



# MAJOR TRAVEL SITES FACE CREDIBILITY CRUNCH

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*An Examination of Booking First-Class Tickets Online*

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# TABLE OF CONTENTS

<b>Executive Summary</b> .....	<b>3</b>
<b>Consumer Reports WebWatch Mission Statement</b> .....	<b>6</b>
<b>Consumer Reports WebWatch Travel Projects, 2002-2005</b> .....	<b>7</b>
<b>Testing Methodology and Parameters</b> .....	<b>9</b>
Selection of Travel Web Sites .....	9
Testing Methodology.....	10
Testing Parameters and Specific Testing Criteria.....	10
Selection of Results .....	12
Currency Issues .....	13
Rounding of Fares .....	13
Conversion Rates .....	13
Availability of Airfares .....	13
Valid Tests .....	13
Invalid Data.....	13
Technical or System Failures .....	14
<b>Results, Rankings, and Conclusions</b> .....	<b>15</b>
Lowest First-Class Fares for All Tests .....	16
Closest First-Class Fares for All Tests .....	17
Lowest First-Class Fares for Each of the Four Individual Tests .....	19
Lowest First-Class Fares for Round-Trip Nonstop Flights .....	22
<b>Findings and Concerns</b> .....	<b>25</b>
Pricing and Display Inaccuracies (Including "Fare-Jumping") .....	25
Availability of Valid Fares .....	28
Invalid First-Class Listings.....	28
Potentially Deceptive Labeling of First-Class Listings .....	29
Rounding Down of Fares.....	32
Omissions of Viable Airlines .....	32
Integrated Travel Sites vs. Branded Travel Sites .....	33
The Orbitz "Low Fare Promise" .....	34
<b>Tips for Booking Premium-Class Airline Seats</b> .....	<b>35</b>

# EXECUTIVE SUMMARY

While travel remains the largest sector of online commerce, more Americans have moved from “looking” to “booking” on travel Web sites. The complexities of what’s on offer, as well as choices among search tools, continue to increase as well.

Since 2002, Consumer Reports WebWatch has examined a variety of travel Web sites in the United States and abroad. Airline ticket purchases continue to be the biggest slice of the pie, but even so, certain aspects of searching for and booking seats continue to be daunting. Previously, Consumer Reports WebWatch compared flight and airfare data only for economy-class airline tickets. This project addresses the more complicated first-class airfare market.

It seems apparent that the Internet is having an effect on the sale of first-class airline tickets. According to the U.S. Department of Transportation’s Bureau of Transportation Statistics (BTS), 7,390,453 first-class tickets were sold in the U.S. in 2004. This marked a 9.5% increase in this class of service over 2003. In 2004, a number of news reports said the average price of a first-class airline ticket had decreased. This may have spurred more travelers to shop for them online.

This examination of lowest first-class fares on a variety of domestic routes uncovered many complexities and challenges, as well as several concerns. In fact, buying first-class tickets online can be much more difficult than buying economy class tickets.

## KEY FINDINGS

### **In Consumer Reports WebWatch’s first analysis of booking first-class airfares online, we discovered:**

- Fare-jumping continues to be a problem on Expedia, Orbitz and Travelocity—one fare on Expedia increased by \$748.
- Expedia, Orbitz and Travelocity all had problems with missing and/or incorrect labeling information regarding class of service.
- Expedia led all sites by providing the highest percentage of lowest fares, while Orbitz led by providing the most lowest fares within \$10.

Among key topics addressed in this report:

- “Fare-jumping” (in which a rate suddenly increases or decreases during the booking process, sometimes without a notification to the user) continues to occur on Expedia, Orbitz, and Travelocity.
- The single largest fare-jumping increase occurred testing Expedia, totaling \$748.00.
- Searching for first-class fares can be harder than it seems; during this testing project, sites often were unable to deliver a first-class fare.
- Although testers queried for first-class fares, several

sites continually returned itineraries with business and even economy-class flights.

- Testers found multiple problems on all three integrated sites with missing and/or incorrect labeling information for the airlines’ classes of service. In some cases, business class was incorrectly described as first class.
- Among the top three third-party sites, competition has increased, with testers finding a growing number of razor-thin differences among fares.
- Expedia led all six sites, returning the lowest first-class fare four out of every 10 queries.
- Orbitz was equally impressive when results were weighted to include “closest” first-class fares. Orbitz returned fares within \$10 of the lowest 82% of the time.
- Travelocity returned the highest percentage of nonstop first-class flights among all six sites, indicating the quality of its lowest-fare first-class offerings was better.
- Orbitz recorded the highest savings for a single itinerary for this project, when it returned a first-class fare \$1,348.70 (242%) less than the lowest fare its closest rival offered.

FIGURE 1

WEB SITES TESTED FOR THIS REPORT	
INTEGRATED SITES	AIRLINE SITES
EXPEDIA	AMERICAN
ORBITZ	CONTINENTAL
TRAVELOCITY	DELTA

FIGURE 2

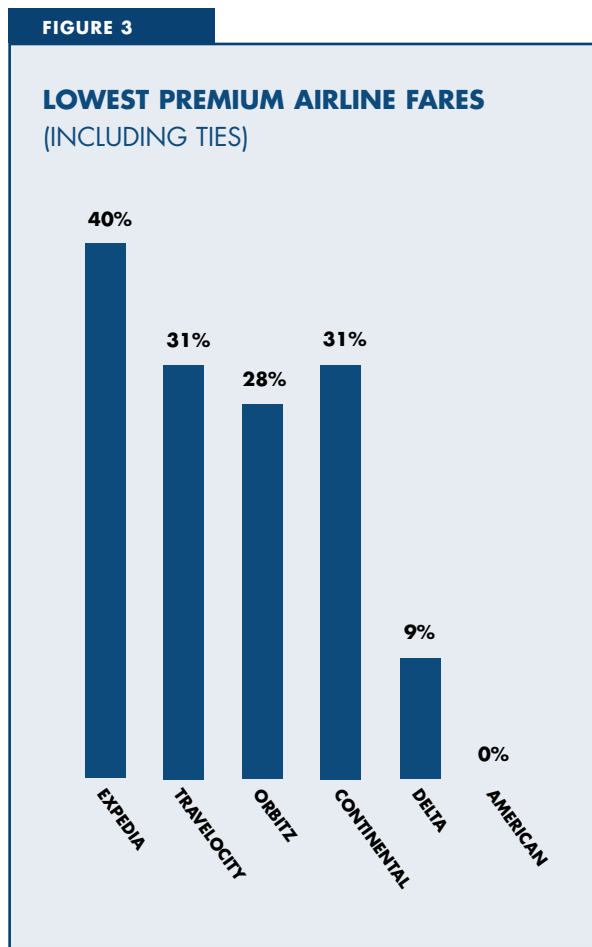
PREMIUM “FARE-JUMPING”				
	WEB SITE	% OF FARES THAT INCREASED OR DECREASED MID-BOOKING	NUMBER OF FARES THAT INCREASED OR DECREASED MID-BOOKING	AVERAGE AMOUNT THAT FARE INCREASED OR DECREASED MID-BOOKING
INTEGRATED TRAVEL SITES	TRAVELOCITY	4%	5	+\$5.32
	EXPEDIA	3%	3	+\$303.23
	ORBITZ	1%	1	-\$610.80
AIRLINE SITES	AMERICAN	0%	0	0
	CONTINENTAL	0%	0	0
	DELTA	0%	0	0

■ Expedia, Orbitz and Travelocity often returned lower fares on American and Delta than on those airlines' own sites. Only Continental's site offered the best fares on Continental.

report, and provided fact-checking. The research report was edited by Beau Brendler, the director of Consumer Reports Web Watch.

