

New study says to look at more than just price to find the best travel bargains

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If you're looking for bargain air travel, a new study finds that you should look at more than just the ticket price. Instead, a researcher at North Carolina State University who co-authored the study says that consumers need to consider the quality of the flights being offered in order to get the best "price efficiency."

The study compared flights and "price efficiencies" from several Internet travel agent Web sites. Because each site offers widely different flights - some flights might have lengthy layovers or multiple connections -it is unwise to simply compare prices. Instead, author Dr. Sangkil Moon, an assistant professor of marketing at NC State, explains that researchers must account for both price and the quality of the flight. Dr. Wagner Kamakura of Duke University and Moon used a statistical model named the stochastic frontier model to account for the value of individual components of a flight - such as a direct flight, or a convenient departure time - and to estimate the theoretical lowest price of each flight.

The researchers then compared the theoretical price to the actual market price of the flight, or the price that online retailers are charging for the flight. The ratio of the theoretical lowest price and the market price is called the price efficiency.

In other words, the flight with the best price efficiency is the best deal: consumers are getting the most quality for their buck given a number of alternative flight tickets. However, Moon concedes that the procedure

used in their research is not readily available to most average consumers because of its technical complexities. But Moon says the new study does give consumers some help in finding the best travel deals.

For one thing, Moon notes that none of the major Internet travel sites consistently provided the best price efficiency - so shopping around is important. Moon says savvy customers should look at a variety of tickets that differ in price and quality rather than trying to find the cheapest flights first and then looking at quality as a secondary factor. Consumers that focus exclusively on price may pay less to get from point A to point B, Moon says, but they will probably have a worse quality flight - and that could mean multiple connecting flights, lengthy layovers and/or red-eye flight times.

In addition, Moon says, consumers who are Internet savvy about identifying quality flights can target better value flights by using travel Web sites that display only the outbound flights first and then display multiple inbound flights corresponding to the selected outbound flight on a subsequent page. Moon explains that this allows the retailer greater flexibility in terms of the variety of flights it can offer. Rather than offering round trips that simultaneously show one departure time and one return time on the same screen, retailers show multiple return times for each departure time.

Source: North Carolina State University

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