

## It'll cost you \$15 to check one bag

AMERICAN AIRLINES TO LEVY NEW FEE BEGINNING JUNE 15  
Thursday, May 22, 2008

Airlines have started charging for food. Headsets and exit-row seating cost extra, too. Now, American Airlines has become the first major U.S. carrier to charge for yet another service that used to be free: checking a bag.

Starting June 15, passengers who don't pay full fare or who aren't high-end frequent fliers will have to pay \$15 for their first checked bag.

The change comes as American, like other airlines, grapples with \$130-a-barrel oil prices and a weak national economy. American posted a \$328 million first-quarter loss last month.

The Fort Worth company also announced plans to cut flights by 11 percent, which San Jose officials fear will affect some of American's 29 daily flights from Mineta San Jose International Airport. American also plans to raise various fees such as those for unaccompanied minors, non-Internet flight booking and itinerary changes.

At least one airline industry consultant believes other airlines will quickly follow suit. Indeed, United Airlines told the New York Times on Wednesday that it is "seriously studying" a charge for the first checked bag. Most large U.S. carriers already have instituted fees for a second bag.

In the business world, what American is doing is called "unbundling" - or charging fees for things that used to be "bundled" into the ticket price. AirTran, for instance, charges \$6 for the ability to select one's seat. JetBlue has said it will start charging soon for

### Rationale for fees

Airlines argue that adding fees this way is preferable to fare hikes because in theory, at least, passengers who don't want to use the services can avoid them. And airlines can't just raise fares whenever it suits them because the industry is so competitive that they'd surely lose passengers. "There is hardly any other product or service out there where a customer can instantly compare all the prices and products and services of every competitor," said American spokesman Tim Smith.

But to many passengers, checking luggage is hardly a luxury. "What is all that cargo space for?" asked Trudy Karl, a Salinas-area graphic designer who was waiting for an arriving passenger at Mineta International Wednesday.

Several travelers griped that overhead bins are already too full - and that American's new fee will just spur more people to try to cram their belongings there, slowing down boarding and adding to the aggravation factor.

"We already have to be really first in line to get any space in the carry-on bins," Karl said.

Danielle Robinson vowed to avoid American, which she had flown in on from college Wednesday. A graduate of Archbishop Mitty High School who plays basketball for the University of Oklahoma, Robinson said packing light is not an option. "I've got my basketball stuff, my other bags," she said. Already she's had to consolidate from two checked bags to one, to avoid American's \$25 second-bag fee. Now she's going to favor Southwest or Frontier, she said.

Other passengers Wednesday noted that Southwest is the only major carrier these days that lets passengers check up to two bags for free, and the company told the New York Times it was not planning to change.

But Gerard Arpey, chief executive of American parent AMR, said in a statement that the airline "cannot afford to sit by hoping for industry and market conditions to improve." The airline industry as a whole lost \$2 billion in the first quarter this year, and eight U.S. airlines have filed for bankruptcy protection, the company pointed out.



## Fewer flights

In addition to the new fees, American said it may lay off an undisclosed number of workers and retire 40 to 45 airplanes - mostly MD-80s and some Airbus A300s - plus another 35 to 40 regional jets. Those cutbacks will amount to a 10 to 11 percent reduction in flights handled by American, although the company didn't specify where those flights would originate.

But San Jose is likely to be affected, said Ed Nelson, director of air service development at the airport. American has 29 daily non-stop flights from San Jose to Texas, Chicago and Southern California, including MD-80s and regional jets.

"If an airline is reducing that many flights, it should affect us," Nelson said. He noted, though, that most of the daily American flights out of San Jose are full - which might make them less likely to be cut.

Although some airlines, including Delta and Northwest, said Wednesday they have no immediate plans to follow American's fee, airline consultant Raphael Bejar figures they will do so in due time - just as numerous discount carriers in Europe have done.

"I expect all the legacy carriers in the U.S. will do the same," said Bejar, chief executive of Paris-based consultant Airsavings. That's a scary notion for Mia Munson, a hotel program manager from Denison, Texas, who arrived Wednesday in San Jose on American. Noting that food prices, gas prices and even college tuition are all spiking, she asked: "Where does it stop?"

