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THE MIDDLE SEAT

 By **SCOTT
MCCARTNEY**

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ABOUT SCOTT MCCARTNEY

Scott McCartney writes The Middle Seat every Tuesday. The Wall Street Journal's Travel Editor, Scott has been on the airline beat since 1995 -- long enough to see it go from bust to boom and back to bust. He also answers readers' questions about air travel in [Middle Seat Mailbox](#)⁴ every Friday.

Scott won the Online News Association award for online commentary in 2003 for "The Middle Seat," the George Polk Award for transportation reporting in 2000, and has been honored by the Deadline Club and New York's chapter of the Society of Professional Journalists. Before joining the Journal in 1993, he spent 11 years at The Associated Press.

Scott, a native of Boston and graduate of Duke University, is the author of three books, including "ENIAC: The Triumphs and Tragedies of the World's First Computer," which was published in 1999. He's also an instrument-rated private pilot.

Send your comments about The Middle Seat to middleseat@wsj.com⁵

Airlines Plan Stingy Holiday Season

**Travelers Face Higher Prices
And Fewer Seats Than Usual;
Boston-Orlando \$1,161**

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With fuel prices high and financial troubles boiling at many of the nation's largest airlines, travelers planning to fly in the December holiday season will see even higher prices than usual. Seats are also disappearing far earlier this year.



CORBIS

While airlines often raise prices during peak travel periods, this year is expected to be tougher than most for deal-seeking consumers. In an effort to cut costs, a number of airlines are reducing capacity on domestic routes. **Delta Air Lines** is making big schedule changes on Dec. 1, as part of its move to cut flights by 15% to 20%. **Northwest Airlines** and US Airways are planning to fly fewer planes as well. The quirk of the calendar is also playing a role: Christmas and New Year's Day fall on Sundays this year, bunching up the peak travel window. When those holidays are mid-week, bookings are more diffuse, putting less pressure on prices for peak flights.

To make matters worse, many airlines have restricted the number of cheap tickets available during the holiday season. The upshot is that while in the past three years, consumers could still find bargain prices booking just a few weeks before busy holiday periods, this year many flights are already filling up three months before Christmas.

The lowest price **AMR Corp.**'s American Airlines offered nonstop from Boston to Orlando on Dec. 23 with a return Jan. 2 was \$1,161 yesterday on its Web site. The same trip flying two weeks earlier would cost only \$205 round-trip. But the peak-period holiday flights -- American has only one daily non-stop on the route in each direction -- are mostly sold out already. Flight 1645 from Boston to Orlando on Dec. 23 showed only 18 of its 115 coach seats open for booking, according to American's Web site. "We are booked more than in the past" system-wide for peak holiday travel days, says a spokesman for American.

From Philadelphia to Cancun on Dec. 23, US Airways already has bookings for about half of its coach seats on its three non-stop flights, according to its seat maps. A round-trip with a return Jan. 2 on the non-stop flights was priced yesterday at \$1,096, according to Orbitz. Two weeks earlier, the trip is only \$425 round-trip.

While fares for the holiday season are ballooning, prices have been inching up all year. Under intense financial pressure from the rise in fuel prices, airlines have been able to make 12 price

increases stick since February.

The dollar amount that business travelers paid for flights in September was up 13% over last year, according to data from Topaz International Ltd., which audits what corporations actually pay for travel. That is a stronger increase than the first eight months of the year. From January through August, Topaz clients paid 7% more for airfare.

MIDDLE SEAT MAILBOX

Have a question about air travel or the airline industry? Write to me at middleseat@wsj.com¹. Answers to selected questions will appear in [Middle Seat Mailbox](#)² on Fridays. If you don't want your comments considered for Middle Seat Mailbox, please make that clear.

Leisure fares last week were 11% higher than the same week last year, a pattern that has held for the past 10 weeks, according to a survey by [Harrell Associates](#), a firm that tracks airfares.

"People who hesitate and wait this year are going to be sorry. They may end up paying double or triple," said Tom Parsons, chief executive of Bestfares.com.