## CREDITS

The project was directed by William J. McGee, a travel journalist and consultant to Consumer Reports WebWatch and the Editor of *Consumer Reports Travel Letter* from 2000 to 2002. The project was completely funded by Consumer Reports WebWatch. Employees of Consumer reports WebWatch assisted in drafting the methodology, participated in the testing, contributed to this research



# CONSUMER REPORTS WEBWATCH MISSION STATEMENT

Consumer Reports WebWatch is a project of Consumers Union, the non-profit publisher of *Consumer Reports* magazine. The project is supported by grants from The Pew Charitable Trusts, the John S. and James L. Knight Foundation, and the Open Society Institute. Consumer Reports WebWatch in turn funded the research and production of this report, as it has done with similar reports on Web site credibility, travel ticket-booking Web sites (performed and published independently and in conjunction with *Consumer Reports Travel Letter*, which ceased publication in December 2002), search engines, and health Web sites.

Consumer Reports WebWatch's mission is to improve the credibility of Web sites, through research, through articulation of best practices guidelines in specific sectors of Web publishing, and by working with ConsumerReports.org to produce ratings of Web sites using those guidelines. Ratings of these sites were released in 2004, using research conclusions from this report. Consumer Reports WebWatch's research, guidelines, and e-Ratings are available for free at <http://www.consumerwebwatch.org>.

# CONSUMER REPORTS WEBWATCH TRAVEL PROJECTS, 2002-2005

Over three years, Consumer Reports WebWatch has created an unprecedented database of original and unbiased research on the online travel market, the single largest sector of Internet commerce. Here is a summary of the travel Web site projects undertaken to date:

■ “Travel Web Sites: You Still Need to Compare,” was released in June 2002. Consumer Reports WebWatch teamed with *Consumer Reports Travel Letter* (which ceased publication in December 2002) to extensively test travel Web sites providing domestic airfares. This report is available at :

[www.consumerreports.org/main/detailv2.jsp?CONTENT%3C%3Ecnt\\_id=158287&FOLDER%3C%3Efolder\\_id=158259&bmUID=1033759487281](http://www.consumerreports.org/main/detailv2.jsp?CONTENT%3C%3Ecnt_id=158287&FOLDER%3C%3Efolder_id=158259&bmUID=1033759487281)

■ “Booking Hotels Online: An In-Depth Examination of Leading Hotel Web Sites,” was a research report that was released in April 2003. This report is available at : <http://www.consumerwebwatch.org/dynamic/travel-report-booking-hotels-online-abstract.cfm>

■ “An Analysis of the Potential Benefits and Dangers of Booking Through a Car Rental Web Site,” was a

research report that was released in October 2003. This report is available at:

<http://www.consumerwebwatch.org/dynamic/travel-report-renting-cars-online-abstract.cfm>

■ “Booking and Bidding Site Unseen: A Consumer’s Guide to Opaque Travel Web Sites,” was a research report that examined alternative “opaque” travel booking Web sites and was released in December, 2003. This report is available at:

<http://www.consumerwebwatch.org/dynamic/travel-report-booking-bidding-abstract.cfm>

■ “Global Concerns: An In-Depth Examination of Travel Web Sites Selling International Airline Tickets,” was a research report released Sept. 22, 2004, that examined U.S.-based travel sites selling airline tickets on international routes originating in the United States. This report is available at:

<http://www.consumerwebwatch.org/dynamic/travel-report-global-abstract.cfm>

■ “Spanning the Atlantic: A Cross-Border Examination of 20 Travel Web Sites in the U.S. and Europe,” was a

research report based on a project directed by Consumer Reports WebWatch and involving six other non-profit consumer advocacy organizations in Europe. The report was released Nov. 12, 2004 and is available at :

<http://www.consumerwebwatch.org/dynamic/travel-report-cross-border-abstract.cfm>



# TESTING METHODOLOGY AND PARAMETERS

Consumer Reports WebWatch continues to hone, refine, and improve its methodology to conduct side-by-side tests of leading travel Web sites. Many modifications and improvements are the direct result of feedback from the travel sites. Such criticism is always carefully considered, but not always acted upon.

Although Consumer Reports WebWatch has extensively tested U.S. and foreign travel sites offering domestic and international airline fares, this project marked the first evaluation of premium airline products (other than economy-class or coach-class seats). The specific testing methods are described in detail below.

## SELECTION OF TRAVEL WEB SITES

Consumer Reports WebWatch analyzed market share data, airline traffic statistics, and other factors to determine which sites to include in this testing project. Data were employed from a variety of independent sources, and all of this information is in the public domain. For this project, Consumer Reports WebWatch did not contract with independent consultants to obtain information.

The three largest domestic integrated travel sites were selected: Expedia, Orbitz, and Travelocity. Here is further information about them:

- Expedia ([www.expedia.com](http://www.expedia.com)) is based in Bellevue, Wash. and is owned by IAC/InterActiveCorp (USA Interactive). Expedia was formerly owned by Microsoft. Expedia is a sister company of Hotels.com and Hotwire.

- Orbitz ([www.orbitz.com](http://www.orbitz.com)) is based in Chicago and was founded by the nation's five largest airlines: American Airlines, Continental Airlines, Delta Air Lines, Northwest Airlines, and United Airlines. In September 2004, Orbitz was acquired by Cendant Corporation, a New York City-based travel conglomerate that owns several travel Web sites (including CheapTickets.com and Lodging.com), a leading travel technology company (Galileo), and car rental firms (Avis and Budget).

- Travelocity ([www.travelocity.com](http://www.travelocity.com)) is based in Fort Worth, Texas and is owned by Sabre Holdings. Travelocity was formerly owned by AMR, the parent

company of American Airlines. Travelocity is a sister company of Sabre Travel Network, a global distribution system (GDS) used by travel agencies.

In addition, three of the largest domestic branded airline sites were selected: American, Continental, and Delta. Here is further information about them:

- American Airlines ([www.aa.com](http://www.aa.com)), is based in Fort Worth, Texas.
- Continental Airlines ([www.continental.com](http://www.continental.com)), is based in Houston.
- Delta Air Lines ([www.delta.com](http://www.delta.com)), is based in Atlanta.

## TESTING METHODOLOGY

The testing methodologies employed and improved upon by Consumer Reports WebWatch since 2000 were developed in concert with key departmental personnel at Consumers Union, including Research, Statistics, Survey, and Fact-checking, as well as the staff of the now-defunct *Consumer Reports Travel Letter*.

All testing was conducted by testers trained by Consumer Reports WebWatch. As always, dry-run testing was conducted in advance to help ensure accuracy. Consumer Reports WebWatch then conducted the comparative analysis and provided fact checking of the final findings and this report.

Statistical analysis provided by Consumers Union led to the creation of four separate tests, grouped into four separate testing days in early and mid-December 2004.

All testing was scheduled in advance and completed simultaneously in real-time. All testers queried airfares from previously distributed itineraries. In all cases, airfares were available for booking, but in no cases were airline seats purchased.

Each of the four separate tests consisted of 36 queries or trials. In total, this project consisted of 144 separate trials.

Each of the four integrated travel sites (Expedia, Orbitz, and Travelocity) were included in all 144 trials. Each of the four branded airline sites (American, Continental, and Delta) were included in one separate test consisting of 36 trials.

