

Barnett on Business Travel: Airline mergers will make flights tougher for passengers

by *Chris_Barnett*

Hold on to your wallet, brace yourself for confusion and sour faces in-flight, and get used to tighter seating in smaller planes on longer trips. Airline mergers are in the air. In fact, by the time you read this, Delta Air Lines and Northwest Airlines may be engaged for a corporate marriage, but don't expect a festive reception.

Even if the two airlines' 11,000 unionized pilots can agree on a new joint contract, there will be no joy on the ground or in the air. Those delicate discussions are always fraught with squabbles over seniority, pay and time off. Still, it may be a done deal as this is written and the world-largest airline, by passenger traffic, may well be on its way flying the Delta name and colors.

Meanwhile, Continental and United have been talking merger. American and Continental, reportedly, have also been discussing a consolidation but several analysts say that's more rumor than reality.

All of the above could or would be great news for investors in the airlines who've taken a beating in recent years. But for those of us who invest only in tickets or are invested in their frequent flyer programs, airline mergers are misery. Fusing two companies, two work forces, two "cultures," two work rules, two or more pay levels, seniorities - the list goes on - is treacherous.

Just ask the employees and the passengers who work for or fly with USAirways, which was taken over by America West several years ago. The airline is like two countries that share a common border and despise each other. USAir "East," as the original USAir employees call themselves today, tell me there never will be a harmonious blending of the two carriers.

Business travelers are hardly thrilled by the shrinking number of major U.S. airlines and see something sinister afoot.

"There's already fewer routes to choose from and this is another way to reduce routes, raise prices, less seats to choose from, less frequent flyer reward seats and less flexible schedules," says Leigh Anne Varney, president of Varney Business, a San Francisco technology communications consultancy.

Varney has been a member of United's Mileage Plus frequent flyer program for 21 years and the miles dictated her schedule.

"I used to make decisions based on frequent flyer miles (I could earn)," she says. "But now I don't trust the

program and look for the best price for a nonstop that fits my schedule, in that order."

San Francisco-based financial services executive Joel Hammer isn't really bothered by big airline mergers "because the large domestic air service has become essentially a commodity business in the last two years, as fuel prices and operating costs have risen."

He also cites United, "which once prided itself on the best service and customer rapport as being horrible and pricey. Now I'm much more price conscious and fly Jet Blue, Virgin America and Southwest."

Hammer thinks the mergers of major carriers will hurt employees more than passengers who've already experience and accepted skimpy service.

"The mergers will eliminate overlapping jobs and unprofitable routes immediately."

Airline consultants are not as flummoxed by the consolidation.

"This (Northwest and Delta) will be the anti-merger," says Mike Boyd, president of Boyd Group Aviation Consulting. "Mergers usually mean putting two things together and having less than the sum of their parts. This merger may put two airlines together to get bigger, stronger, network and more consumer oriented."

I can hardly see Northwest becoming more gracious in their passenger and employee treatment. And Delta's CEO is Richard Anderson, a lawyer who logged 14 years at Northwest. But as Boyd points out, Delta and Northwest have had a code share and marketing alliance for nearly four years and are not strangers.

Boyd says United is "desperate to merge" and has been "banging on Continental's door" for some time. The banter about American and Continental combining is a "shameful rumor" someone put out for their own purposes, he adds.

In the meantime, get ready to fly longer distances in smaller planes with the Delta-Northwest hookup. Both airlines are expanding internationally and their bigger jets will be shifted to overseas route - a trend that's hardly new among U.S. airlines.

We haven't seen a coast-to-coast flight in a tiny, cramped 39-passenger regional jet from the major airlines

yet, but if consolidation continues, get ready for it.

Chris Barnett writes on business travel strategies that save time, money and hassle.

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