

## **Should Retailers Charge for Wi-Fi Service—Or Give it Away for Free?**

**Randall Stross, “What Starbucks Can Learn from the Movie Palace,” *The New York Times*, March 04, 2007.**

Retailers each have their own opinions when it comes to what services they offer for free and which they add for a fee. In some airports and retail locations, computer users can access Wi-Fi service for free, but other retailers and airports charge varying rates for it.

For years, companies have made decisions to include or charge for various services, such as the introduction of air conditioning to public places, especially movie theatres. The investment to install these systems was very costly, but it appeared in the price of going to the movie, which meant viewers bought “tickets to theatres, not movies.” Coin-operated bathrooms seemed like another benefit for which some retailers believed they should charge.

Although air conditioning and bathrooms are now free almost everywhere, the new debate hinges on whether to charge for Wi-Fi Internet access. Starbucks and McDonald’s both charge for the service, but Panera does not. Perhaps retailers need to realize that more services mean customers value their offerings more, and services like free Wi-Fi may prompt customers to “hang out” in their stores, which is likely advantageous to them. The longer customers remain in a store, the more likely they are to purchase more from the retailer.

In addition, Wi-Fi service can become part of the retail experience and ambiance. What if the tables and chairs in Starbucks had to be coin operated? Customers would leave in a heartbeat, because the cafes would not be nearly as inviting. Just as a moviegoer buys a ticket to a theater, a Starbucks customer buys the Starbucks experience, not just a cup of coffee.