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by Jim Rendon

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1. “Welcome to the crowded skies.”

IF YOU’VE FLOWN lately you’ve probably noticed that air travel feels like rush hour on the subway. Indeed, as airlines get more efficient, they’re squeezing more people onto fewer planes. But that’s had an unintended consequence: More fliers get left behind. Airlines have always overbooked flights to compensate for last-minute cancellations. But they don’t always get the numbers right. And with so few seats open on later flights, fewer folks are volunteering to get bumped. As a result, the number of involuntarily bumped passengers is up, having grown 44 percent between the first nine months of 2005 and the same period in 2007, according to the Department of Transportation.

The silver lining for travelers is that airlines must get involuntarily bumped fliers to their destination within four hours of the expected arrival time or refund them up to \$400. The bad news is, the problem isn’t going away—airlines are busy developing computer systems to help them rebook bumped passengers. “Instead of fixing the problem,” says Tony Polito, an associate professor at East Carolina University who has published several studies on the airline industry, “they are institutionalizing it.”

2. “Your hard-won air miles are worth less all the time.”

AIR MILES ARE easy to accrue. You can earn them using your credit card, getting a mortgage, “for anything short of breathing,” says Tim Winship, editor at large of SmarterTravel.com. American Airlines, for example, has thousands of “mileage partners” to whom it sells air miles, making its frequent-flier program an important revenue center. And United Airlines’ Mileage Plus plan brought in \$600 million for the company in 2006.

But as miles flood the market, they’re getting harder to use. Joe Lopez, a publications manager in Phoenix, wanted to redeem the 70,000 miles he earned on Northwest—but couldn’t find a flight he liked. “It was ridiculous,” he says. (A Northwest spokesperson says 50,000 miles will get you a seat on almost any domestic flight the airline offers.) What’s worse, some airlines have reduced the shelf life of air miles, while others increased the amount required for an upgrade. Winship says customers can keep their account current by using a credit card affiliated with the program, which will build miles as they make purchases. You can also redeem a small amount of miles, to keep your account active, on things like magazine subscriptions.

3. “We’ll give you a good deal—if we can get something out of it.”

ONCE IN A WHILE airlines do offer serious bargains. Currently, they’re doing so in an effort to steer you away from the Expedia and Travelocity of the world. Why? Airlines pay these online booking sites a fee for every ticket they sell—something they’d rather not do. The upshot: If you’re looking for the best deals—anywhere from a few dollars off to savings of 25 percent or more—your first stop should be the airlines’ own Web sites.

The industry is following the lead of Southwest, which long ago pulled its tickets from travel sites. In 2005 it introduced Ding, a computer application that scans for the best fares and regularly updates you on deals. What does Southwest get in return? Loyalty and repeat fliers. “Subscribers to Ding are highly engaged customers,” says Anne Murray, senior director of marketing communication with Southwest. “They fly a lot.” American recently launched a similar application called DealFinder, which offers big discounts on flights, and other airlines may follow. But there’s a limit, says George Hobica, creator of Airfarewatchdog.com. “If every airline does this, how many of these things can you run on your computer?”

Illustrations by Ryan Heshka

Things

Your Airline Won't Tell You



4. "We love hidden fees."

THE INFLATION-adjusted price of an airline ticket has actually fallen since the airlines were deregulated in 1978. But at the same time, fuel costs have skyrocketed. How do airlines make up the difference? In part through special fees. These fees keep the listed ticket price competitive but boost the total cost to travelers, often at the end of the booking process, when buyers are less likely to change their mind.

The most common is the fuel surcharge, which ranges from \$5 to \$25 or more. (Southwest hedged against rising oil prices before they spiked; it doesn't have a fuel surcharge.) Other examples of fees: Northwest charges \$15 for an exit-row seat. United now charges \$25 each way for checking a second bag. And Allegiant, a small airline that provides services from cities like Missoula, Mont., to the Sunbelt, charges \$9.50 just to book a ticket online—a process that costs the company virtually nothing. Even frequent-flier programs, which are supposed to let you book "free flights," have added fees for things like booking too close to your travel date. "I keep seeing more and more of these hidden fees," says Hobica. "I get complaints from people all the time."



5. "Customer service isn't always our top priority..."

TWICE LAST YEAR, when Larry Meyer tried to fly from the U.S. Virgin Islands to Florida, he arrived at the airport only to find his flight had been canceled and nothing was available until the next day. "It really rubbed me the wrong way," he says. "They have my number in the computer; you'd think they could call me." And some customers, after enough bad experiences, have started fighting back. Kate Hanni, who was delayed on the tarmac for nine hours in 2006, formed a group that pushed New York State to enact a passengers' rights law.

According to Claes Fornell, a professor at the University of Michigan Ross School of Business, the major U.S. airlines currently have their lowest customer-satisfaction ratings in seven years. "There is collusion in dissatisfaction," he says. "They all offer about the same lousy service." But David Castelveter, spokesperson for the Air Transport Association, which represents the airlines, sees it differently. He says fliers, upset by delays that are often out of the airlines' control, assume customer service is the problem when other factors are to blame. "This is a customer-service-driven business," Castelveter says.



