

Airlines Coax Travelers to Their Own Sites

As travelers grow more comfortable shopping on the Internet, the Web sites of airlines are increasingly becoming their most important marketing forums, in some cases accounting for more than half of ticket sales.

But on many airlines' Web sites, the format can lead some consumers to feel that they are missing out on the best deal. An alternative format for displaying air fares, known as a matrix and popularized on Southwest Airlines' Web site (www.southwest.com), helps persuade consumers that their buying decision is well informed, some industry observers say.

On most airline Web sites — including those of traditional carriers like American Airlines, United Airlines, Northwest Airlines and Delta Air Lines, the consumer plugs in dates and a destination and a long list of possible round-trip combinations appears, sorted either by preferred flight times or by price. It takes extensive scrolling to view the alternatives. And if the lowest-priced seats on a flight are already sold, it is not easy to find that out.

The alternative matrix display, used by Southwest and other airlines like AirTran Airways and Alaska Airlines, lends itself to the simpler fare structures of low-fare carriers.

In the matrix format, the consumer enters dates and a destination. Then a chart appears, one for departures and one for returns, that lists flight times and as many as seven prices for seats on each flight. No scrolling is required. The matrix shows cheap fares even if they are not available on a specific day, so a consumer can look for the low fare on another day.

For example, consumers who checked yesterday for round-trip flights from La Guardia Airport in New York to Las Vegas, departing Friday, Sept. 29, and returning Monday, Oct. 2, would see on one screen a choice of seven flights at seven prices ranging from \$139 to \$319. For all seven flights, the two cheapest fares were unavailable.

The value of information in that form is considerable. The \$99 fares for all of Tuesday's flights are sold out? Why not check Monday and Wednesday? The fully refundable fare is \$50 more than a restricted ticket and you're not certain of your return date? Pay a little more.

A company that convinces customers that it is being straightforward about its prices earns good will, said Steve Morrison, professor and chairman of the economics department at Northeastern University.

"I would think the more transparent airlines are, the higher esteem in which they're held," said Mr. Morrison, who has studied airline pricing.

Because route systems of each airline are different, the features of a Web site alone will not conquer the competition. But between airlines

SOUTHWEST.COM

AIR CAR HOTEL CRUISE VACATION PACKAGES TRAVEL SUMMARY

PLAN TRIP → SELECT FLIGHT → PRICE

Southwest Flexible with your travel dates? Use Southwest Shortcut to Low Fares.

Select Departing Flight
New York LaGuardia, NY to Las Vegas, NV (Friday, September 29 2006)

Depart Time: [Anytime] Depart Date: [Friday, Sep 29]

Fares do not include government fees and taxes. More →

Flight	Depart	Arrive	Stops	Travel Time (Approx)	Refundable Anytime \$319	Simple Fare \$290	Restricted Fare \$269	Advance Purchase \$239	Fun Fares \$200	Promotional Fares \$179	Internet Only \$139
4219/1931 (4219 Operated by ATA Airlines)	8:00am	10:15am	MDW/1	07:15	☐	☐	☐	Unavailable	Unavailable	Unavailable	Unavailable
4231/7351 (4231 Operated by ATA Airlines)	7:00am	12:40pm	HOU/1	08:40	☐	☐	☐	Unavailable	Unavailable	Unavailable	Unavailable
4225/7296 (4225 Operated by ATA Airlines)	8:00am	1:30pm	MDW/1	08:30	☐	☐	☐	Unavailable	Unavailable	Unavailable	Unavailable
4215/2600 (4215 Operated by ATA Airlines)	10:10am	2:40pm	MDW/1	07:30	☐	☐	☐	Unavailable	Unavailable	Unavailable	Unavailable
4233/2879 (4233 Operated by ATA Airlines)	3:45pm	9:05pm	HOU/1	08:20	☐	☐	☐	Unavailable	Unavailable	Unavailable	Unavailable
4209/1442 (4209 Operated by ATA Airlines)	4:45pm	9:40pm	MDW/1	07:55	☐	☐	☐	Unavailable	Unavailable	Unavailable	Unavailable
4207/1578 (4207 Operated by ATA Airlines)	6:35pm	10:55pm	MDW/1	07:20	☐	☐	☐	Unavailable	Unavailable	Unavailable	Unavailable

Select Returning Flight
Las Vegas, NV to New York LaGuardia, NY (Monday, October 02 2006)

Return Time: [Anytime] Return Date: [Monday, Oct 02]

Fares do not include government fees and taxes. More →

Airlines like Southwest are making more use of a matrix format on the Internet to sell tickets to savvy travelers looking for the best fare.

that fly the same routes, an easier-to-use Web site could be an important tool in taking market share.

Mr. Morrison said traditional carriers could be forced over time into matching the features of the matrix. "They're becoming more like low-cost carriers. These distinctions are going to, by necessity, fade away," he said.

Switching to a matrix last December helped Alaska Airlines, based in Seattle, sell about 40 percent of its tickets via its Web site (www.alaskaair.com) as of April, up from about 32 percent a year earlier, said Steve Jarvis, vice president of sales and customer experience. Airlines prefer selling via their Web sites because it is inexpensive — cheaper than paying travel agents, online bookers or the airlines' own reservation agents to do the job.

Changing to a matrix was not very costly, Mr. Jarvis said, and Alaska Airlines did not suffer a revenue decline even though it was easier for customers to compare fares. In some cases, he said, customers now easily see that a fare with fewer restrictions is not much more costly and they opt for that. "We didn't expect and aren't seeing a revenue-negative impact," he said.

Southwest, which has used a matrix for nearly three years, sells about 70 percent of its tickets via its Web site, which it said was the highest level among major airlines. AirTran, using a matrix for one year, sells about 56 percent of tickets via its Web site. Competing against Delta in Atlanta and across the Southeast, "we believe we have to be easy to do business with," said Bob Fornaro, president and chief operating officer of AirTran.

What keeps American from displaying a matrix on its Web site? "Ability, at the moment," said Billy Sanz, a spokesman, who added that

the carrier's software did not currently allow it to present information in that way.

But there is another reason. "I'll be honest," Mr. Sanz said. "We do have a different pricing structure than Southwest. We have a lot more fares. We're a little more complicated."

He said American planned to upgrade its Web site, but he would not say when or how the site would change. "We have room to improve," Mr. Sanz said. American would not disclose the percentage of sales via its Web site. Total direct sales — those via www.aa.com and American's own reservation agents — are 40 percent, Mr. Sanz said.

The traditional carriers all have more complex fares. A spokesman for Northwest, Kurt Ebenhoch, said "in some markets we probably have 50. Or 40. The average is probably 20." Northwest sells about 25 percent of its tickets via its Web site.

Mr. Ebenhoch pointed out that Southwest fares were not available on services like Expedia and Orbitz, which are widely used for price comparison. "There are different definitions of transparency," he said. Those services, along with Kayak and Sidestep, which search other Web sites for air fares, have improved comparison shopping.

The Web has amplified the strengths and weaknesses of both traditional and low-cost carriers, said Joe Brancatelli, publisher of a Web site for business travelers, www.JoeSentMe.com. The simpler fare structure of the low cost carriers is, of course, simpler to present on the Internet.

"If you're United and you've got a whole range of fares that don't make any sense, it's not going to make any sense on a chart," Mr. Brancatelli said. United would not comment.