

## Southwest Airlines' last-minute fares not always the best deal, economist finds

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It may pay off to spend a little extra time shopping online for that last-minute airfare, according to a UC Irvine economist.

In a survey of ticket prices for 238 routes, economist Volodymyr Bilotkach found that the cheapest last-minute fares on Orbitz.com averaged \$34.46 – 8.5 percent – less than comparable deals available through Southwest Airlines, which is known for its low prices.

Southwest sells most of its tickets online but does not make its fares available via major online travel agents such as Orbitz or Travelocity, which aggregate tickets from major airlines and allow customers to compare prices.

"The research suggests that Southwest exploits its low-cost reputation with last-minute travelers who feel they don't have time to shop around, even if it's just a few extra minutes," said Bilotkach, assistant professor of economics.

More carriers are encouraging customers to book directly through their own Web sites by advertising Web-only discounts, Bilotkach says. But this study suggests that, like Southwest, other airlines may ultimately take advantage of customers who bypass comparisons by going straight to their favorite carrier's Web site.

"I'm concerned that this force may drive up airfares," he said.

For his study, Bilotkach compared flight costs at nine airports with substantial Southwest Airlines presence. He recorded quotes for fares between the same cities with the same travel dates, checking the fares one month in advance of the travel date and again at the last minute – one or two days before the flight. With his research assistant, he obtained the fare quotes from Southwest and Orbitz at nearly the same time.

Overall, Southwest's lowest advance purchase fares averaged 2.7 percent below the cheapest tickets found on Orbitz for a comparable flight. These findings support previous research showing that Southwest tends to offer better deals and helps keep prices lower among its competitors.

But for last-minute tickets, the average cost was 8.5 percent more expensive on Southwest. About half of the time, a cheaper ticket could be found through Orbitz.

"When it comes to last-minute fares, Southwest's prices are about normal," said Bilotkach. "It's important for consumers to remember that just because an airline is known as the low-cost leader doesn't mean it's always got the best deal – especially for last-minute flights."

The difference between Southwest's fares and the cheapest fare found on Orbitz was greatest for long-haul flights and also slightly greater for North-South routes, such as a round-trip from Chicago to Florida.

Bilotkach continues to research online reservation services like Orbitz, Expedia and Travelocity. He is comparing their prices to see if one consistently offers cheaper tickets.

Source: University of California - Irvine

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