6. "...unless you have a lot of miles."

THEY MAY BE making a lot of customers miserable these days, but if airlines could be said to cater to anyone's needs, it's those of the folks in the top tier of their frequent-flier programs—heavy travelers, many of whom fly for business and therefore buy the most expensive tickets. "These people get white-glove service," says Henry Harteveldt, a travel analyst with Forrester Research. "[Airlines] really want to cultivate that relationship." These favored fliers get the first crack at upgrades. The reservation center answers their call on the first ring. They often get special bonus-mile offers and free upgrades. And they can use first-class check-in, meaning shorter lines through security and early boarding.

Chuck Guedelhoefer, president of Raths, Raths and Johnson, a structural-engineering firm in Willowbrook, Ill., cherishes the benefits he gets from United's top-tier membership program. For one, it makes it easier for him to redeem frequent-flier miles. And because he has so many with United, he always gets seated in the exit row, so he doesn't have to pay for upgrades to business class. "I even get treated better at the ticket counter," he says.



7. "Our planes are ancient."

AIRLINE PASSENGERS in Europe are accustomed to seat-back entertainment systems with movies on demand and videogames—innovations that seem like space-age fantasies compared with the pull-down screens still so common here. That's because after the industry's near collapse in 2001, most major U.S. airlines decided they couldn't afford new jets and stopped buying them. Now our commercial fleet averages 12 years old. And with so many older jets in the air, airlines feel little pressure to upgrade, says Richard Aboulafla, an aviation analyst with the Teal Group.

"An inordinate number of our planes [in the U.S.] are old and inefficient," says Harteveltdt. Among U.S. carriers, Northwest has the oldest planes, with an average age of 17 years. (JetBlue and AirTran, by contrast, have the newest fleets, averaging three years old.) It's not that old aircraft are dangerous; they're maintained to high safety standards. But in addition to being dingy and less comfortable for passengers, old planes cause more delays due to last-minute mechanical problems, and they guzzle fuel, a cost that filters down to customers. The situation is only going to get worse, says CreditSights analyst Roger King, since most U.S. airlines have placed few or no orders for new planes.



8. "Even we don't understand our pricing."

MOST FLIGHTS ARE divided into first class, business and economy. But when it comes to pricing, there are often up to 200 different price points for seats on each plane. "Ticket pricing is a mix of science, game theory and

art—a three-dimensional matrix," Harteveltdt says. The biggest factor, beyond basic costs like fuel and labor, is the competition. Airlines track each other's fares, then try to determine how many business travelers, who generally pay a premium for flexible tickets, are likely to book a flight. On routes with lots of business travelers, seat prices can stay high because airlines know they'll book seats at the last minute. As each seat sells, the prices of others fluctuate. "Domestic fares can change up to three times a day," says Hobica.

But prices don't only go up. If demand from business travelers is lagging, prices may fall as the flight time gets closer. If that happens and the fare drops by the time your flight leaves, you can get a voucher from a number of airlines for the difference—United, Southwest and Alaska do this without deducting a fee.



9. "We're at the mercy of Leave It to Beaver-era technology."

AIR TRAFFIC IN the U.S. has been increasing, but our air-traffic control hasn't changed much since the 1950s. This radar-based system tracks planes as they take off, travel and land. And while it's reliable, it's not efficient. Planes are routed across the country on a series of highways in the sky, spacing them at least five miles apart for safety. And that's the problem: Because radar pinpoints planes only every 12 seconds, their exact location is never known. "It's like driving a car when you only look out the window every 12 seconds. You can't get close to anything," says R. John Hansman, director of the Massachusetts Institute of Technology International Center for Air Transportation.

The airlines would like to see this system replaced by one based on GPS technology, Castelvetter says. That would allow planes to fly much closer

together safely, which would help congestion. The main sticking point is how to pay for it—Congress has yet to decide how to fund the change.



10. "You'll wait because the system's broken."

LAST YEAR WAS one of the worst years on record for airline delays: Only 77 percent of flights arrived on time, while 76 percent departed on time. And the antiquated air-traffic-control system isn't the only reason. Airlines routinely stuff more flights into a given time slot than ever have a hope of taking off. For example, there's room for 32 to 52 flights to leave New York's JFK airport between 8 and 9 a.m., but 57 are normally scheduled, automatically leading to delays, according to congressional testimony by the National Air Traffic Controllers Association. Newark, LaGuardia and O'Hare all have similar chronic overscheduling problems. And when bad weather rolls in, delays increase and spread across the country. Fed up, the Federal Aviation Administration stepped in last year, capping flights going in and out of JFK at 83 for peak hours, down from the usual 100. Caps will be imposed at Newark as well.

Even the airlines say it's a necessary temporary step. But the carriers would like more action from the government, including pushing through upgrades of the air-traffic-control system, which would increase capacity at airports. Castelvetter blames part of the problem on corporate jets—which take off and land at smaller airports in the region whenever they choose, exacerbating delays. "It's an incredibly complex problem," says Shannon Anderson, associate professor of management at Rice University, one involving aging technology, competing airlines and private and commercial carriers. "Just capping the number of flights is not going to solve it." 