

**HEARING BEFORE  
THE UNITED STATES SENATE  
PERMANENT SUBCOMMITTEE ON INVESTIGATIONS**

**Testimony of Peter Carter  
Chief External Affairs Officer, Delta Air Lines**

**I. Introduction**

Chairman Blumenthal, Ranking Member Johnson, and members of the Subcommittee, thank you for the opportunity to appear before you today. My name is Peter Carter, and I am the Chief External Affairs Officer at Delta Air Lines (“Delta”). I am also a member of the Delta Leadership Committee and work with other senior leaders to set the strategic direction for the company. I appreciate the opportunity to appear before you today.

Headquartered in Atlanta, Georgia, Delta is a global airline that operates significant hubs and key markets domestically and internationally. As the largest private employer in the state of Georgia, Delta is proud to play an integral role in the state’s economy through workforce opportunities, community investments and meaningful partnerships. Core to Delta’s mission and culture are the partnerships and investments we make in the communities where we live, work and serve around the country.

Worldwide, more than 100,000 Delta people lead the way in delivering a world-class customer experience on over 4,000 daily flights to more than 290 destinations across six continents, connecting people to places and each other. Delta is committed to serving as many as 200 million customers annually, with industry-leading customer service, safety, innovation and reliability. We are dedicated to ensuring that the future of travel is connected, personalized and enjoyable. Our genuine and enduring motivation is to make every customer feel welcomed and respected across every point of their journey with us by providing an elevated and caring experience.

Delta’s commitment to these bedrock principles is one of the reasons why Delta is America’s most-awarded airline. In fact, Delta is consistently recognized for excellence in everything from passenger experience to customer service, operational performance to workplace culture. This year alone, Delta was recognized as the top-ranked airline for First/Business and Premium Economy Passenger Satisfaction in the J.D. Power 2024 North American Airline Satisfaction Study. Also in 2024, Delta landed on TIME’s inaugural list of the “World’s Best Companies” coming in at No. 12—the only U.S. airline in the top 155. Delta also continues to be recognized by Cirium for operational excellence, as the top U.S. airline by the *Wall Street Journal*, among Fast Company’s most innovative companies, the World’s Most Admired Airline according to Fortune, as one of Glassdoor’s Best Places to Work, and a top employer for diversity, veterans and best workplaces for women by Forbes.

## **II. Delta's Approach to Ancillary Fees and Services**

Our approach to optional products and services is rooted in principles of consumer choice and transparency. Our goal remains to provide options and value for every customer, from the student traveling home with only a backpack, to the corporate executive. Every customer who flies Delta can tailor their travel experience by choosing the products and services that are right for them. Additionally, while we do charge ancillary fees for a limited number of products or services, the vast majority of our customers do not pay any ancillary fees. For example, all customers are permitted a free carry-on bag and personal item. And fewer than 20% of our customers pay a fee to check a bag.

### Consumer Choice

At Delta, we recognize that not all customers travel the same, and our fee structure reflects that. Delta's approach to ancillary fees is part of our customer first commitment. This means customers can tailor their experience by choosing to purchase optional products and services that are important to them. Ancillary products and services are offered for purchase on an "opt-in" basis, with the key information prominently disclosed at various points along the shopping path to ensure customers are equipped to make informed decisions tailored to their preferences and specific travel needs.

Our commitment to choice is the reason why Delta offers a wide suite of products and services, ranging from Basic Economy to more premium offerings. There is a product for every customer based on their individual needs. We believe that allowing customers to choose the services that meet their present and unique needs provides an opportunity to forego unnecessary services. For example, with lower-cost fares, Basic Economy provides maximum value for thriftier customers who travel with a single carry on and are flexible about what seat they are assigned. Those traveling with minimal belongings have the ability to forego any baggage fees, generating greater value for the customer. We also provide premium products because there is great demand for these products. Some of our customers want more out of their flight experience and opt to purchase one of our premium offerings such as Comfort+, which in addition to more legroom, customers can enjoy earlier boarding and deplaning, dedicated overhead bin space, premium snacks, beer and wine for customers 21+ traveling over 500 miles.

### Transparency

Delta facilitates transparent and consistent access to Delta flight, fare, and ancillary fee information in the customer's preferred booking channel, whether through Delta direct channels or through third parties. Delta aims to make the booking process seamless and transparent, and, to that end, we make clear the attributes of the product(s) the customer is purchasing. Prominent and clear displays surrounding ancillary fees ensure that consumers are informed and understand their choices regarding optional products and services.

When a customer opts to purchase an ancillary service or product, we prominently disclose key information at various points throughout the booking process and prior to purchase. On Delta.com, for example, once the customer enters route, date, and schedule information (and SkyMiles/Medallion account information, as applicable) and advances to the next page, we

include links to baggage fee information. Applicable baggage fee information is disclosed prominently at various stages of the booking process, with detailed and personalized baggage fees presented before checkout. Delta also offers customers the ability to price additional, oversized and overweight bags through its baggage calculator—which is available to any passenger both within and outside of the booking flow. Delta also provides the customer with a fare product grid, allowing them to review attributes associated with their preferred fare product (Basic Economy, Main Cabin, Comfort+, Premium Select, Delta One).