However, no site produced valid flight and fare information for all trials. Further explanation is provided below.

## TESTING PARAMETERS AND SPECIFIC TESTING CRITERIA

Each test consisted of searching for specific airfares on high-volume domestic routes, within the continental United States and Hawaii. Consumer Reports WebWatch examined passenger traffic and airfare data provided by the Bureau of Transportation Statistics of the U.S. Department of Transportation.

The challenge was to provide geographical balance in the routes selected. On the one hand, the goal was to examine a wide variety of routes from major cities across the country. At the same time, these routes were distributed so that each of the three branded airline sites would be fairly represented by flights departing from their key hub and gateway airports. In this way, they could

**EACH OF THE  
FOUR SEPARATE TESTS  
CONSISTED OF 36  
QUERIES, OR TRIALS.  
IN TOTAL, THIS PROJECT  
CONSISTED OF 144  
SEPARATE TRIALS.**

compete fairly on price and on providing nonstop flights. In addition, most of the 36 routes selected included competition from at least one low-fare carrier, so that richer results would be provided. The sampling was weighted to include many routes with large percentages of leisure traffic, although routes with heavy business traffic were included as well. Many of these routes offered nonstop service from one or more carriers, and many did not.

■ The itineraries for all four tests remained the same throughout the testing period. For TEST #1 through TEST #4, the routes were:

- 1) Atlanta/ATL—New York-Newark/ANY
- 2) Atlanta/ATL—Boston/BOS
- 3) Atlanta/ATL—St. Louis/STL
- 4) Atlanta/ATL—Phoenix/PHX
- 5) Atlanta/ATL—Los Angeles/LAX
- 6) Atlanta/ATL—Seattle/SEA
- 7) New York-Newark/ANY—Miami/MIA
- 8) New York-Newark/ANY—Orlando/MCO
- 9) New York-Newark/ANY—Ft. Lauderdale/FLL
- 10) New York-Newark/ANY—Chicago/ANY
- 11) New York-Newark/ANY—Los Angeles/LAX
- 12) New York-Newark/ANY—San Francisco/SFO
- 13) Chicago/ANY—Philadelphia/PHL
- 14) Chicago/ANY—Orlando/MCO
- 15) Chicago/ANY—Phoenix/PHX
- 16) Chicago/ANY—Las Vegas/LAS
- 17) Chicago/ANY—Los Angeles/LAX
- 18) Chicago/ANY—Honolulu/HNL
- 19) Dallas/ANY—Houston/ANY
- 20) Dallas/ANY—New York-Newark/ANY
- 21) Dallas/ANY—Milwaukee/MKE
- 22) Dallas/ANY—Denver/DEN
- 23) Dallas/ANY—Oakland/OAK
- 24) Dallas/ANY—Honolulu/HNL
- 25) Houston/ANY—Boston/BOS
- 26) Houston/ANY—Baltimore/BWI
- 27) Houston/ANY—Miami/MIA
- 28) Houston/ANY—St. Louis/STL
- 29) Houston/ANY—San Francisco/SFO
- 30) Houston/ANY—Honolulu/HNL
- 31) Los Angeles/LAX—Boston/BOS
- 32) Los Angeles/LAX—New York-Newark/ANY

- 33) Los Angeles/LAX—Washington, D.C./IAD
- 34) Los Angeles/LAX—Cincinnati/CVG
- 35) Los Angeles/LAX—Las Vegas/LAS
- 36) Los Angeles/LAX—Oakland/OAK

For those cities designated with a specific three-letter airport code, searches were conducted only for that airport. Cities designated with “ANY” were metropolitan areas with more than one major airport. Tertiary, suburban, or exurban airports were not included. The acceptable airports for those cities were:

- New York/Newark: LaGuardia; JFK International; Newark Liberty
- Chicago: O’Hare International; Midway
- Dallas: Dallas-Fort Worth International; Love Field
- Houston: Bush Intercontinental; Hobby

■ Each test consisted of searching for the lowest first-class airfares on these routes. Booking criteria were established in advance.

For all four tests, these criteria included:

- one adult
- round-trip
- no frequent-flyer memberships or discounts apply (senior, AARP, AAA, government, military, student, child, etc.)
- connecting flights acceptable
- multiple-airline itineraries acceptable
- flight dates as specifically noted
- first class as specifically noted

*NOTE: Not all Web sites allowed such specificity for each test, but these parameters were established in advance to ensure consistency.*

■ In all cases, testers searched for first-class routes. Prior research indicated that searching for both business-class and first-class fares would not be fruitful since many carriers offer first-class service on domestic routes and business-class service on international routes. Since this project focused on domestic flights, the search was limited to first-class fares.

As stated, the nature of searching for first-class airfares required changes to established Consumer Reports WebWatch airline booking criteria. Specifically, this meant accepting 1) connecting flights in addition to non-stop and direct flights; 2) multiple-airline itineraries in addition to single-airline itineraries; and 3) departure and arrival times throughout the day.

These changes reflect the challenge of obtaining first-class service on every leg of a domestic journey, since availability could be a key factor, either on a given carrier or on that carrier’s marketing and code-sharing partner(s).

Because the emphasis for this project was on providing first-class fares, the latitude of the search criteria was expanded so that nonstop, direct, and connecting flights were allowed, as well as departure times throughout the day. At the same time, this report provides a competitive analysis of how each of the sites performed at providing nonstop flights.

■ In order to simulate a variety of trips, the advance booking windows varied. The booking times were:

- TEST #1 (LONGER ADVANCE BOOKING):  
21 days in advance
- TEST #2 (LONGER ADVANCE BOOKING):  
21 days in advance
- TEST #3 (LONG ADVANCE BOOKING):  
28 days in advance
- TEST #4 (MODERATE ADVANCE BOOKING):  
14 days in advance

■ In order to be fair to all sites tested, Consumer Reports WebWatch departed from earlier methodology and did not simulate a variety of itineraries by varying the length of the stays with 2-day trips, 3-day trips, etc. Instead, all itineraries were the same, so availability problems would not give one site an edge over a rival. However, all trips included a Saturday-night stay, which often reduces airfare cost. For this project, the stays were:

- TEST #1: 7 days
- TEST #2: 7 days
- TEST #3: 7 days
- TEST #4: 7 days

**MANY TIMES, SITES RETURNED ITINERARIES THAT INCLUDED FIRST-CLASS SERVICE COUPLED WITH ECONOMY- AND/OR BUSINESS-CLASS LEGS; THESE RETURNS WERE DEEMED INVALID.**

### SELECTION OF RESULTS

Consumer Reports WebWatch analyzed flight and fare data by selecting either the first five returns or the first full printed page of returns, whichever was greater. Previously, only the first return was analyzed, but this methodology was amended to adapt to new presentation tools employed by travel Web sites, since vertical presentations have become obsolete in many cases. Most integrated travel sites (including Expedia, Orbitz, and Travelocity) employ horizontal and vertical display tools that show a variety of fares from competing airlines.

Note that all rankings included ties. For every fare query, it is possible every Web site tested could have provided the lowest airfare for that query.

It’s critical to note that for this project all valid itineraries included first-class service on each leg of the journey. In numerous cases, sites returned itineraries that included a combination of first-class service coupled with economy-

class and/or business-class legs; these returns were deemed invalid. If a pure first-class itinerary was not included in the first five returns or the first full page of returns (whichever was greater), then “not available” was recorded for that itinerary for that site.

