If the World Were Run Like Airlines
Sandwich Prices Would Spike at Peak Hours and 'Priority' Elevators at the Hotel Would Cost Extra

By SCOTT MCCARTNEY

Scott McCartney has a look at why the airline industry can penalize customers, surprise them with fees, change prices multiple times a day, and still turn a profit.

Imagine if airlines ran restaurants. We'd live in a world where a half sandwich, the equivalent of a one-way ticket, might cost two times as much as a whole sandwich.

The airline way of doing business is unique—few other businesses have as many rules and restrictions, taxes and fees, frustrations and disruptions. Not many other businesses have such varied and ever-changing pricing for their products. And rare is the business that hits its customers with penalties of hundreds of dollars.

Why so different? Airlines face a unique set of challenges, including easy world-wide comparison shopping, high equipment costs, complicated contract work rules, vulnerability to oil price swings and heavy government regulation. And most everything happens outdoors, whatever the weather.

The business has gotten far more complex in recent years as the joys of flying have diminished. Simplified pricing schemes have been tried and have failed. Fees and penalties that have generated revenue have been pushed higher and higher. The result: a $200 fee to change a domestic reservation.

"It's a really hard business," said R. John Hansman, director of the International Center for Air Transportation at the Massachusetts Institute of Technology. "So much depends on many things beyond your control."

The operation is so interconnected that one late flight can make three or four others late, and those delays reverberate all day. "Someone messes up a sandwich, but there are not 40 other sandwiches messed up," Dr. Hansman said.

Airline pricing is something consumers find maddening, but it makes other businesses envious. Many businesses would like to segment customers into different groups, with different prices based on ability to pay, says Jan Brueckner, an economist at the University of California, Irvine, who studies the airline industry.

Grocery stores try with coupons, but airlines have taken this model to an extreme. "It's as if the prices of cornflakes were being changed hour by hour on store shelves," said Dr. Brueckner.

What if they were? We decided to conjure an alternate universe where airlines run everything:

[Image] Michael Witte

Your baseball tickets have your name on them. Want to give them to a friend? You can—for a stiff fee.
Subwings Sandwich Shop

Prices at Subwings go up closer to lunchtime, when demand for sandwiches peaks. It may cost more to produce a sandwich with roast beef than tuna, but if the bankers across the street prefer tuna, it's going to be the most expensive sandwich on the menu.

Subwings pays close attention to competitors. If Joe's Subs dropped bologna from its menu, Subwings would quickly double the price on bologna sandwiches.

At Subwings, customers must return their trays to an upright and locked position before departing.

Airmazon.com

Online shopping giant Airmazon.com employs a flotilla of computers to set the price of a pair of jeans. Those bought and worn on Tuesday and Wednesday in February are usually cheapest. Jeans intended as gifts in December cost more. If you want to wear the jeans right away, the price can be 10 times as much as jeans bought 30 days in advance. Any item purchased at any sort of discounted price will be nonreturnable, unless you pay a $200 exchange fee.

Airmazon has a customer loyalty program where points can be redeemed for merchandise, but your odds are better redeeming in slow sales months. Good luck trying to get popular jeans in July.

If Airmazon is late with delivery, the company won't be responsible if weather or traffic is to blame. If your jeans don't arrive because of a problem within Airmazon's control, the company lends you sweatpants.

Hotel L'Aire

You book a hotel room and what do you get? Four walls for the night.

Hotel L'Aire has made all amenities à la carte so customers only pay for what they use. They call it GuestMegaChoice. Want a bed with your room? That's an extra $50 per night. Plan to take a shower? There's a hot-water surcharge of $15 per 10-minute shower. A TV is included, but if you want to use it, you can either bring your own remote control or rent one for $3 a night.

At L'Aire, reserving a room of your choice in advance will cost you a $10 fee. You can pay $10 extra for early check-in. Want to ride priority elevators? $10, please. Checking out online is free, but talking to a desk clerk carries a $25 real-person fee.

The Newark Pilots

At Pilots baseball games, the buyer must attach a name to the ticket, and the name can't change. This practice is to prevent one person or company from buying a whole season of tickets-season-ticket packages aren't offered by the Pilots-and then letting a lot of different people use them.

A policy of no name changes keeps groups that watch a lot of baseball, or resourceful entrepreneurs who might want to control ticket inventory, from buying up a lot of discount seats in advance and handing them out to others. (It's not a security rule: The Pilots, like some airlines, will change names on tickets, for a fee.)

Reselling Pilots tickets on StubHub is strictly prohibited. So is giving them to your buddy if you can't use them. The Pilots ticket office doesn't allow exchanges, either, unless you want to pay a change fee.
of $200 per ticket.

Occasionally, Pilots players arrive late for games or rain forces delays. No worry: The Pilots promise to keep you informed, though you can probably get better information on your smartphone.

Whole Fare Market

To cram more customers into the store, Whole Fare, a high-end grocery store, recently squeezed its aisles closer together. That created more aisles and more revenue per store. Shoppers have to turn sideways to get down the aisles, however, and only shoppers who enter the store first have enough room for carts.

Shoppers complain they are cramped throughout their visit. Whole Fare recently set up wider rows for customers willing to pay higher prices. They call it "Economy Extra," even though the rows are the same width the store used to have when it opened.

The company also launched a line of Regional Whole Fare Markets-smaller stores run by contractors. Whole Fare says RWF stores allow the company to offer groceries to smaller communities not big enough to support a whole Whole Fare store. But its shoppers complain of higher prices, even smaller aisles and lost shopping bags.

Many customers say they are unnerved when a store employee calls out for people to "prepare for final checkout."

Wright Brothers Elementary

All backpacks must fit into the school-issued cubby hole and must weigh less than 25 pounds. If a backpack weighs more, an excess-weight backpack fee will be charged. If there is no room in the cubby for the backpack, it will be checked until your last class of the day. Gym bags can be stored in gym lockers for a $25-per-bag fee, which is waived for starting varsity players and any student holding a platinum-level bus pass.

Beginning in the fall, a fee will also be collected for cubby-stored backpacks.

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