



Last big airline drops free food

Continental coach fliers
will have to pay for meal

By Dan Reed
USA TODAY

The last big U.S. airline to give coach passengers free meals is taking them away.

Continental Airlines, the USA's fifth-largest carrier, said Monday that it would begin charging domestic coach passengers for food and snacks this fall like its competitors.

In doing so, Continental is abandoning a seven-year policy of providing complimentary food on the grounds it would create loyal customers and better profits. The decision also marks the end of an era, when passengers could count on a meal during a flight on a major airline as part of buying a ticket.

Jim Compton, Continental's marketing chief, says the free-meal policy "has served us well for many years."

But, he says, "We need to change to reflect today's market and customer preferences."

Menu choices and prices for passengers in the coach cabin will be disclosed later.

Continental will continue serving complimentary meals to first- and business-class passengers, as well as to coach passengers on flights longer than six hours and on most international flights.

Selling food was one of the first steps most airlines took in recent years as they began "unbundling" services. That's the term they use for charging for what used to be part of the ticket price.

Charging for food, checking bags and rebooking flights allows conventional airlines such as Continental to keep their ticket prices competitive with low-cost, discount airlines and still attract some revenue.

Conventional wisdom, backed by market research, holds that most travelers will forgo some conveniences, such as meals or flying on an airline they like more, to save a few dollars on the fare.

Continental has been criticized in recent years by some analysts and investors for continuing to provide free meals on flights. But debate continues among some in the industry over whether unbundling is wise.

Executives at United Airlines, for example, say their carrier picked up an additional \$700 million in 2009 from the sales of services. But discounter Southwest Airlines, which never served meals, credits its decision not to charge for checking bags for a 1 percentage point gain in domestic market share.

Julius Maldutis, a veteran industry analyst, says Continental's change in policy is coming just as travelers' tolerance of fees is reaching its limit.

Tony Polito, a business professor at East Carolina University who closely follows the airline industry, says he wonders "whether things like no free food on board costs them more than it saves them" via lost customers.