

SkyMall, the wacky in-flight catalogue, is filing for bankruptcy. How did it last this long?

By **Roberto A. Ferdman** January 23, 2015

Farewell, frivolous in-flight shopping.

SkyMall, the wacky airline catalogue that has long filled the seat pockets of so many commercial airplanes, could finally be folding its pages. Xhibit Corp., SkyMall's parent company, announced Friday that it had filed for Chapter 11 bankruptcy, citing the quarterly magazine's inability to keep up with evolving airline rules. "With the increased use of electronic devices on planes, fewer people browsed the SkyMall in-flight catalog," Scott Wiley, the company's chief executive, said in a court statement. "We are extremely disappointed in this result."

The plan, according to Wiley, is to sell the magazine in late March to preserve its assets and then "complete an orderly wind-down of their affairs." Ideally, someone will step forward, purchase the publication and continue to bankroll it so that it may operate. But given that there are no buyers currently in line and that SkyMall's future profitability, what with its recent struggles, doesn't look all too bright, that is likely little more than wishful thinking.

SkyMall made its business over the past 25 years by entertaining commercial airline passengers and, occasionally, persuading them to purchase whimsical, often expensive products, including a \$1,000 serenity cat pod, a \$2,250 garden yeti statue and a \$16,000 personal sauna system. But the company has suffered at the hands of recent changes to airline policy, which have given passengers alternative means of entertainment and flooded them with different avenues for online purchasing. The permitted use of smartphones on commercial flights has usurped the magazine's place as the de facto way to pass the time while cruising at 30-some-odd thousand feet in the air. And the growing number of airlines providing in-flight Internet service has not only further eaten into the catalogue's bread and butter but also paved the way for more competition in the form of online retailers.

"SkyMall feels to me like it's in a time warp," Bob Phibbs, a New York retail consultant, told the Los Angeles Times last year. "It looks the same as it always has."

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At its height, through exclusive partnerships with airlines like American Airlines, Delta and U.S. Airways, the catalogue reached an estimated 90 percent of passengers on U.S. flights. And the magazines didn't just sit in seat pockets — people fingered through them. More than 70 percent of passengers read the magazine on each flight, according to a survey commissioned by the company. Advertisers fawned over the readership — some 600 million travelers per year — and paid handsomely for publicity in SkyMall's pages — roughly \$130,000 for full-page ads, plus an extra 6 percent transaction fee. Many of SkyMall's peculiar offerings have created cult followings, including the garden yeti statue, which the magazine has sold more than 10,000 molds of.


But time has, as Phibbs said, proved unkind to SkyMall's business, which has plunged in recent years. In 2013, SkyMall reported \$33.7 million in sales. Last year, the company managed only \$15.8 million in sales through September. Consider that only five years back, in 2010, the magazine celebrated more than four times that, nearly \$90 million, in online sales alone. Its total revenue that year likely exceeded \$130 million. And profits, meanwhile, have been even less encouraging. In 2013, for instance, SkyMall lost \$3.2 million.

It's unclear how much SkyMall will fetch this spring, if a buyer emerges. The company's assets are worth as much as \$10 million, according to its bankruptcy filing.

SkyMall was founded in 1989 by Robert Worsely, who originally conceived the company as a means for passengers to purchase items via phone, while airborne, and then later retrieve them upon landing. Though the initial idea didn't exactly translate — the first years in business produced sizable losses, and the SkyMall most people are familiar with

didn't take shape until almost a decade later — it birthed an iconic staple of American travel.

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