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Wanna get away? Bring more money

As Southwest Airlines passengers get dinged by higher fares, other carriers arrive at the decision to raise their prices, too

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To paraphrase an old television ad: When Southwest Airlines speaks, people listen.

Long the leading low-fare carrier in the nation, Southwest -- citing high fuel prices -- raised its fares this week. Other major carriers, seeing that fares were rising on Southwest and knowing they would not be undercut by the discount king, followed suit.

Southwest raised its unrestricted walk-up fares from \$1 to \$10 per departure, with the larger increases coming on flights of 2 1/2 hours or more. United Airlines, American Airlines and Delta Air Lines quickly moved to tack on similar increases.

In a few cases, Southwest's year-over-year increases are higher than a few bucks. A one-way weekday ticket from Oakland International Airport to Seattle-Tacoma International Airport, for example, costs \$129 this year; it was \$99 last summer.

With the discount leader raising the floor on cheap tickets, and airlines flying full planes, it's getting harder to find a bargain air fare for summer travel. Government and industry data haven't caught up to the summer trends, but industry pundits and many travelers say they're paying more. Analysts say a price break won't come until autumn.

With the price for a barrel of crude oil around \$70, even Southwest -- the only major U.S. carrier to remain consistently profitable during the past few years -- is seeing its margins shrink and is raising fares, Marilee McInnis said. "It's all about the fuel," she said. "It's a constant uphill battle."

Southwest's fare increases seem to be rippling through the aviation market.

"I have been struggling this summer to get a good fare to Canada," Tristan Herkimer of Oakland wrote in an e-mail to The Chronicle. "I am experiencing some frustration on rates. It is much more expensive than last year -- about 25 percent more."

Last week's fare increase was the second in recent months and follows ones in 2006 by Southwest and others. Higher ticket prices are just the latest frustration for fliers. Numerous delays and cancellations and long, well-publicized waits aboard planes on the tarmac have already made this a

difficult summer.

Even so, Americans are flocking to airports, lifted by a strong economy. According to the Air Transport Association, an industry trade group, a record 209 million passengers will fly this year between Memorial Day and Labor Day.

No incentive for discounts

In the aftermath of the Sept. 11, 2001, terrorist attacks and the recession early this decade, airlines reduced the number of flights, parked unused aircraft in the desert and substituted smaller planes for large jetliners on many routes. These moves make it easier for U.S. airlines, which collectively lost \$40 billion from 2000 to 2005, to fill their planes now.

"The average price of a ticket is going up, but it's a matter not so much of the airlines raising fares as becoming more aggressive about managing the number of seats sold at deep discounts," said Henry Harteveldt, vice president and principal analyst in the San Francisco office of Forrester Research.

"Airlines are flying planes 80, 85 and 90 percent full," Harteveldt said. "They don't have an incentive to offer many discounted tickets. An airline executive told me he and his colleagues can't find free seats to fly for business on their own airline with their passes."

The latest fare increase occurred a little over a month before Southwest -- the largest carrier at both Oakland International Airport and Mineta San Jose International Airport -- plans to resume service at San Francisco International Airport on Aug. 26 following a five-year lapse.

Southwest will offer low, temporary promotional fares to entice fliers. One-way tickets, before taxes and fees, will be \$39 from Oakland to San Diego, for example, and one-ways from Oakland to Las Vegas will go for \$59, with 21-day advance purchase.

But unlike Southwest, many airlines are still struggling to earn profits and, for them, even offering temporary breaks on tickets poses a risk.

Cecilia Wu of San Francisco, recalling a recent trip she took to China, experienced some sticker shock. "The price sure went up," Wu wrote in an e-mail to The Chronicle. "Last summer, it was about \$700 to \$800 on round-trip tickets on United between San Francisco and Shanghai. This year, it is \$1,045."

United, the dominant carrier at SFO with nearly half of all passengers and flights, has suffered two consecutive money-losing quarters and, like Southwest and other airlines, blames stubbornly high fuel costs for increasing operating expenses.

All told, operating costs for major U.S. carriers went up 10.6 percent in the first quarter, driven by the price of fuel, according to the Air Transport Association.

Because airline fares are so volatile and prices vary so much from route to route, even airline experts disagree about how much fares have risen overall -- or even if they have.

Harrell Associates, a New York firm that tracks fares to 15 major U.S. markets, reported that domestic leisure fares to and from SFO on July 2 were 4 percent lower than on July 2, 2006, while business fares were about the same.

Nationwide, air fares are up this summer "by an average of 6 or 7 percent," according to Terry Trippler, an airline expert in Minneapolis-St. Paul, who does his own analyses of published fares.

"Airlines," he said, "are raising fares because they can, and because they want to. They can manipulate the number of discounted tickets on every flight, but with planes flying so full, they don't sell many seats at bargain prices. You and I could get into Fort Knox and play with the gold bars before that will happen."

But while planes are packed and fares are up on many routes, some bargains should be available after Labor Day, when the domestic market typically turns soft, travel pundits say.

Again, it may be Southwest that shows the way. Last week, Southwest announced a fare sale for travel from Aug. 16 through Jan. 11, 2008. Flights must be booked by July 26.

Some routes competitive

Even now, before summer ends, decent fares can be found by travelers who take advantage of occasional deals on the Internet, and by those who choose to fly on routes served by competing airlines, said Chris McGinnis, editor of Expedia Travel Trendwatch.

"With airlines flying 90 to 100 percent full on most routes, there is little incentive for airlines to offer significant discounts this summer," McGinnis said. "However, where there is new competition, you'll find deals. For example, with JetBlue offering nonstops between SFO and Salt Lake City, Delta recently offered last-minute, Web-only fares of \$59 each way. Not a bad deal at all for a quick summer break in the Rockies."

To really save money -- and avoid the crowds, flight delays and other hassles of the peak travel season -- travelers may simply have to wait until after the dog days of summer.

"Right now, it's fly the ugly skies, but then we get into fall, when schools are back in session and consumer demand no longer exceeds airline supply," Bestfares.com's Tom Parsons said. "You should be looking now, and not waiting. It will still be a tough ticket at Thanksgiving and

Christmas, but if you're willing to be flexible, you will do OK this fall."

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