

Business Travelers Get Fare Relief

Delta's Reductions Spread Beyond Its Flight Network Following Cuts by American

By EVAN PEREZ

Nearly three weeks after Delta Air Lines triggered a new round of fare competition, business travelers are reaping the savings even on routes Delta doesn't fly.

Delta's move to slash its most-expensive fares and ditch onerous restrictions on inexpensive tickets had wider implications. They prompted rival big airlines—worried about cutting revenue as they struggle with huge financial losses—to try to limit their matching moves to markets where they faced Delta competition.

But it is clear now that even in routes where Delta has no direct presence, fares have come tumbling down. And on many routes the Saturday-night stay requirement, much hated by business travelers since it was used by airlines for years to limit access to cheaper tickets, is also becoming scarce.

For that, travelers also may owe a bit of thanks to the world's biggest airline, AMR Corp.'s American Airlines. American has largely followed Delta in cutting many walk-up fares, increasing downward pressure on ticket prices.

Business fares in the top 40 routes flown by major airlines are down by one-third compared with a year ago, according to an analysis done by Harrell Associates, an aviation-industry consulting company. Delta's business fares are down 32%, while American's are down 44%, and those at UAL Corp.'s United, the second-biggest U.S. carrier, are down 38%. The analysis compared refundable fares, available for purchase no more than three days in advance on 40 routes flown by the six major U.S. carriers and low-fare carrier America West.

"The dust has settled; once American joined in, fares came down everywhere," said Bob Harrell, whose New York company prepared the fare analysis.

Delta's Boston-to-Atlanta one-way, walk-up fares have fallen 37% to \$339 as a result of Delta's new fare initiative, dubbed SimpliFares. But even on the Chicago-to-New York route, one-way, walk-up fares on United and American fell 47% to \$364, even though Delta doesn't offer direct competition on that route.

Business travelers, many of whom have been cut back travel in recent years because of stubbornly high business fares, are now finding it possible to take

Ripple Effect

Business fares have tumbled in many of the busiest routes due to intense new competition launched by Delta two weeks ago.

Some sample walkup fares compared with a year ago

CITY PAIRS OR ROUTES (Carrier)	FARE NOW	YEAR AGO	PERCENT CHANGE
Boston-Chicago (United, American)	\$499	\$778	-36%
Atlanta-Denver (Delta)	429	738	-42
New York-Dallas/Ft. Worth, Texas (American)	499	1,080	-54
San Diego-Newark, N.J. (Continental)	499	1,128	-56
Los Angeles-Atlanta (Delta)	449	755	-41
Minneapolis-Washington (Northwest)	549	635	-14
New York-Washington (US Airways)	150	110	+36
New York-Washington (Delta)	233	233	unch.

Source: Harrell Associates

extra trips they may have avoided in the past, says Dan Boehm, president of Atlanta-based corporate-travel agency Boehm Travel.

However, the business-traveler bonanza has skipped some routes. Business fares on the Northeastern U.S. shuttle routes, linking Boston, the New York area and Washington, D.C., have stayed steady, and in some cases even risen. And some routes with low-fare airline competition already had lower fares that benefited business passengers as well as holiday travelers.

One side effect of the fare cuts is that many big corporate-travel contracts, which funneled a certain volume of business to preferred carriers in exchange for discounts of 8% to 12%, may become obsolete. Mr. Boehm says that may allow busi-

ness travelers to shop around more with low-cost carriers, though many companies are already tapping into those savings.

Joe Leonard, chief executive of AirTran Holdings Inc., parent of discount carrier AirTran Airways, said that with airlines like Delta getting rid of many of their big corporate contracts, "we think that opens up a lot of opportunities for us. A lot of their corporate deals are based on high prices."

Delta officials say the fare cuts under their simplified fare program have affected only a small percentage of their tickets, since low-cost carrier competition had already forced lower fares in the majority of Delta's markets, centered largely on the U.S. East Coast. Other carriers, however, have been more dependent on higher business fares and may find themselves losing more revenue.