertainment but for other potential offerings like in-flight shopping. It is also a prototype, "a test lab," according to Mr. Mapes, for a system that could later be adapted for use by Delta itself, assuming it actually brings in profits.

On Song, a movie costs \$5 (payable by credit card inserted into the monitor or by cash to a flight attendant); that is also the price for a selection of video games. Television and audio programs are free.

Other carriers, Delta among them, are watching Song to see if the numbers can work on bigger scales. "I know everyone is paying particular attention to what we're doing," Mr. Mapes said. Matsushita, he added, has been "very clear with us that there are a lot of other airlines watching us to see how this system performs."

How does the Song system perform? Splendidly, when it works.

On a flight from Newark to Orlando last week, the operation was flawless. Among the 10 on-demand movies available were "Sideways," "Being Julia," "Ray," "Closer," "Finding Neverland," and several animated children's films. In April, movies like "Meet the Fockers," "The Aviator" and "Beyond the Sea" are scheduled. Selecting from the 1,600 songs of all genres and adding them to a personal playlist was simple. So was getting live news on CNN among the 24 television channels.

Flight attendants said they loved the system, despite the added chore of collecting money. "I think it's awesome," one said on the Newark-to-Orlando flight. "People are far less restless now."

On the return flight from Orlando a few days later, however, the system crashed several times, to the point where flight attendants were kept busy making refunds and apologies to passengers. Still, one flight attendant said, malfunctions are rare.

Song's movies are not edited, as are movies shown on airline overhead screens.

"We do watch what types of titles we have, obviously," Mr. Mapes said. "You won't find 'Girls Gone Wild' on our flights. But we did make a very conscious decision that if somebody wanted to pay \$5 for a film, they should have it in its entirety and the way the director intended."