

The Truth about Finding the Lowest Airfare

"My employees tell me they can find lower airfares on the Internet..."

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The Truth about Finding the Lowest Airfare

Sometimes employees think they have found a lower fare than the one that your travel department or TMC (Travel Management Company) has quoted. When they tell you this, you begin to question whether you are, in fact, getting “the best fares.” By comparison, have they ever told you how many times they have searched and searched and the airfare was the same, or higher than what was found with your company’s travel department, TMC, or online booking tool? Probably not.

The truth is that there is no one website or travel agency that has the “lowest fares.” If there were then all of the other sites and agencies would be out of business.

Research has shown that booking through Travel Management Companies (TMCs) offers tangible benefits in terms of savings, service and security.* So what is behind those “lower airfares” that your employees find on the internet?

- **Time:** It takes a long time to plan a business trip, especially if you are being price sensitive. Shopping and comparing fares online can take valuable work time away from your employees. Is this how you want them to spend their time?
- **Comparing Apples to Apples:** Many times when people spend the time to find a lower airfare outside of your travel program it is not for the same exact itinerary that is being booked through your agent or online booking tool. As you read this white paper, you will understand the dynamic nature of airfares and see the importance of comparing apples to apples when it comes to examining itineraries.
- **Finding a fare and booking a fare can be two different things:** Each online travel site functions differently. Just seeing a fare quoted online doesn't mean that it is available. You don't know what the airfare will actually be unless you book it, and with most public sites, you usually can't book it without purchasing it (i.e. giving them your credit card). By the time you've gotten that far, they tell you that the fare that you were drawn to isn't available for the flights that you've chosen.
- **What your travel department or TMC can do:** When an employee believes that there is a lower airfare available encourage them to bring it to the attention of the travel department or TMC. Providing a screen shot with the itinerary and price will save a lot of time and provide necessary information about what the traveler has seen. If there is a valid fare offered on the web, your travel department or TMC will be able to book it for you, too.

Some Important Factors to Consider

- **Your company's travel policy:** When booking within your travel program, your agent or online booking tool works in compliance with your company's travel policy. Vendor offerings that are flagged as either in or out of policy help to ensure that your employees have the information that you want them to have to make informed choices and to remain compliant. Public sites do not have such restrictions, and companies have no control over what the employee books.
- **Well-intentioned employees trying to save money by booking online can cost you thousands of dollars:** How much will it cost you if you don't meet the requirements of your preferred vendor agreements, or lose the ability to negotiate future discounts? The difference is a lot more than the relatively few dollars saved by "booking on your own."
- **Diluting Your Negotiating Power:** Trip data for travel not booked through your travel department, TMC, or designated online booking tool will not be included in your company's consolidated data reporting, thus diluting your negotiating power with vendors in the future.
- **"Duty of Care":** When employees book outside of their organization's travel program there are security risks that must be considered. The employee's travel information is not included in the agency data and therefore will not show up in any traveler tracking products utilized in the event of an emergency, world event, or weather disaster.
- **Cost Savings through Voids:** Hurley Travel Experts has a 24-hour window of time to submit payment to most airline carriers after ticketing is complete. This allows us to "void" a transaction within a 24-hour time frame if your plans change. We save our clients thousands of dollars in change fees and whole ticket costs each year. When booking directly with an airline, or with online sites such as Expedia and Orbitz, tickets are instantly purchased and are subject to non-refundable rules and expensive change fees which drive up bottom line costs substantially.
- **24/7/365 Traveler Emergency Services:** When a traveler is stuck it is all too easy to break out the company credit card and pay whatever is asked to get to where they need to be. A \$35 after-hours emergency call to our advisors is a much less expensive option than booking another flight or car when in panic mode. This is an area of huge financial loss for companies due to non-management of costs associated with airline and routing changes, not to mention the stress your traveler undergoes when on their own.
- **Traveler support:** When an employee books airfare online for a lower fare the traveler is alone in dealing with any traveler emergencies, changes to itineraries, or failure of a supplier to provide the contracted service. The traveler is on his own for refunds, exchanges, credits, etc. In addition, this data is not included in your organization's reporting for tracking unused electronic tickets and reusing them for future travel.
- **Negates efficiencies of end-to-end solutions:** Organizations are utilizing end-to-end solutions that not only help in efficiencies of process, but ensure policy compliance throughout the life cycle of the trip. From pre-trip to post-trip, expense reporting, auditing, and reimbursement processes, allowing travelers to go outside of the company's travel program negates the goals of these solutions.
- **Keeping the big picture in mind:** A company cannot afford to run their travel program around a few tickets that someone says they can get cheaper someplace else.
- **Resisting a managed program:** Sometimes showing that they can get better pricing online is an employee's way of resisting a managed travel program. Often employees are enrolled in frequent rewards programs and these may conflict with your organization's preferred vendor programs. By effectively communicating your company's Travel Policy to your employees, you will have a much higher adoption rate, not to mention happier travelers!

