

Weekends are the best time to buy airline tickets, researchers find

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While folk wisdom has its place, the "folks" may not be so wise when it comes to shopping for airline tickets, say researchers at Texas A&M University.

"There's been this industry folk wisdom that says Tuesdays and Wednesdays are the best days to purchase airline tickets," says Steven Puller, an associate professor of economics at Texas A&M who specializes in industrial organization. "But we couldn't find any systematic analysis to back that up."

Rather, he says, the weekend is the best time to book airline tickets because airlines are more likely to discount fares on Saturday and Sunday.

In the study "Price Discrimination By Day-Of-Week Of Purchase: Evidence From The U.S. Airline Industry," published in the *Journal of Economic Behavior & Organization*, Puller and co-author Lisa Taylor, a former Texas A&M graduate student, found that tickets purchased on the weekend were, on average, 5 percent cheaper than similar tickets purchased on weekdays.

"We find that when you control for a large set of factors – the day-of-week of travel, whether the ticket was refundable, the number of days in advance that the ticket was purchased, how full the flights were, and other factors – that tickets purchased on the weekends were sold, on average, for a 5 percent discount," Puller explains.

The study further finds this weekend purchase discount is greatest on routes with a mix of both business and leisure customers. There is not much of this type of discount for leisure destinations such as Orlando or Las Vegas, Puller notes.

The researchers suggest, although do not definitively conclude, that this weekend purchase effect reflects a common practice known as "price discrimination."

This happens when the same service is sold at different prices to different buyers, in this case, based on the day of the week that an airline ticket is purchased.

Puller says the airlines try to play the odds when deciding how to price flights.

"Take a route that serves both business and leisure travelers," he explains. "If the business travelers primarily purchase tickets on weekdays, then the typical traveler buying on the weekend is more likely to be a price-sensitive leisure traveler than a business traveler. There is an incentive for the airlines to lower fares on the weekends to try to entice the price-sensitive leisure traveler to buy a ticket."

But how do the airlines know if a particular buyer is travelling for leisure or business? "They don't," Puller contends. "They're playing the odds."

The researchers conducted the study by looking at a historical archive of actual tickets purchased on all major airlines. Puller says the study compared tickets with similar characteristics rather than simply looking at the cheapest fare available.

"If you're a traveler who just wants to get from point A to point B for the cheapest price possible, then these findings may not apply to you," he

notes. "But many people do care about these factors."

The researchers only studied round-trip flights with nonstop service. The study did not examine first-class airfare or the holiday travel periods around Thanksgiving, Christmas and New Year's.

Puller says these results could have implications for other industries that have the ability to change prices daily based on the types of customers who purchase on a specific day. "The software systems that are used in airline pricing are used in other industries such as cruises, hotels, car rentals," he explains. "We've only analyzed airline pricing, but I wouldn't be surprised if similar pricing practices are used in these other industries as well."

Provided by Texas A&M University

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