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10 Things Your Airlines Won't Tell You



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1. "Welcome to our crowded plane."

Just because you show up at the airport with a ticket reservation doesn't necessarily mean you'll end up on your intended flight. Most airlines overbook flights to compensate for last-minute cancellations, but they don't always get the numbers right. And with so few seats open on later flights, fewer folks are volunteering to get bumped. As a result, the number of involuntarily bumped passengers is up, having grown 45 percent between 2005 and 2009, according to the Department of Transportation. "Instead of fixing the problem," says Tony Polito, an associate professor in the college of business at East Carolina University who has published academic articles about airline industry issues, "they are institutionalizing it."

What's worse, travelers who get involuntarily bumped aren't necessarily entitled to "denied-boarding compensation." If the airline arranges substitute transportation that gets you to your destination within one hour of your original scheduled arrival time, there is no compensation. If you arrive an hour or more later, the airline is required to pay you, up to a maximum of \$800, depending on the price of the ticket and length of delay, according to the DOT's rules.

David Castelveter, spokesperson for the Air Transport Association, says filling an airplane and keeping passengers happy is a balancing act. The carriers are in business to maximize their revenues, he says — not to bump passengers and pay boarding compensation, and not to depart with empty seats. To achieve those goals, the airlines analyze historical booking information and other data to figure out how many seats to sell or oversell. "By overbooking flights, carriers make available seats — for passengers who want and need those seats — left open because someone no-shows, for whatever reason," he says.

2. "Your hard-won air miles are probably worth less."

Air miles are easy to accrue. You can earn them using your credit card, getting a mortgage, "for anything short of breathing," says Tim Winship, editor at large of SmarterTravel.com. American Airlines, for example, has thousands of participating companies in its frequent-flier program, making it an important revenue center. And United Airlines' Mileage

Plus plan brought in \$700 million for the company in 2008, the most recent year for which data is available, up from \$600 million in 2006.

But as miles flood the market, they're getting harder to use. Some airlines have reduced the shelf life of air miles, while others have increased the amount required for an upgrade. Winship says customers can keep their account current by using a credit card affiliated with the program, which will build miles as they make purchases. You can also redeem a small amount of miles, to keep your account active, on things like magazine subscriptions.

3. "We'll give you a good deal — if we can get something out of it."

Airlines prefer that you book directly with them, so they often feature promotional codes and special deals exclusively on their own web sites. The goal is to get more consumers to book airfare there as opposed to on the discount web sites that list pricing from most airlines. Why? Airlines pay these online booking sites a commission for the tickets they sell — something they prefer not to do.

While consumers can find helpful deals on the airlines' sites, they should compare pricing there with what the other sites are offering. Also, travelers might find the lowest fare by booking two separate airlines for each leg of their trip, but they're unlikely to be informed of that when they book a ticket on an airline's site.

Some airlines, like Southwest, only permit travelers to buy tickets online from their own web sites. However, Southwest's computer application Ding will scan for the best fares and update you on deals. What does the carrier get in return? Loyalty and repeat fliers. In 2007, American launched a similar application called DealFinder, which offers big discounts on flights.

4. "We love adding fees."

A big chunk of the price you pay for a ticket covers additional fees that are often added at the end of the booking process, when buyers are less likely to change their mind. That way, the listed ticket price looks lower than it actually is.

The most common fee these days is for checked bags. For example, United now charges \$23 to \$25 for the first bag a traveler checks in at the airport, and \$32 to \$35 for the second. Other examples of fees: Passengers who reserve a seat on Spirit Airlines pay \$15 extra for an exit row seat. And Allegiant, a low-cost airline that provides service from cities like Missoula, Mont., charges \$19 just to book a ticket online. Some airlines have fuel surcharges, which vary in price depending on many factors, including the length of the trip.

Even frequent-flier programs, which are supposed to let you book "free flights," have added fees for things like booking too close to your travel date. "I keep seeing more and more of these hidden fees," says George Hobic, creator of Airfarewatchdog.com. "I get complaints from people all the time." A spokeswoman for American Airlines says the company does charge fees for flights booked with less than 21 days advance notice for people using frequent flyer miles. Passengers booking a flight just seven to 20 days before takeoff can incur a fee of \$50 or more, and those who book between two hours and six days before departure can incur a fee of 100, minimum. In addition, she says, there's a \$10 security service fee that's collected on roundtrip airfare for passengers boarding in the U.S., Puerto Rico and the U.S. Virgin Islands.

5. "Customer service isn't always our top priority . . ."

After being stuck in a plane on the tarmac for nine hours in 2006, Kate Hanni decided to fight back against poor customer service. She formed the group Flyerrights.org, which in December was successful in getting the DOT to issue a rule on "enhancing airline passenger protections" that includes requiring the airlines to allow passengers to disembark after three hours on the tarmac and requiring airlines to provide adequate food and water to passengers within two hours of them being stuck in a plane. A DOT spokeswoman says the rule will take effect on April 29, after the department reviews requests from certain carriers that have asked for temporary exemptions.

According to Claes Fornell, a professor at the University of Michigan Ross School of Business, customer satisfaction is up about 3% in 2009 compared with 2008, in part because fewer people are traveling. However, he is unimpressed with the carriers' attitudes toward customers. "They all offer about the same lousy service," he says.