Understanding Airfares

- **Yield Management:** It's all about supply and demand. Airlines utilize sophisticated systems to monitor the supply and demand for seats on each flight in order to maximize their revenue. They also monitor what their competition is offering. Their aim is to fill every seat at the highest possible yield and therefore dynamically change the number of seats available for each fare type. Because airlines have numerous fare levels on a single flight, and then change the number of seats allocated for each fare level several times prior to departure, the availability seen via online booking tools or onscreen by your travel counselor can literally change within seconds.
- **The Fine Print:** Many of the very cheap fares available on public/airline websites are designed for the leisure traveler and are not always conducive to business travel, or may not be in line with your corporate travel policy (i.e. nonrefundable seats or penalties for changes, restricted cancellation policies, requirements for a certain number of nights away, departure on a certain day, travel to include a Saturday night away, connecting rather than direct flights, etc.). Depending on your business commitments these may not suit your travel and won't have been offered by your travel counselor, or may have been blocked in your online booking tool.
- **Lead-in Fares:** Sometimes the fares displayed on website homepages or travel agency shop windows are called lead-in fares: these are subject-to-availability marketing tools used to attract a traveler's attention and are not actually available at the time of booking due to nominal allocation.

How Airfare Pricing Works

Each day an airline is constantly making changes to their fares and rules. **There are millions of fare and rule changes made each day.**

- Approximately 90% of worldwide commercial airfare is distributed through a clearinghouse in Washington, D.C. called ATPCO (Airline Tariff Publishing Company). ATPCO is owned by **over 20 airlines** and holds and distributes (to a select few subscribers, including Hurley Travel Experts) airfares for over 500 airlines worldwide.
- Airlines participate in ATPCO to have a common format and distribution point for their airfares.
- Tickets are sold for a given airline through a variety of distribution channels including airline websites and call centers, travel agencies (leisure/business/online/offline), packaging and tour operators, airline partners, affinity group agencies (students, missionaries, alliances), and consolidators. Tickets for a given airline may be sold by thousands of different travel companies worldwide.

Millions of fare and rule changes are made each day. Hundreds of thousands of fare price and rule changes flow continuously into ATPCO each day. In turn, fares are distributed at specified times later the same day to a handful of subscribers worldwide that then provide the data to reservation systems, including the airlines themselves.

Once distributed, each vendor updates databases at different intervals: 2-4 hours for domestic fares, and 4-8 hours for international fares. The domestic 8 PM airfare feed is not loaded until after midnight on reservation

systems. This explains why fares may vary by website and are not always consistent across the board.

Airfares are Dynamic – Not Static! New distributions from the airlines don't always mean lower airfares. The new data can be a higher fare, changes in the fare rules which may make the fare more or less restrictive, or a cancellation to a previously filed discounted airfare.

Why Quoted Prices Change: Airlines, like any other business, want to maximize profits on each and every seat they sell, which is why you see so many daily airfare changes; they want to see how much YOU are willing to pay. Of course, this makes finding the cheapest airfare deal look a lot like rocket science, or at the very least look like following stock prices at any given moment in time.

Why Cheap Airline Tickets are Elusive: Look at it this way: 100% of all air travelers want the cheapest price, but the reality is only about 10% will get that cheapest price. **When an airline has a sale, they don't put every seat on a plane on sale.**

How to Get a Cheap Airline Ticket: The key to being part of that lucky 10% is technology and flexibility. If you can be flexible on your itinerary and available to fly when prices are lowest you can get the best deals. This is rarely an option for corporate travelers who are at the mercy of their clients to travel at a certain time. Hurley Travel Experts will always research lowest logical airfares within a company's travel policy to try and secure the lowest ticket price possible that does not jeopardize the integrity of the trip.

How Does Hurley Travel Experts Find The Lowest Applicable Airfare for Your Travelers?

We've been in the business of finding our clients the lowest applicable airfare for almost 20 years, and have recognized growth every year. We have increased our business by 30% from 2010 already this year, and have been named as one of the Best Places to Work in Maine, 2011. We make it our business to employ the latest technology coupled with processes that ensure that we are utilizing every possible tool and identifying every savings opportunity for our travelers.

We understand that the GDS (Global Distribution System) is not the only resource for fares. We provide our Corporate Travel Advisors with third-party software to compare fares across dozens of websites for airlines, aggregators, and consolidators, including many of the popular public sites that your employees often search. We incorporate this information into each fare search and if an airfare is cheaper when booked on the vendor's website, our agents will book the reservation on the website as long as the reservation is in the best interest of the company and within company defined policy.

Hurley Travel Experts' Corporate Travel Advisors are required to document the results of fare comparisons on each reservation booked. For some clients, we include the fare comparison information on the itinerary for the traveler to review. This will tell them the price that we found among several public sites as well as the price that we obtained in our GDS.

In Summary

As you can summarize from this paper, funneling business travel through an experienced Travel Management Company is essential for overall cost savings, insight into travel spend, financial reporting and data, and employee safety and security. Finding the lowest airfare really means finding the lowest fare that is applicable to your travel

request inclusive of being in compliance with your travel policy. Within a managed travel program, there are many factors to be considered when determining what is the lowest fare and the implications of having employees searching and booking outside of the company designated travel program.

Given the dynamic nature of airfares and fare rules, our agents' use of third-party software and the processes that our agents follow to ensure that the lowest applicable airfare is obtained for each and every travel itinerary, our clients can be confident that Hurley Travel Experts is doing everything possible to ensure that itineraries are priced at the lowest fare that is available at the time of booking.

Our mid-office quality control technology monitors each reservation to ensure that it is booked at the lowest possible fare. In the event of a fare decrease, it will alert the agent to make sure that it is reviewed and rebooked if necessary at the lower airfare.



*For the last seven years, the consulting company Topaz International has compared fares booked through Travel Management Companies with those available on public booking sites such as Orbitz, Expedia, Travelocity and airlines' own websites. They have consistently found that agency-booked fares are on average cheaper or the same as those booked through other channels. The results of the last study showed 95% of agency-booked fares were cheaper or the same.