It’s important to note some consumers might opt to book a first-class itinerary that included another class on one or more legs of the journey. In addition, some consumers might opt to select a close fare outside the parameters of the query, such as a flight departing on a different date, or from another airport. Consumer Reports WebWatch recognizes this, but in all cases the testers only selected flights applicable to that specific itinerary. Selecting other flights that did not adhere to the specific criteria would provide that Web site with an unfair advantage.

## **CURRENCY ISSUES**

Consumer Reports WebWatch now tabulates total airfares, meaning fares inclusive of all applicable taxes, fees, and booking costs.

There were two reasons for this change. 1) Some travel sites only provide total airfares, so using total fares offers a better apples-to-apples comparison. 2) In many cases, total airfares include booking fees levied by the Web site. Therefore, using total fares offers a more accurate tabulation of a consumer’s “bottom-line” cost. The difference in fees, in fact, can sometimes constitute the entire difference in cost.

For this project, all six travel sites returned fares with all taxes and fees included in the total.

## **ROUNDING OF FARES**

Although Consumer Reports WebWatch sometimes rounds amounts of fares and rates, for this project exact prices were used. This allowed more detailed analysis of “closest” fares, since in several cases the difference was 1¢.

## **CONVERSION RATES**

For this project, all fares were provided in U.S. dollars.

## **AVAILABILITY OF AIRFARES**

For this project, Consumer Reports WebWatch did not book any fares. In all cases, the Web sites stated that the seats requested were available. When the airfare requested was not available, the next lowest first-class fare that was available was used. In some cases, this meant that multiple fares repeatedly were not available for the same query. If no first-class fare was available for that query, then this was recorded as well.

## **VALID TESTS**

All sites were evaluated solely on valid tests. If there was an error on the part of Consumer Reports WebWatch testers, this was deemed an invalid test. Invalid tests were eliminated and did not affect final rankings. These errors could include incorrect data entries such as travel dates or airport codes, insufficient returns of data, and/or printing errors.

For this project, there were five errors in total. All five were due to insufficient returns of data; i.e., the tester apparently input information correctly but did not completely print the results. Three of the errors occurred with the American Airlines site and two of the errors occurred with the Delta Air Lines site.

Thus the completion rate for Consumer Reports WebWatch testers for this project was 99.1%.

## **INVALID DATA**

Through no fault of the testers, in some cases all six sites failed to return valid data, even after all entries were completed properly.

In all cases, these failures affected the Web site’s final

rankings. These failures were due to a variety of factors, including:

- First-class service was not available for one or more legs of the itinerary.
- The flight displayed was not available for booking (with no further explanation).
- The flight displayed contained “schedules or fares not published” for booking.
- The flight displayed was not available on that date.

Other failures that Consumer Reports WebWatch has encountered in the past but did not experience with this project include:

- The flight displayed was not available at the time specified (not applicable to this testing project).
- The flight’s origin and/or departure city could not be processed.
- The airfare did not include all applicable taxes and fees.
- The booking window was too short for the site to process.
- The site stated: “Call Customer Service to process this itinerary.”
- The site experienced technical or system failures.

Specific problems with lack of availability are discussed on page 28.

For this project, the overwhelming number of invalid fares was due to the sites’ inability to provide first-class fares. Specific problems with the availability of valid first-class fares are discussed on page 28.

## **TECHNICAL OR SYSTEM FAILURES**

During this project, testers experienced technical or system failures several times. However, these incidents were temporary and did not prevent the tester from processing the queries.

It should be noted that during the course of this testing project, Travelocity completely revamped its Web

site, including many of its display and shopping tools. While this did not prevent the tester from obtaining flight and fare information, this “construction phase” may or may not have affected the quality of content Travelocity provided.

# RESULTS, RANKINGS, AND CONCLUSIONS

This project involved months of extensive research, testing, and analysis. Much of that analysis focused on the competitive performance rankings of each of the sites. Besides other critical factors uncovered by Consumer Reports WebWatch, the sites' ability to compete in providing flights and fares remains a critical component of their effectiveness.

The findings of Consumer Reports WebWatch's premium airline Web site testing are presented in the attached figures and are described below. There are seven major categories of rankings:

- 1) Lowest first-class fares for all tests;
- 2) Closest first-class fares for all tests;
- 3) Lowest first-class fares for each of the four individual tests;
- 4) Lowest first-class fares for round-trip nonstop flights.

This testing project uncovered a number of remarkable performance results when these six sites were pitted against each other, including:

- A dramatic rise in competition among the top three integrated travel sites (Expedia, Orbitz, and Travelocity), with a marked increase in razor-thin differences in fares;
- A strong showing from Expedia, which led all six sites by providing the lowest fare for four out of every 10 queries.
- An equally strong showing from Orbitz, when the results were weighted to include "closest" fares within \$10 of the lowest fare; Orbitz notched the lowest and closest fare for 82% of all queries;
- Despite failing to beat its two primary rivals in these key performance categories, Travelocity provided the highest percentage of nonstop flights among all six sites, indicating the quality of its lowest fare offerings was better.

The results are detailed in Figures 4 through 10.

### LOWEST FIRST-CLASS FARES FOR ALL TESTS

From a business perspective, it’s impossible to under-evaluate a travel Web site’s ability to provide the lowest fare or rate for an airline seat, hotel room, rental car, cruise cabin, or vacation package. It is critical to a third-party integrated site’s business plan. Indeed, last year Orbitz initiated a “Low Fare Promise” guarantee, which despite its restrictions makes clear the importance of providing lowest rates (the guarantee is discussed in further detail on page 34).

Travel pricing, particularly within the airline sector, reflects one of the most competitive industries in any market. Furthermore, it has been demonstrated historically that most airline passengers are extremely price-sensitive and willing to switch carriers for a very small difference in fares, despite other compelling factors. In fact, this lack of brand loyalty is what spurred the launch of airline frequent-flyer programs in the 1980s.

Therefore it’s interesting to note that Expedia has dramatically improved its performance from past Consumer Reports WebWatch travel testing projects. As shown in

Figure 4, the site ranked first in this project by providing the highest number and highest percentage of lowest fares. Among 144 valid queries, Expedia provided 58 lowest fares, for an overall percentage of 40%.

Expedia’s showing was clearly better than its two integrated Web site rivals: Travelocity at 31% (45 lowest fares with 144 valid queries) and Orbitz at 28% (40 lowest fares with 144 valid queries).

The Orbitz showing was particularly weak in that even one of the three airline sites was more adept at providing lowest fares. The Continental site provided lowest fares 31% of the time, followed by the Delta site 9% of the time. Unfortunately, the American site failed to provide any lowest fares.

The Continental Airlines site’s strong performance is particularly noteworthy since it was included in only one of the four tests. Further, the site offers only one brand—its own—rather than a number, like Orbitz, which is owned in part by Continental.

Expedia’s first-place finish requires historical perspective. In head-to-head competition with Orbitz and Travelocity

FIGURE 4

#### LOWEST PREMIUM AIRLINE FARES (INCLUDES TIES)

	WEB SITE	% OF LOWEST FARES PROVIDED	NUMBER OF LOWEST FARES PROVIDED	NUMBER OF VALID QUERIES PERFORMED
INTEGRATED TRAVEL SITES	EXPEDIA	40%	58	144
	TRAVELOCITY	31%	45	144
	ORBITZ	28%	40	144
AIRLINE SITES	CONTINENTAL	31%	11	36
	DELTA	9%	3	34
	AMERICAN	0%	0	33



in the last five consecutive Consumer Reports WebWatch travel testing projects, Expedia never ranked ahead of both of its two primary rivals in providing lowest fares and rates. In one of these five projects, it ranked behind one of the two sites and in the other four projects, ranked behind both.