Castelveter of the Air Transport Association, which represents the airlines, says travelers are upset by delays that are often out of the airlines' control. "This is a customer-service-driven business, and when we fail our customers, we lose them," Castelveter says. "Good customer service is our goal."

6. “. . . but it might be if you have a lot of miles.”

They may be making a lot of customers miserable these days, but if airlines could be said to cater to anyone’s needs, it would be those of the people in the top tier of their frequent-flier programs — heavy travelers, many of whom fly for business and therefore buy the most expensive tickets. “These people get white-glove service,” says Henry Harteveltdt, a travel analyst with Forrester Research. “Airlines really want to cultivate that relationship.”

These favored fliers typically get the first crack at upgrades. In many cases, the reservation center answers their call on the first ring. They often get special bonus-mile offers and free upgrades. And while some airlines are increasing fees associated with frequent-flier programs, members still have perks like first-class check-in (for shorter lines through security) and early boarding.

7. “Our planes can make travel uncomfortable – and costlier.”

Older aircraft are maintained to high safety standards. But they can cause more delays due to last-minute mechanical problems, and they guzzle fuel, a cost that filters down to customers, says CreditSights analyst Roger King. What’s more, with older planes, the airlines feel little pressure to upgrade, says Richard Aboulafia, an aviation analyst with the Teal Group. Seating room is minimal, in-flight entertainment is mediocre or nonexistent and meal service is unlikely, he says.

The industry has a different point of view. “Aircraft of 30 years ago might have guzzled more fuel, but the ones that began operating in the last decade are quite fuel efficient,” says Castelveter, pointing out that some airlines have adjusted aerodynamics on older aircraft so they burn less fuel. The notion that older planes are smaller inside than their newer counterparts is also wrong, he says—and meal service has nothing to do with the age of a plane. “Meals, in some cases, have been eliminated, even in the newer model aircraft,” he says.

8. “Even we don’t understand our pricing.”

Most domestic flights operate with two cabins – coach and first or business class while international flights are divided into first class, business and economy. But when it comes to pricing, there are often around a dozen or more different price points for seats on each plane. “Ticket pricing is a mix of science, game theory and art — a three dimensional matrix,” says Harteveltdt of Forrester Research. The biggest factor, beyond basic costs like fuel and labor, is the competition. Airlines track one another’s fares, then try to determine how many business travelers, who generally pay a premium for flexible tickets, are likely to book a flight. On routes with lots of business travelers, seat prices can stay high because airlines know they’ll book seats at the last minute. As each seat sells, the prices of others fluctuate: Domestic fares can change up to three times a day during the week and once on weekends, says Hobbica.

But prices don’t only go up. A number of factors can cause prices to fluctuate months or even hours before a flight takes off. One example is if demand from business travelers is lagging, prices may fall as the flight time gets closer. If that happens and the fare drops by the time your flight leaves, you can get a voucher from a number of airlines for the difference between what you paid for the airfare and the lowest price it dropped to. Customers can get this refund if they bought published airfare either directly from the airline or from most price-comparison sites. Some airlines will assess a fee with this refund, but customers should still ask for the full amount. JetBlue, for example, doesn’t deduct a fee; instead it puts the difference into a credit, which a customer can use toward airfare within 12 months, says a spokesperson.

9. “We’re at the mercy of old technology.”

Air traffic decreased in 2009, when the number of flights fell by 6.6 percent compared with 2008, and the number of passengers traveling fell 5.3 percent, according to the DOT. But even with less-crowded skies, air-traffic control’s radar-based system, which safely tracks planes, remains inefficient. Planes are routed across the country in a zig zag fashion on a series of highways in the sky, spacing them at least five miles apart for safety. And that’s the problem: Because radar pinpoints planes about every 12 seconds, their precise location is not known, says Castelveter.

The airlines would like to see this system replaced by one based on digital-satellite technology, he says. That would allow planes to fly much closer, which would be safer, help reduce congestion and allow more flights. Some airlines have been working toward this goal for a while. In the mid-1990s, Alaska Airlines began using Required Navigation Performance (RNP), a global positioning system that helps airplanes fly more-direct routes with more accuracy and save fuel. And according to a recent Wall Street Journal article, Southwest Airlines is planning to change the cockpit software in two-thirds of its fleet to RNP.

10. "You'll wait because the system's broken."

Airline delays aren't as widespread as they were a few years ago, but they're still a problem. In 2009, 18.9 percent of flights arrived late and 16.8 percent of flights departed late, down from 24% and 21% respectively in 2007, according to the DOT.

But if bad weather rolls in, delays increase and spread across the country. When JFK and Newark airports experienced serious delays in 2007, the Federal Aviation Administration stepped in the following year and capped scheduled flights going in and out of JFK at 83 for peak hours, down from 100 or more. The agency also limited scheduled flights at Newark to 81 flights per hour. Since then, delays have decreased at the three major New York- area airports assisted by scheduling limits, improvements in air traffic control, and reductions in flying, says an FAA spokesperson.

Even the airlines say these were necessary steps. But the carriers would like more action from the government, including pushing through upgrades of the air-traffic-control system, which would increase capacity at airports. Castelveter of the ATA says there is plenty of blame to spread for delay, from the need for a modernized air-traffic control system to the volume of corporate jets. "It's an incredibly complex problem," says Shannon Anderson, associate professor of management at Rice University, one involving aging technology, competing airlines and private and commercial carriers. "Just capping the number of flights is not going to solve it."

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