

# Away on Business: Upgrade devaluation?

By Michael Conlon, February 13, 2003 16:52:30 GMT (Reuters)

CHICAGO, Feb 13 (Reuters) - A woman on a recent flight from Chicago to Florida reports she settled into her first-class seat and downed a complimentary bloody Mary — and then a second one.

But midway through the flight she realized these weren't just pre-prandial cocktails: There was no meal.

Welcome to the changing world of first- and business-class travel where on some airlines things are not the way they used to be. Blame the worst depression ever to hit the industry.

So, is that upgrade business travelers so eagerly seek worth less these days? Several industry observers to whom we talked were unanimous in saying the main attraction — more space and convenience — has not been diminished, though there is a trend in the industry toward allotting more seats to business class at the expense of first.

"First/business class is being somewhat devalued, but it still is an improved airline product compared to coach/economy, especially with the more extreme devaluation going on in the coach/economy section," says David Stempler, president of the Air Travelers Association (<http://www.1800airsafe.com>). "It reminds me of the saying from Mae West — 'I've been rich and I've been poor, and rich is better.' I've flown in both and first/business class is better," he adds.

Specifically he cites more leg and seat room, space to work, early boarding, no competition for overhead storage, free drinks and entertainment, no waiting to get off the plane and "You don't have to wait for the cart to get out of the aisle to use the bathroom."

Matt Bennett, publisher of First Class Flyer (<http://www.firstclassflyer.com>) who goes by the nickname "Mr. Upgrade," says "the whole meal thing is overblown, especially in first class."

His readers, he says, "don't care about the meal — they want the room." The cutbacks that have been made, he adds, are not widespread and primarily affect shorter domestic flights at non-meal times.

Business- and economy-class travel is "still a huge revenue stream" for the carriers and, if anything, he's seeing a renewed investment in it.

"Some people are saying the airlines are all going the way of Southwest (which offers only economy class). But I see hundreds of millions being spent on sleeper seats. What people want in business and first is to lie flat," he added, citing recent improvements made or under way at Qantas and Cathay Pacific. He estimates 30 percent of frequent flier mile cash-ins are for upgrade purposes but there is still a demand for full-fare first class tickets from certain executives and other top-line travelers.

Lufthansa says there was such a demand for business-class service between Dusseldorf and New York — service that had been canceled after the Sept. 11 attacks — that it outfitted a Boeing 737-700 as business class only, with 48 seats. The six-days-a-week service has an occupancy rate of 80 percent, according to Aage Dunhaupt, spokesman for the company, which is a major provider of technical services for aircraft worldwide. He says there is a definite trend toward more business class seats, and fewer traditional first-class offerings.

Joel Widzer, author of "The Penny Pincher's Passport to Luxury Travel," (<http://www.jetready.com>), says the fancy meals and wines that marked domestic first-class service a few decades ago have little meaning for today's business traveler who really wants convenience, quiet, legroom and space to work. Internationally, he says the premium seats offer lower stress levels and less travel fatigue, making a business traveler sharper and more efficient on his or her assignment.

He says the airlines still need to differentiate themselves on the basis of service to attract and keep their highest paying customers.

"Loyal customers are more willing to pay a bit of a premium. A lot comes down to perceived value ... if people perceive enough value, they're willing to pay a bit more," he said.

Widzer adds that "right now is a good time to get upgrades because fewer people are flying," and with the documented over capacity in the lodging industry, a room upgrade is even easier to score provided the guest can give the impression that he or she could be a loyal customer who appreciates being treated differently.

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