This project ended that streak, with Expedia ranking first by a comfortable margin of nine percentage points. Furthermore, Expedia's strong showing in each of the four individual tests made it clear the first-place overall ranking was no fluke.

One point must be made about the rankings for lowest fares. As discussed on page 28, Expedia failed to provide a valid lowest first-class fare at all in a large percentage of cases, usually because the site provided fares for other classes of service that were deemed invalid. Orbitz and especially Travelocity proved much better at returning valid fares for all queries.

Therefore Expedia's performance is a positive and a negative. The site failed to meet basic testing criteria for about one-third of all queries, yet still managed to out-perform its rivals by providing a higher percentage of lowest fares in fewer trials.

The following section on "closest" fares reveals interesting aspects of these rankings for lowest fares. Of particular note is that Expedia was particularly adept at providing the lowest fare but not adept at providing a low fare when a rival beat its price. Conversely, Orbitz became a much more formidable competitor and a boon for consumers when close fares were factored into the equation.

### **CLOSEST FIRST-CLASS FARES FOR ALL TESTS**

Consumer Reports WebWatch's research makes clear that competition remains fierce in the online travel market. Ostensibly this is a good thing for consumers, provided of course that the competition drives prices down.

The evidence seems to indicate consumers are benefiting.

Third-party sites—including but by no means limited to Expedia, Orbitz, and Travelocity—have transformed travel distribution, in many ways for the better for shoppers. This is particularly true for the airline industry, which in recent years has seen record passenger load factors not reached since World War II. Industry analysts have concluded that third-party sites have been a key factor in allowing airlines to sell "distressed inventory" that otherwise would have remained on the carriers' financial ledgers as empty seats.

This competition, coupled with a young industry's maturation process, have allowed third-party travel sites to harness technology in new ways to refine their pricing policies. This testing project makes it clear that travel sites are monitoring their rivals.

That's why Consumer Reports WebWatch continues to provide rankings not only for those travel sites that provide the lowest fares, but also for sites that provide "closest" fares that are slightly higher but still quite competitive. The amount of the closest fare varies from project to project, depending on the travel product being tested (such as airline seats, hotel rooms, rental cars, etc.) and the parameters of the specific queries. However, this amount is always determined in advance of the testing.

For this project, it was determined \$10 was an appropriate amount for the closest fare, since first-class airline

**THIRD-PARTY SITES HAVE TRANSFORMED TRAVEL DISTRIBUTION, IN MANY WAYS FOR THE BETTER FOR SHOPPERS.**

seats are often priced at double or even triple the price of economy or coach.

As Figure 5 shows, five of the six travel sites tested improved their performance when lowest fares were combined with closest fares of \$10 or less. Only the American Airlines site failed to provide either lowest or closest fares.

Orbitz, however, was greatly aided by the inclusion of closest fares. The site provided just 41 lowest fares, but 77 closest fares. This combined total of 118 meant a whopping 82% of the 144 valid queries performed with Orbitz resulted in a lowest or closest fare.

Travelocity also improved, as the site provided lowest fares 31% of the time, but lowest and closest fares 57% of the time. Interestingly, among the three integrated travel sites, Expedia gained the least. Even though it led all sites by providing lowest fares 40% of the time, the inclusion of closest fares nudged that figure up to 53%.

The rankings for the Continental and Delta sites also were assisted by closest fares, but not enough to remain competitive with the three integrated sites. The performance of the American Airlines site was dismal.

The Orbitz performance was quite impressive. Simply put, when the site provided a valid first class fare, in more than four out of five cases the Orbitz fare was either the lowest available or no more than \$10 higher than the lowest available. Whether or not this was due even in part to the Orbitz Low Fare Promise is not known (see page 34).

Historically, this was unprecedented. The mark of providing lowest and closest fares 82% of the time was the highest posted by any integrated travel site since Consumer Reports WebWatch began recording such findings. And the spread of 25 percentage points over second-place finisher Travelocity at 57% was also the largest gap between sites ranked first and second for providing lowest and closest fares in any Consumer Reports WebWatch travel testing project. Furthermore, in TEST #3, Orbitz returned a lowest or closest fare for all 33 of its valid returns, an achievement that had never been accomplished before for a single test.

Evidence would also seem to indicate that Orbitz has refined its search technology to increase its competitive advantage in this arena. This is because in the most recent Consumer Reports WebWatch travel testing

**FIGURE 5**

**LOWEST AND CLOSEST PREMIUM AIRLINE FARES**  
(WITHIN \$10 PER BOOKING, INCLUDES TIES)

	<b>WEB SITE</b>	<b>% OF LOWEST AND CLOSEST FARES PROVIDED</b>	<b>NUMBER OF LOWEST AND CLOSEST FARES PROVIDED</b>	<b>NUMBER OF VALID QUERIES PERFORMED</b>
<b>INTEGRATED TRAVEL SITES</b>	ORBITZ	82%	118	144
	TRAVELOCITY	57%	82	144
	EXPEDIA	53%	77	144
<b>AIRLINE SITES</b>	CONTINENTAL	36%	13	36
	DELTA	15%	5	34
	AMERICAN	0%	0	33

project focusing on domestic sites (“Global Concerns: An In-Depth Examination of Travel Web Sites Selling International Airline Tickets,” released in Sept. 2004), Orbitz also set new marks. Its ability to provide lowest and closest fares rose to 79% (a new high at the time) and the spread over second-place finisher Expedia was 24 percentage points (another new high at the time).

Orbitz also scored another significant achievement during this project: It recorded the single highest savings for any itinerary. In TEST #1, for a route from Dallas to New York/Newark with 21 days advance booking, Orbitz provided a fare of just \$950.00 for a combined American-Continental itinerary. This represented a 242% savings of \$1,348.70 over the \$2,298.70 fare provided by the American Airlines site. It also represented a savings of \$1,353.70 over the \$2,303.70 fare on American provided by Travelocity. Expedia was unable to provide a first class fare for this itinerary.

For that particular route from Dallas to New York/Newark, such savings were not an anomaly. In TEST #2, Orbitz recorded a savings of \$1,188.40 over its nearest competitor. In TEST #3, the lowest Orbitz fare was \$598.99 less than the lowest fare from a competing site. And in TEST #4, Orbitz generated a savings of \$812.49 over its closest rival.

Upon closer examination of the test results, two discoveries emerged: 1) There were more close fares than ever and 2) the close fares were closer than ever.

**IN TEST #2, ORBITZ  
RECORDED A SAVINGS  
OF \$1,188.40 OVER ITS  
NEAREST COMPETITOR.**

More than in any other Consumer Reports WebWatch online travel testing project, there were many lowest fares that were just barely lower than rival sites’ lowest fares. In fact, it was a contributing factor in Expedia’s ranking as the leading travel site in providing lowest fares. In numerous cases, Expedia’s lowest fare was just pennies less than the lowest fare provided by Orbitz and/or Travelocity. The rivalry between Expedia and Travelocity was particularly heightened, in that Expedia beat Travelocity by 1¢ in several cases.