Mr. Parsons has personal experience. He goes from Dallas to Tampa every year at Christmas, a route that has seen prices as cheap as \$178 round-trip this fall. When he tried to book his holiday dates this season, he balked when the price was \$288. When the price jumped to \$390 round-trip, he bought the tickets for his family. It ended up being a good move. Yesterday, the price for his flights was up to \$580.

"The industry has gotten better about recognizing high-demand periods and gotten better about controlling the availability of very low fares," said Scott Kirby, executive vice president of sales at US Airways.

The best ways to avoid sticker shock are to settle for cheaper connecting flights, travel on less popular days or fly from secondary airports. A Boston-Orlando trip, for example, that has connections is \$716 at Christmas, or about \$400 less than the non-stop flight. But **Southwest Airlines** had seats to Orlando from Providence, R.I., or Manchester, N.H., for the same days starting at \$402.

Holiday Markups

Travel over Christmas and New Years is going to cost more this year.

TRIP	HOLIDAY PRICE	OFF-PEAK PRICE	PERCENTAGE HIGHER	AIRLINE
Boston-Orlando	\$1,168	\$211	454%	American
Newark, N.J.-Miami	583	162	260	Continental
Philadelphia-Cancun	1,096	425	158	US Airways
Houston-San Juan, PR	801	444	80	Continental
Atlanta-Portland, Ore.	811	478	70	Delta
Dallas-Seattle	455	304	50	American
Los Angeles-Chicago	381	277	38	United
New York-London	618	488	27	Virgin
Detroit-Mexico City	824	704	17	Northwest

Note: Prices taken from Orbitz.com yesterday for non-stop flights only; includes Orbitz service charge. Holiday itinerary was Dec. 23 departure with Jan. 2 return. Off-peak price was Dec. 9-Dec. 19.

Also, prices are often considerably lower on routes that have competition from low-cost carriers. **Continental Airlines**, for example, offered tickets from Newark, N.J. to five different cities in Florida last week from \$138 round-trip, plus fees, according to a survey of 280 of the busiest markets by airfare tracker **Bob Harrell**. But Continental's lowest price from Newark to Dallas was \$482 round-trip, a fare that was 73% higher than the lowest price on that route a year ago. Among the pressures Continental faces: **JetBlue Airways** begins flying from Newark to Florida tomorrow, with tickets starting at \$138 round-trip. But Continental competes with only American on Newark-Dallas non-stop.

To be sure, there's risk in this for airlines if Christmas demand doesn't materialize as strongly as they expect, and they end up slashing prices to fill empty seats. But leisure travel has been strong since summer, and seats are selling at higher prices.

Some routes have seen leisure prices double. UAL Corp.'s United Airlines sold Chicago-San Francisco tickets as low as \$188 a year ago, according to Mr. **Harrell's** survey. Last week, the lowest price was \$392. Dallas-Philadelphia has jumped to \$328 round-trip this year on American, up from \$158 the same week a year ago.

At the same time, **Mr. Harrell notes**, less-restricted business fares are lower than a year ago as airlines have been closing the gap between business fares and vacation tickets -- something business travelers have been demanding and low-cost carriers have been forcing. Delta launched a simplified fare structure in January, capping fares at \$998 round-trip then but \$1,198 now.

With that, **Mr. Harrell** says, business fares went from an average six times more expensive than leisure fares to four times more expensive now.

As the Topaz data show, the lower business fares are enticing travelers to trade up and pay more for less-restrictive tickets.

Yet even with the rising prices, bargains still abound, and airlines currently losing billions of dollars are selling tickets well below their costs.

Last week, you could buy Chicago-Detroit tickets as cheap as \$70 round-trip, plus fees.

That is less than the cost to fill the gas tank of a Chevrolet Suburban. Los Angeles-Las Vegas round-trips are up 35%, but that means only that the \$58 round-trip fare a year ago was \$78 round-trip last week.

• **Write to** Scott McCartney at middleseat@wsj.com³

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