Once the customer has selected the preferred fare product for each flight segment, the next page—the Trip Summary page—displays upgrade options (with associated fees) as well as links to seat selection information, including options to select preferred seats or seats with extra legroom (with applicable dollar amounts prominently displayed in a pop-up window). Change and cancel policies are also visible. With each choice the customer makes, the Trip Total feature in the right margin updates instantaneously to display the total “Amount Due,” conveying price changes associated with each adjustment in a simple and concise manner. On the next page, entitled “Review and Pay,” Delta.com displays the full itinerary information. This page also clearly displays information on baggage allowance and fees, assisted by the baggage calculator tool.

### **III. Pricing of Ancillary Fees**

As a company operating in a competitive market, Delta’s ability to compete hinges on its ability to design and execute a business model consistent with market demands and dynamics, including with respect to ancillary product fees. Accordingly, fees associated with ancillary products were designed—and continue to be propelled by—competitive market dynamics and other cost inputs, such as labor costs and fuel costs.

Like other airlines, Delta’s overall costs have continued to rise over the last several years. For example, Delta has been—and will remain—committed to investing in its people. As a result, labor costs have increased. This year, we raised the minimum starting wage for frontline employees to \$19 an hour.<sup>1</sup> We also provided employees across the company with a 5% pay raise.<sup>2</sup> These increases represented an investment of \$500 million in our employees.<sup>3</sup> In the last 15 years, Delta frontline employees have received 12 base pay increases totaling an 85% increase in base pay, outpacing inflation. We also share our successes with our people. In 2024, we paid out \$1.4 billion of our 2023 profits to our 100,000 employees.<sup>4</sup> Volatility in fuel prices is another reason that Delta’s costs have increased significantly over the period subject to the Subcommittee’s review. In January 2024, the average fuel cost per gallon for scheduled service for all U.S. airlines was \$2.70—nearly an \$0.80 increase from January 2019.<sup>5</sup> Overall, Delta’s

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<sup>1</sup> *Delta increases starting pay to \$19 an hour, provides pay raises to employees worldwide*, DELTA (Apr. 22, 2024), <https://news.delta.com/delta-increases-starting-pay-19-hour-provides-pay-raises-employees-worldwide>.

<sup>2</sup> *Id.*

<sup>3</sup> *Id.*

<sup>4</sup> *Delta people earn over \$1.4B in profit sharing*, DELTA (Jan. 12, 2024), <https://news.delta.com/delta-people-earn-over-14b-profit-sharing>.

<sup>5</sup> *U.S. Airlines’ January 2024 Fuel Cost per Gallon Down 3.4% from December 2023; Aviation Fuel Consumption Up 2.3% from Pre-Pandemic January 2019*, BUREAU OF TRANSPORTATION STATISTICS (Mar. 5, 2024), <https://www.bts.gov/newsroom/us-airlines-january-2024-fuel-cost-gallon-down-34-december-2023-aviation-fuelconsumption>.

operating expenses for the year 2023 were \$52.527 billion, up from \$46.921 billion in 2022.<sup>6</sup> As such, the cost of providing optional services and products has increased as well.

And while the discussion today will focus on ancillary fees, it is important to recognize that over the years Delta has continued to innovate and invest in the customer experience, and we are setting a new standard for benefits regardless of the fare class purchased. Today, Delta leads the industry with over 161,000 seatback screens across more than 850 aircraft, underscoring our dedication to the in-flight entertainment experience. We have also rolled out our new fast and free Wi-Fi across more than 90% of our domestic mainline fleet and expanding. When connecting to onboard Wi-Fi using their free SkyMiles membership, customers are also accessing Delta Sync, an exclusive portal with exciting offers like a free 24-hour streaming pass to Paramount+ and additional benefits that change the way they stream, game, explore and more while on board. More SkyMiles members than ever are enjoying immediate perks as Delta seamlessly integrates SkyMiles membership, the Fly Delta app and Delta Sync products to create the ultimate personalized experience in the sky. Delta Sync seatback continues to expand to additional aircraft and fast, free Wi-Fi installations have expanded to our international routes and will continue to be implemented across our fleet into 2025. Customers value connection. And just like they would at home, they want the flexibility to spend their time in a way that suits them, and we're proud to offer industry-leading experiences no matter their choice of fare product.

#### **IV. Conclusion**

Delta is in the customer service business, not the ancillary fee business. And we are proud that transparency and consumer choice are key parts of our business model. Ancillary fee practices that erode the trust and loyalty of our customers are not in our best interests. That is why we disclose the fees associated with our products and services early and often.

Through exceptional service and the power of innovation, we never stop looking for ways to make every trip feel tailored to every customer. At Delta, our motivation is to make every customer feel welcomed and cared for across every point of their journey with us, regardless of the products and services they choose.

Thank you, and I look forward to answering your questions.

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<sup>6</sup> *Delta Air Lines Announces December Quarter and Full Year 2023 Financial Results*, DELTA (Jan. 12, 2024), <https://ir.delta.com/news/news-details/2024/Delta-Air-Lines-Announces-December-Quarter-and-Full-Year-2023-Financial-Results/default.aspx>.