## **LOWEST FIRST-CLASS FARES FOR EACH OF THE FOUR INDIVIDUAL TESTS**

Analyzing the individual results for the four separate tests that comprised this project is important for two reasons:

- Although the three integrated sites were included in all four tests, each of the three branded airline sites were included in only one test apiece.
- A key difference among all four tests was the date of departure, so therefore the advance booking window influenced the results provided by the sites.

As noted previously, this project consisted of four separate tests, conducted on four days, with identical routes. However, the travel dates for these itineraries changed as follows:

- TEST #1: 21 days in advance
- TEST #2: 21 days in advance
- TEST #3: 28 days in advance
- TEST #4: 14 days in advance

For the most part, the individual test results were closely aligned with the overall test results for the entire project, when rankings for providing the highest percentages of lowest fares were compared. Just as Expedia ranked first overall, it ranked first in all four individual tests. But some differences did emerge.

Figures 6 through 9 detail each of the results in order for TEST #1 through TEST #4.

■ **Results for TEST #1 (booking 21 days in advance)**

Expedia ranked first in TEST #1, which was indicative of its performance for this project in that it provided lowest fares 42% of the time for TEST #1 and 40% of the time overall. In fact, Expedia’s strong showing clearly was due to consistency, since it ranked first in all four individual tests.

TEST #1 also enabled Orbitz to post its strongest showing, ranking second behind Expedia by providing lowest fares 36% of the time. The American Airlines site was not a factor.

Although TEST #1 and TEST #2 both featured 21-day

advance booking windows, Travelocity did not perform particularly well in TEST #1.

■ **Results for TEST #2 (booking 21 days in advance)**

This was the only one of the four individual tests which did not include a branded airline site, and thus the competition was limited to the three integrated travel sites. Once again, Expedia ranked first, although this time it was tied with Travelocity.

This test was the strongest showing for Travelocity. Orbitz trailed at 25%.

**FIGURE 6**

**LOWEST PREMIUM FARES FOR TEST #1**  
(21-DAY ADVANCE BOOKING, INCLUDES TIES)

	WEB SITE	% OF LOWEST FARES PROVIDED	NUMBER OF LOWEST FARES PROVIDED	NUMBER OF VALID QUERIES PERFORMED
<b>INTEGRATED TRAVEL SITES</b>	EXPEDIA	42%	15	36
	ORBITZ	36%	13	36
	TRAVELOCITY	28%	10	36
<b>AIRLINE SITES</b>	AMERICAN	0%	0	33

**FIGURE 7**

**LOWEST PREMIUM FARES FOR TEST #2**  
(21-DAY ADVANCE BOOKING, INCLUDES TIES)

WEB SITE	% OF LOWEST FARES PROVIDED	NUMBER OF LOWEST FARES PROVIDED	NUMBER OF VALID QUERIES PERFORMED
EXPEDIA	42%	15	36
TRAVELOCITY	42%	15	36
ORBITZ	25%	9	36

■ **Results for TEST #3 (booking 28 days in advance)**

TEST #3 featured the longest advance booking window of this project, with travel dates four weeks from the date the queries were conducted.

Expedia again led the pack, by providing lowest fares 42% of the time. Travelocity and Expedia were grouped a fair distance behind, at 33% and 31% respectively. The Delta Air Lines was not much of a competitive factor at 9%.

■ **Results for TEST #4 (booking 14 days in advance)**

This test consisted of the shortest time between reservations and travel, with just a two-week window. Yet while all three integrated sites did not perform up to their overall standard for this project, they ranked in the same order.

Expedia led by providing lowest fares 36% of the time, followed by Travelocity at 22% and Orbitz at 19%. The Continental Airlines site far outshone its two rival airline sites at 31%.

**FIGURE 8**

**LOWEST PREMIUM FARES FOR TEST #3**  
(28-DAY ADVANCE BOOKING, INCLUDES TIES)

	WEB SITE	% OF LOWEST FARES PROVIDED	NUMBER OF LOWEST FARES PROVIDED	NUMBER OF VALID QUERIES PERFORMED
<b>INTEGRATED TRAVEL SITES</b>	EXPEDIA	42%	15	36
	TRAVELOCITY	33%	12	36
	ORBITZ	31%	11	36
<b>AIRLINE SITES</b>	DELTA	9%	3	34

**FIGURE 9**

**LOWEST PREMIUM FARES FOR TEST #4**  
(14-DAY ADVANCED BOOKING, INCLUDES TIES)

	WEB SITE	% OF LOWEST FARES PROVIDED	NUMBER OF LOWEST FARES PROVIDED	NUMBER OF VALID QUERIES PERFORMED
<b>INTEGRATED TRAVEL SITES</b>	EXPEDIA	36%	13	36
	TRAVELOCITY	22%	8	36
	ORBITZ	19%	7	36
<b>AIRLINE SITES</b>	CONTINENTAL	31%	11	36

■ **Results for All Four Tests**

Thus the individual performances shown in TEST #1 through TEST #4 shed additional light on key issues. But as shown above, the cumulative results of these four individual tests provide greater statistical reliability and therefore more indelible findings.

**LOWEST FIRST-CLASS FARES FOR ROUND-TRIP NONSTOP FLIGHTS**

For the first time in an online travel project, Consumer Reports WebWatch quantified the lowest fares provided by the sites being tested. This was done by calculating the total number of flights that operated as nonstops in conjunction with those that required stops enroute. The results are found in Figure 10.

It's important to note that these statistics reflect round-trip itineraries that included nonstops in both directions, and did not include stops on either the outbound or inbound journeys. Therefore, stops were calculated in either direction as well as both directions. This included direct flights that stopped enroute but did not require a change of aircraft, as well as stops that required connecting flight(s), with a change of aircraft and in some cases a change of aircraft and airline.

As Figure 10 shows, Travelocity returned both the highest number and the highest percentage of nonstop flights among its lowest fares. Of a total of 132 lowest-fare flights provided, 83 were nonstop itineraries, or 63%.

Travelocity's performance outpaced Expedia's mark of 54% (52 nonstops among 97 lowest-fare flights) and Orbitz's mark of 46% (58 nonstops among 125 lowest-fare flights).

Among the three airline branded sites, American was first at 48% (11 nonstops among 23 lowest-fare flights), followed by Continental at 47% (15 nonstops among 32 lowest-fare flights) and Delta at 19% (6 nonstops among 32 lowest-fare flights).

Furthermore, some sites offered a higher number of multiple stops within an itinerary. Therefore the total number of stops for the total number of lowest-fare flights provided by that site were statistically higher.

What follows is the breakdown of total stops per total number of lowest-fare one-way flights, in both percentages and whole numbers. In simple terms, these statistics reflect the frequency a traveler was required to make a stop enroute for every lowest-fare flight booked on that site:

**FIGURE 10**

<b>PREMIUM NONSTOP FLIGHTS</b>				
	<b>WEB SITE</b>	<b>% OF ROUND-TRIP NONSTOP FLIGHTS PROVIDED</b>	<b>NUMBER OF ROUND-TRIP NONSTOP FLIGHTS PROVIDED</b>	<b>NUMBER OF FLIGHTS PROVIDED</b>
<b>INTEGRATED TRAVEL SITES</b>	TRAVELOCITY	63%	83	132
	EXPEDIA	54%	52	97
	ORBITZ	46%	58	125
<b>AIRLINE SITES</b>	AMERICAN	48%	11	23
	CONTINENTAL	47%	15	32
	DELTA	19%	6	32

### **Integrated Travel Web Sites**

- Travelocity (34%): 90 stops per 264 one-way flights
- Expedia (46%): 90 stops per 196 one-way flights
- Orbitz (51%): 128 stops per 250 one-way flights

### **Branded Airline Web Sites**

- American (48%): 22 stops per 46 one-way flights
- Continental (61%): 39 stops per 64 one-way flights
- Delta (78%): 50 stops per 64 one-way flights

Once again, Travelocity led both Expedia and Orbitz. One way of looking at these numbers is that—on average—Orbitz requires a stop for more than half (51%) of every 100 lowest-fare one-way flights it provides.

