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## Fasten Your Seat Belt and Get Ready to Shop

By CHRISTINE NEGRONI

Air travelers in the United States are already paying for sandwiches and drinks, pillows and headsets. So, as airlines look for more ways to help their bottom lines, they have started asking the next logical question: Why not sell limousine services or even tickets to Broadway shows?



An American Airlines flight attendant used an onboard sales recorder to sell a Boston Market sandwich and a bag of potato chips.

For most carriers, the idea remains just that. But American Airlines has begun a limited test of the retail concept. It is selling Heathrow Express train tickets on London-bound flights, and it is offering in-flight Internet access and items from SkyMall — the glossy catalog that has had a reserved space in the seatback pocket of airliners for 20 years — on 165 airliners.

“We wouldn’t invest if we didn’t feel comfortable it would provide a fair rate of return,” said John Tiliacos managing director of onboard products for American Airlines. “Given where we find ourselves as an industry, financially it behooves us to identify every source of revenue we can identify.”

Other airlines declined to talk on the record about their plans, but nearly all the major carriers acknowledged that they were working on expanding

retail offerings.

Whether air travelers will open up their wallets once the aircraft pushes back from the gate remains to be seen. But Michael Levy, a marketing professor and the director of the Retail Supply Chain Institute at Babson College in Massachusetts, expects that they will.

“Look at what’s going on in airports,” he said. “Anytime you have customers who are captive, who have nothing better to do, they’ll shop.”

The technology making the onboard sales possible is being provided by GuestLogix, a Canadian company that sells the credit card readers and sales software to the airline industry. A brochure promoting its products describes onboard retail as unique because “operators are able to lock their doors with their shoppers still inside.”

In an interview, Brett Proud executive vice president of global sales and client support for GuestLogix, described the jetliner as “a retail space that is probably the biggest retail opportunity ever uncovered,” adding, “It’s huge.”

Passengers can learn about products for sale from seatback advertisements, brochures and announcements by flight attendants and gate agents, as well as on airline Web sites and through social media. Finding the right mix of products is important because if an airline offers the wrong items, it could irritate its customers.

“We’re not going to put anything in front of you that you would say, ‘You got to be kidding,’” said Mr. Tiliacos of American Airlines.

In the past, customers could browse the SkyMall catalog, but placing an order could be done only after the plane had landed. With the addition of what SkyMall’s president, Christine Aguilera, calls “a cash register in the air,” sales can be completed on the plane. “These are some of the greatest consumers on the planet,” she said.

Charles Flateman, vice president of marketing for the Schubert Organization, said in an interview that he had been talking to GuestLogix about selling tickets to Broadway shows and other live performances. The Walt Disney Company is discussing making theme park tickets available on airplanes as well. The credit card readers do not now transmit information in real time, so it will

require a “trick of technology” to assure that show tickets sold during a flight still exist in the theater when the plane is on the ground, Mr. Flateman said.

“It’s our desire to market and merchandise and conclude ticket sales wherever our customers are,” he said. “If that’s at 35,000 feet en route to New York, that’s wonderful and we’re excited by the prospect.”

While the concept of shopping in flight is new to large American carriers, Ireland’s discount airline, Ryanair has been selling travel services à la carte since the early ’90s. It uses the profits to subsidize ticket prices. The cheap tickets put more passengers in seats.

“Fundamentally we’re an airline with a retail tail,” said Michael Cawley, deputy chief executive of Ryanair. “We can expand our business by lowering fares and any additional profitability means we can grow our business.”

The job of selling falls to flight attendants, and some in the United States have already expressed concern. In a letter to American Airlines, the Association of Professional Flight Attendants wrote that sales commissions with SkyMall or any other vendor must be negotiated as part of the labor contract with the airline.

“There are a myriad issues surrounding SkyMall,” said Diana Dunn, a member of the union’s negotiating committee. “What is the commission they want to pay us? What if a customer returns something, how are they going to get the money back?”

Flight attendants at other airlines are also worried that retail commissions may be used to replace salaries, according to Corey Caldwell, a spokeswoman for the Association of Flight Attendants. “If airlines are encouraging flight attendants to participate in selling of products and services, it needs to be done when the flight attendant has completed safety and security activities onboard the flight.” Ms. Caldwell said. “It’s definitely a proceed with caution type of thing.”

Currently, the average amount a passenger spends with an airline after purchasing a ticket is \$1, according to statistics prepared by GuestLogix. At Ryanair, by contrast, Mr. Cawley said customers spend on average about \$15.

But Robert Herbst a commercial pilot who created the Web site [AirlineFinancials.com](http://AirlineFinancials.com), said retail therapy was not enough to solve the financial problems of airlines in the United States.

“By my estimates, the revenues have to go up by 15 to 20 percent before airlines can become solvent again,” he said. “Any additional sales they make is going to be a positive for them and more of a convenience for the passenger. But it will be minimal. Not enough revenue will be generated.”

Ms. Caldwell of the Association of Flight Attendants said she understood the economics behind the idea. “It doesn’t take an expert to see there are airlines that are not charging what the cost of the service is,” she said. “There is a huge deficit between what a seat costs and what the airline charges.”

But even if airplanes begin to resemble retail space, Mr. Cawley of Ryanair insisted that its business was transportation.

“The single most important thing is selling the airline ticket,” he said. “All the ancillary sales flow from that.”