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THE MIDDLE SEAT
 By SCOTT MCCARTNEY


What Fliers Can Expect -- Good and Bad -- in '08

**More Trans-Atlantic Options,
Changes to Rewards Plans;
The Threat of Labor Trouble**

January 8, 2008; Page D1

After a year filled with extreme delays, stranded passengers and plenty of airline and security woes, travel in 2008 promises to have a few more bright spots -- but plenty of turbulence, too.

Fliers are likely to see more of the same problems that characterized travel in 2007. Labor issues brewing at a number of carriers could make travel snarls even worse. But delays could decrease if restrictions on the number of flights at congested airports in New York and Chicago work. A weak economy and high fuel prices could reduce delays even more, crimping demand for seats and forcing airline schedule cuts. And travelers can look forward to some welcome changes, including more plush business-class options and WiFi in the air.

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For travelers, 2007 ended with typical trouble. Winter weather slammed airlines, leading to many delays and cancellations. From Dec. 21 through Sunday, only 55% of the flights at **AMR Corp.**'s American Airlines and **UAL Corp.**'s United Airlines, the nation's two biggest airlines, arrived on time, according to FlightStats Inc. More than 20% of all flights at those carriers were "excessively late" -- 45 minutes or more behind schedule.

United in particular ran into big problems, canceling more than 1,500 flights, or nearly 7% of its schedule, over that stretch, according to the flight-tracking firm. (American canceled fewer than 2% of its flights.) United canceled 10.5% of its flights on Dec. 24, then 23% on Christmas day, according to FlightStats.

The airline's pilots' union said the carrier was short on crews; United said bad weather hammered both its Denver and Chicago hubs, overtaking company contingency plans. The airline said it had 115 more pilots on its staff than in December 2006, but the weather last month was the "most challenging in United's history."

A weakening economy could lead to more financial woes for the industry. While the Air Transport Association recently predicted U.S. airline industry profits of between \$3.5 billion and \$4.5 billion for 2008,

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several Wall Street analysts think the industry could end up losing money this year. (The forecast from ATA, the airline's trade association, assumes no recession.)

Either way, a slowing economy and high fuel prices will exacerbate already huge financial pressure on airlines. One of the lessons of 2007 was that some airlines slashed staffing too deeply for the heavy passenger loads they booked last year, leading to long lines at airports, more passengers bumped from overbooked planes, more baggage left behind and lost, and far less help for customers when they needed it. Expect more of that this year.

You can also expect bitter public battles with labor and probably more customer-service problems for airlines. There are serious labor showdowns brewing at American, United, **US Airways Group Inc.** and other carriers in 2008.

Based on conversations with airline executives and industry experts, it's clear that if huge losses do hit airlines once again, the pressure to merge will finally force some big changes in the industry. Short of that, we will likely see carriers try to sell off more assets, spinning off subsidiaries like regional airlines, frequent-flier programs and maybe even maintenance divisions.

The frequent-flier program changes could create the most uncertainty for consumers. One benefit would be that new ownership of those businesses could open up more partnerships -- new opportunities for plans to offer more ways to earn and spend miles. At the same time, there could be peril for consumers: Airlines have already been raising mileage prices on awards and making availability harder to find, especially at the cheapest redemption levels. Untied from their programs, carriers might be more inclined to squeeze even further.



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Travelers may face more lost luggage this year.

There are some changes in travel to look forward to this year. Discount airlines -- now about one-third of the U.S. industry, and surging in many other areas of the world -- will continue to expand. New offerings and cheap prices make more trips possible for many more people. The new carriers also have raised customer-service pressure on existing carriers -- some new entrants offer more in-flight entertainment, fewer ticketing restrictions and penalties, friendlier service and non-stop options not previously available.

Treaty restrictions on travel between the U.S. and Europe will disappear March 30, and a new "Open Skies" agreement will allow exciting new service offerings. European airlines will be able to fly to the U.S. from any city -- not just their native country. So **British Airways PLC** is planning a new subsidiary that will offer business-class only service on a Boeing 757 from continental Europe to the

U.S. Specific routes haven't been announced yet for the launch later this year, but New York-Paris is a likely candidate.

The "business class" world of international travel will continue to see lots of expansion in 2008, even though one new entrant, Maxjet, shut down on Christmas Eve. There are now three new carriers flying business-class only flights between the U.S. and Europe: Eos Airlines, Silverjet and L'Avion. Several other airlines offer a sprinkling of business-class only flights, and with the Open Skies treaty, the field is likely to get all

the more crowded. That's great news for travelers -- more price competition for business-class seats, and a lot more choices.

Another major improvement for international travel: In March, British Airways will open its new "Terminal 5" at London's Heathrow Airport, the busiest airport in the world for international connections. Heathrow has been a disaster for travelers -- British Airways baggage piled up in moldy mounds during the summer for example. British Airways says the new terminal will cure many ills -- let's hope.

For better or worse, we are likely to see more cellphone use in flight in 2008. Air France now has an Airbus A318 in service offering email and text message by cellphone, and will allow voice calls in the second half of its six-month trial. But many other carriers appear to be opting for a more civilized offering of in-flight WiFi -- with voice capabilities blocked so you don't have to listen to a seat mate negotiate a deal or argue with a spouse. Tests are under way or soon to start at several airlines. American says it will have WiFi service this year for a fee in all cabins of its 767-200 fleet that fly primarily transcontinental routes.

Also in the "for better or worse" category, the super-jumbo Airbus A380 will likely begin passenger service to the U.S. this year. Emirates Airlines recently loaded A380 service between New York and Dubai into its reservation system beginning in October. With more than 500 seats, the plane offers elaborate luxury for some passengers, very cheap tickets for others and more-crowded security lines and airport lobbies for most of us.

On the security front, the dismal status quo will likely remain just that. We have adjusted to our quart baggies and inconsistent TSA procedures and rules. Travelers did win a smidgen of relief when British authorities last week dropped the maddening single carry-on baggage limit at some United Kingdom airports, including Heathrow. But the restriction, out of step with everyone else in the world, remains in place at other U.K. airports, including London Gatwick.

And travelers saw some small progress on the Registered Traveler program, now available at about 13 airports, but not at all security checkpoints at those airports. Under Registered Traveler, frequent fliers can pay an annual fee for a background check and gain access to special security lanes -- where available. So far, the program has moved very slowly, beset by little enthusiasm from the Transportation Security Administration. Since TSA insists on much of the same screening for Registered Travelers that unregistered travelers get, the benefit is muted for road warriors who have access to special lines for first-class passengers and elite-level frequent fliers.

With luck, 2008 should be a marginally better year for travelers than last year. After a year of record delays, record complaints, passengers stranded on airplanes and left waiting for flights for several days during bad storms or busy holidays, it's hard to see how it could be worse.

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