As expected, the three airline sites posted higher percentages. But even American required fewer stops on average than Orbitz did when providing lowest-fare flights.

In this analysis, the three integrated sites would seem to have a built-in advantage over the three airline branded sites. At this time, no domestic airline of any size operates a high percentage of nonstop flights from airports not designated as their primary hubs and gateways. For better or worse, this is the nature of the “hub-and-spoke” system adopted by seven of the eight largest U.S. carriers (America West, American, Continental, Delta, Northwest, United, and US Airways). Among the eight largest domestic airlines, only Southwest has grown to major carrier status (with revenues in excess of \$1 billion annually) while still maintaining a route map comprised almost entirely of point-to-point flights rather than hub-and-spoke connections.

That said, Consumer Reports WebWatch recognized these inherent restrictions when this project’s methodology was crafted. That’s why the routes were carefully chosen to provide fairness to the three airlines, by including a balanced number of their largest hubs and gateways.

Conversely, the three integrated sites—by their very nature—would appear to be free of such restrictions. Since they offer a variety of competing airline choices on any given route, consumers would seem to have access to a combination of both low fares and better service

(such as nonstop itineraries and a large selection of flight frequencies).

That’s why it’s interesting to note that Orbitz’s ability to provide lowest-fare flights that operated nonstop just 46% of the time trailed two of the three airline sites, American (48%) and Continental (47%). This is quite significant, and underscores a competitive advantage for both Expedia and Travelocity over Orbitz.

An objective comparison of the test results for all three integrated travel sites clearly shows that Orbitz offered customers both good news and bad news. The advantage is that Orbitz often provided a greater selection of flight times. The disadvantage is that Orbitz often overwhelmed a shopper with redundant choices, usually from a single airline or combination of airlines on a given route.

Consider that the single most complex lowest-fare itinerary provided by any of the six Web sites for this project occurred in TEST #4, when Orbitz produced a seven-leg routing for a first-class flight from Houston to Honolulu. Although the itinerary involved just one airline (American), it required an outbound journey from Houston to Austin to Dallas to Los Angeles to Honolulu (four legs), and a return journey from Honolulu to Dallas to Austin to Houston (three legs).

However, the price for the Orbitz flight with 14 days advance booking was just \$1,855.58. This airfare represented a considerable savings since it was \$211.71 less than the fare of \$2,067.29 on American and Northwest provided by Expedia, and \$595.52 less than the \$2,451.10 fare provided by the Continental site; Travelocity was unable to provide a first class fare for this itinerary.

In the case of Orbitz, the combination of a very high percentage of lowest and closest fares overall (82%) is the competitive advantage that seems inherently wedded to the competitive disadvantage of a low percentage of nonstop flights (46%) and hobnobbed itineraries when shopping using the “lowest fare” search criterion. Of course, users could always choose other shopping

options on Orbitz (as well as Expedia and Travelocity). Ultimately, this issue reflects the individual tastes of the buyer.



# FINDINGS AND CONCERNS

Like its predecessors, this online travel project uncovered a variety of issues and problems that could not have been foreseen prior to testing. In-depth analysis shed new light on old issues and uncovered new ones. Unfortunately, serious concerns arose as well.

There are eight important categories of findings and concerns:

- Pricing and display inaccuracies (including “fare-jumping”)
- Availability of valid fares
- Invalid first-class listings
- Potentially deceptive labeling of first-class listings
- Rounding down of fares
- Omissions of viable airlines
- Integrated travel sites vs. branded travel sites
- Orbitz “Low Fare Promise”

## PRICING AND DISPLAY INACCURACIES (INCLUDING “FARE-JUMPING”)

In recent reports, Consumer Reports WebWatch has focused attention on a topic of great concern: the propensity for fares or rates displayed on travel Web sites to

suddenly change in real time—usually by increasing—during the course of shopping. This problem has been chronic among the three largest integrated travel Web sites, particularly Orbitz.

Unfortunately, this testing project made clear the problem has not gone away. All three integrated sites—Expedia, Orbitz, and Travelocity—were hampered by it when queried for first-class airfares.

The encouraging news is that Orbitz appeared to have greatly improved in this area, with just one occurrence recorded for this project. And not only was the fare change a decrease, but it was accompanied by a notification to the user.

However, a potential problem associated with fare-jumping arose as well. With Orbitz, it became apparent that fares often jumped or did not jump based on how the tester tallied the cost of the trip, an arcane method that undoubtedly many consumers would not grasp. Worse, these jumps were not accompanied by notifications so the user would know that the price had changed.

Consumer Reports WebWatch has published statements from Expedia, Orbitz, and Travelocity directly

addressing the fare-jumping issue. For the most part, the Web sites have noted that real-time travel search engines are prone to millions of fare and rate changes in a single day. This is duly noted. However, the issue of failing to notify users that fares have changed is a separate one.

As shown in Figure 11, the fare-jumping phenomenon occurred with all three integrated travel sites: Expedia, Orbitz, and Travelocity. It did not occur at all with the three branded airline sites: American, Continental, and Delta.

The problem was most chronic for Travelocity (5 occurrences in 132 flights provided, or 4%) and Expedia (3 occurrences in 97 flights provided, or 3%). It was less of a problem for Orbitz (1 occurrence in 125 flights provided, or less than 1%).

Figure 12 provides a detailed breakdown of all 9 occurrences, including: integrated Web site; test; route; number of increases or decreases within a single booking; original fare; revised fare; amount of increase or decrease; and whether or not the user was provided a notification that the fare had changed mid-booking.

**Key findings**

The single largest increase occurred with Expedia, for \$748.00. The single largest decrease occurred with Orbitz, for \$610.80—but this included a service change from first class to economy class (with a notification), so in effect these were two different fares rather than a single fare that had decreased.

The difference in average fare changes was significant, with a wide spread among the three sites:

- Expedia, average increase of \$303.23
- Travelocity, average increase of \$5.32
- Orbitz, actual decrease of \$610.80

Both Expedia and Travelocity provided occurrences with multiple fare jumps within the same query. This occurred when 1) different flights with the same fare all jumped in price; and/or 2) different flights with different fares all jumped in price; and/or 3) the same flight jumped in price more than once.

**Notifications to users**

All three of the Expedia fare jumps and all five of the Travelocity fare jumps were accompanied with

**FIGURE 11**

**PREMIUM “FARE-JUMPING”**

	WEB SITE	% OF FARES THAT INCREASED OR DECREASED MID-BOOKING	NUMBER OF FARES THAT INCREASED OR DECREASED MID-BOOKING	NUMBER OF FLIGHTS PROVIDED
<b>INTEGRATED TRAVEL SITES</b>	TRAVELOCITY	4%	5	132
	EXPEDIA	3%	3	97
	ORBITZ	1%	1	125
<b>AIRLINE SITES</b>	CONTINENTAL	0%	0	32
	DELTA	0%	0	32
	AMERICAN	0%	0	23

clear warnings to the user that a change in price had occurred. Consumer Reports WebWatch has often noted the need for such notifications and applauds sites for providing them.

