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In-Flight Broadband Flying High or Still on Runway?

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This week, Boeing and NTT DoCoMo announced a much-anticipated partnership with the signing of a memorandum of understanding (MOU) that should lead to Boeing's Connexion in-flight broadband Internet service being made available to DoCoMo's Mzonewireless LAN service users.

Discussions regarding in-flight broadband service go back to 2001, when according to an eMarketer article on the topic -- "*Connected in the Sky*" -- Tenzing (backed by Boeing competitor Airbus Industries) had already rolled out an in-flight narrowband connectivity option while Boeing's high-speed Connexion was still in the development phase. At that point, Boeing had not yet completed negotiations with major airlines and technology partners.

Last month, Boeing announced official pricing for its onboard high-speed access:

- \$29.95 for long haul (more than six hours) flights
- \$19.95 for medium-haul (between three and six hours) flights
- \$14.95 for flights shorter than three hours.

Boeing explained that its pricing is based on "extensive" customer research. In its release, Boeing quotes Forrester Research analyst Henry Hartevelde as saying "our research shows that 38% of frequent travelers are willing to pay at least \$25.00 per flight for full, high-speed access to the Internet and their corporate network." Indeed, business people have been the primary target for such services.

However, eMarketer, in its 2003 *Travel Industry Worldwide* report, noted that while the future looked imminently bright for in-flight broadband in 2002, roll-out was taking longer than expected by 2003. In fact, Philippe Chenevier, VP for Special Projects at Airbus Industries, was quoted in *The New York Times* in January 2003 saying, "Jumping immediately to [in-flight] broadband is a significant financial risk and immediate financial investment. It's like if you have a new territory and you build interstates with four lanes whereas you have only two cars."

Harris Interactive surveyed 1,000 PC owners in the US and 500 in Europe in 2002 to learn where they would like to have Internet access. Only 3% of US respondents and 7% of European respondents said they would like Net access on a plane, compared to 16% of both groups desiring Net access in their cars.

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