



Is Southwest Airline Always the Least Expensive?

Executive Summary

In November of 2012, Topaz International, the global leaders in airfare, hotel and car rental auditing, completed a study to determine if Southwest Airlines was in fact the lowest cost alternative for business travelers in top markets served by Southwest Airlines. Our study looked at both the base airfares plus any baggage fees. Since Southwest Airlines does not charge a fee for the first two bags, the results are dependent on whether a business traveler does not check a bag, as well as the number of bags.

In the 100 markets studied, we found that eight airlines competed with Southwest Airlines. They include American Airlines, Alaska Airlines, JetBlue, Delta Airlines, Frontier, Spirit, United Airlines and US Airways. In all routes, only comparable flights were used when determining a comparison (i.e. non-stop to non-stop, connection to connection and same airport).

When comparing airfare only, competing airlines were lower than Southwest Airlines over 60% of the time, and higher than Southwest Airlines 35% of the time. This result is surprising given the perception in the marketplace, and with many travel managers, that Southwest Airlines is in fact the low cost carrier in all markets they serve. However, when checking one bag, the results differ because Southwest Airlines does not charge baggage fees for one checked bag. In this case, competing airlines are lower than Southwest Airlines only 40% of the time, and are in fact higher when adding those fees 60% of the time.

Finally, however unlikely for a business traveler to be checking two bags, when those fees were included Southwest Airlines is almost always a better option in the 100 markets analyzed. Only 12% of the other airlines fares were lower than Southwest Airlines. In fact they were higher 88% of the time.

Purpose of the Study

Questioning perception is always on our mind at Topaz International. We strive to look and understand more about those things that impact our customers, the professionals that manage corporate travel. Over the past year we have noticed more and more advertisements about Southwest Airlines offering business travelers the lowest airfares. But do they?

Past studies have revealed that the airline with the lowest fare is not always low cost airlines such as Southwest Airlines. The competitive nature of airlines is such that airlines are constantly looking at their airfares in specific city pairs and adjusting accordingly.



Methodology

Our methodology for completing the Southwest Airlines study started with selecting 100 typical city pairs that would include those frequented by business travelers and also served by Southwest Airlines. There was a mix of nonstop and connection trips in these markets.

In addition we used various dates, all based around a typical business trip. These include a variety of travel dates, with departures around 9:00a and return around 5:00p. Overnight stays could be as short as two nights in a destination, up to five nights.

Once the parameters for the particular trip were determined, we then began to shop and price the itineraries.

1. First we priced at Southwest.com
2. Then we priced on Expedia, Travelocity and Orbitz
3. Then based on the findings from those three websites, we priced on the airline specific site

Conclusion

In the end, testing and validating your perceptions are critical to better understanding reality. The fact of the matter is that for airfares, the distribution is extremely complex, coupled with the competition in all markets to obtain your business, which results in a need to extensively search and obtain the best value for your partnership.

Most business travelers that Topaz International has spoken to and interacted with during our 35 years of travel consulting are more likely to carry on their luggage in an effort to speed up their trip and get both to their destination and home when completed. In this case, while Southwest Airlines can be the lowest cost alternative, 60% of the time they are not.

It is imperative for corporate travel managers to better understand their programs and constantly monitor airfares to ensure their tools and suppliers are providing the best value to the corporation and to the travelers. This is a clear example of why perception does not equal reality when it comes to airfares and the best alternatives for business travelers.

About Topaz

Topaz International is the global leader for auditing and other strategic services to the corporate travel management professional. Topaz has over 30 years of experience of auditing airfares and other travel related expenditures and supporting travel managers, buyers and agencies to improve performance and facilitate cost savings. Topaz will assist you in validating savings during these difficult economic times.