

Airlines making a big push to offer in-flight Wi-Fi service

February 17 2010, By Richard Newman

In-flight Wi-Fi, the next big-fee income generator for airlines, is available so far on 711 commercial aircraft, and the number is growing. Eight airlines, so far, have deals with technology provider Aircell to offer its Gogo in-flight service for \$4.95 per flight segment and up, based on the length of the trip.

The service lets passengers with laptops and smart phones surf the Web, read and send e-mail, and access corporate networks.

"It's going to become universal," said Jay Sorenson, president of the Wisconsin-based airline consulting firm IdeaWorks. "Wireless connection has become imperative for a lot of people."

Travelers, at least so far, are more accepting of <u>Wi-Fi</u> fees than they are of the bag-check fees that have been squeezing them. "People recognize the technological complexity of offering decent Wi-Fi service at 30,000 feet," Sorenson said.

Kevin Mitchell, chairman of the Business Travel Coalition, said he has used Gogo recently and he was glad to pay the fee on a 6:10 a.m. flight on Friday to Atlanta from San Antonio. It saved him about two hours' sleep.

"I set my alarm for 4 a.m. and I was able to do my Travelogue in the air," he said. "Otherwise, I would have had to set it for 2 or 2:15." Mitchell's Travelogue is an aggregation of links to the day's online travel news,



which he e-mails on most weekdays to his group's members.

Mitchell flew on AirTran Airways, which has Gogo on all of its 138 <u>aircraft</u>. Virgin America also has it on its entire fleet of 28 planes.

All of the big network carriers have started retrofitting aircraft to offer it, said Aircell spokeswoman Jessica Anselmi.

Delta Air Lines is leading the way with Wi-Fi on 355 aircraft, with 200 more planes scheduled to be equipped this year. American Airlines so far offers Wi-Fi on 150 MD-80 aircraft and on 15 Boeing 767-200 aircraft. United Airlines has it on 13 aircraft. US Airways expects that 50 of its A321 aircraft will be Gogo-equipped this year. Continental Airlines will offer Gogo on 21 Boeing 757-300s that primarily serve domestic routes, beginning in the second quarter.

Aircell said last month it raised \$176 million in new financing for "network expansion and operating needs."

For the airlines, the revenue-sharing arrangements with Aircell will probably not be as lucrative as the baggage fees, Sorenson said. As more hotels and airports drop Wi-Fi charges to meet customer expectations, airlines may eventually come under pressure to offer free Wi-Fi as well, he said.

"Airline executives live in fear of that potential," he said.

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