With Orbitz, a clear warning appeared saying the fare decreased. However, that decrease was accompanied by a change of service: although the flights remained the same, the seats changed from first class to economy class, rendering the fare “not available” for the rankings.

■ **Orbitz: Potential confusion**

In effect, this project uncovered a potential problem not discovered by Consumer Reports WebWatch testers during previous projects. This was due to a new interactive feature on Orbitz that allows consumers to separately

select the outbound and inbound legs of a journey.

The site featured the Orbitz Matrix Display, a vertical and horizontal grid showing a variety of fares; airlines and airline combinations; and nonstop, one-stop, and multi-stop flight choices. Below the Orbitz Matrix Display were more traditional vertical listings of the flight choices, in descending order from lowest-priced to highest-priced, based on the display method chosen.

The vertical listings of flight choices included a new option: Icons declaring “choose this flight” for both outbound and inbound legs of the journey. When the tester selected the outbound legs, the fare sometimes jumped. When the tester selected the inbound legs and built the itinerary in reverse, the fare never jumped.

**FIGURE 12**

**EXAMPLES OF FARE-JUMPING\***

WEB SITE	TEST AND ROUTE	FARE QUOTED	NEW FARE	FARE CHANGE	USER ALERTED TO CHANGE?
EXPEDIA	TEST #1 ATL-LAX	\$641.19	\$1,389.19	+\$748.00	YES
	TEST #2 ATL-LAX	\$549.79	\$640.39	+\$90.60	YES
	TEST #2 ATL-SEA	\$952.80	\$1,023.90	+\$71.10	YES
ORBITZ	TEST #4 NYC-SFO	\$1,022.00	\$411.20	-\$610.80	YES
TRAVELOCITY	TEST #3 ATL-STL	\$998.00	\$1,003.30	+\$5.30	YES
	TEST #3 ATL-LAX	\$692.00	\$697.20	+\$5.20	YES
	TEST #3 NYC-CHI	\$759.00	\$764.20	+\$5.20	YES
	TEST #3 NYC-LAX	\$1,016.00	\$1,021.70	+\$5.70	YES
	TEST #3 LAX-LAS	\$318.00	\$323.20	+\$5.20	YES

\* Sites are listed alphabetically and are not ranked in any way.

However, consumers should select a third choice—the "Book it" icon, which thankfully is larger.

It seems apparent that some consumers would a) select the first (outbound) legs and 2) assume they were selecting the entire itinerary by selecting the first legs. In fact, they would be wrong. This strange permutation of the shopping process was not explained, and when the fare did increase or decrease mid-booking no explanation was provided. Furthermore, the sheer amount of flight and fare data generated by these Orbitz searches was staggering: Securing and selecting the correct, lowest, first-class airfare often required printing more than 30 pages of results.

#### ■ Addendum

It may be of interest to note that all five of the Travelocity fare-jumping occurrences took place during a single day of testing. Whether or not this was related to the revamping of the site's interface is unknown.

## AVAILABILITY OF VALID FARES

This testing project produced more invalid airline results than any other undertaken by Consumer Reports WebWatch. Clearly this was due to the restrictions inherent in obtaining first-class fares. All six Web sites

**EXPEDIA WAS  
UNABLE TO PROVIDE  
A VALID FIRST-CLASS  
FLIGHT 32% OF THE  
TIME, OR 46 TIMES IN  
144 VALID QUERIES.**

were unable to provide valid flight and fare data for at least 2 of the queries (Delta) and as many as 47 of the queries (Expedia).

As shown in Figure 13, the percentages of invalid results were quite high in several cases. Among the three integrated sites, Expedia was unable to provide a valid first-class flight 32% of the time, or 46 times in 144 valid queries. Thus the site that led all other sites in providing lowest fares (40% of the time) was unable to produce any fare in one out of every three cases.

The percentages for Orbitz (13%, 19 times in 144 valid queries) and Travelocity (8%, 12 times in 144 valid queries) were much lower. Based on their business models, it seems apparent that integrated sites would have a clear advantage over branded sites, since the integrated sites have a much larger pool of airlines from which to derive valid flights.

Among the three airline branded sites, American was unable to provide a valid first-class fare 30% of the time (10 times in 33 valid queries), followed by Continental 11% of the time (4 times in 36 valid queries) and Delta 6% of the time (2 times in 34 valid queries).

The overwhelming percentage (96%) of invalid returns was due to the sites' inability to provide a valid first-class fare. Of the 94 cases in which a flight was not available, only 4 were due to causes other than this (i.e., flight not available; schedule or fare not published; flight not available for specified date).

The issue of invalid listings due to class of service is discussed at length in the next section.

## INVALID FIRST-CLASS LISTINGS

All six travel Web sites included in this testing project were unable to process at least two queries because first-class service was unavailable. In each of these cases, this was calculated into the site's performance rankings.

When applicable, all three branded airline sites

(American, Continental, and Delta) were straightforward in stating that first-class fares were not available. Unfortunately, all three integrated sites (Expedia, Orbitz, and Travelocity) repeatedly and continually displayed invalid flight and fare data at the top of the integrated listings for seats that were not first class.

Consumer Reports WebWatch recognizes that some consumers searching for first-class fares may find value in being presented with other options, including itineraries comprised of business-class or even economy-class service. But this raises two key issues:

- If the user selected a search option that specifically requested first-class service, why were other options returned, particularly when it was not clear these were not first-class options?
- More important, why were options that did not include first-class service returned in the integrated listings ahead of options that were “pure” first-class flights?

Each of the three integrated travel sites offered functionality that allowed the consumer to search by specific criteria, including class of service. Muddying the results

by providing invalid flights and fares not only makes for a more cumbersome shopping experience, but also raises questions about potentially deceptive labeling, which is discussed below.

**POTENTIALLY DECEPTIVE LABELING OF FIRST-CLASS LISTINGS**

The difference between first class and business class was a critical component of this testing project. In pre-test trials, when Consumer Reports WebWatch testers queried business-class and first-class fares, they were repeatedly offered itineraries that combined both. Eventually the determination was made to search for first-class flights only, since this project was confined to domestic routes. (Business class would have been included had the project been expanded to include international routes.)

There may well be many consumers who would not differentiate between business class and first class when purchasing a domestic airline ticket. However, the price differences were crucial when competitively ranking multiple travel sites, as Consumer Reports WebWatch did. Mixing the two classes would not have produced a true “apples-to-apples” testing environment.

**FIGURE 13**

**PREMIUM FLIGHTS NOT AVAILABLE**

	WEB SITE	% OF PREMIUM FLIGHTS NOT AVAILABLE	NUMBER OF PREMIUM FLIGHTS NOT AVAILABLE	NUMBER OF VALID QUERIES PERFORMED
<b>INTEGRATED TRAVEL SITES</b>	EXPEDIA	32%	46	144
	ORBITZ	13%	19	144
	TRAVELOCITY	8%	12	144
<b>AIRLINE SITES</b>	AMERICAN	30%	10	33
	CONTINENTAL	11%	4	36
	DELTA	6%	2	34

It's important to note the actual differences inherent in airlines' premium classes can be considerable. Premium airline products are sold by a variety of incentives, including but not limited to additional seat pitch, more comfortable seats, advanced onboard entertainment and electronic amenities, upgraded meal service, complimentary alcoholic beverages, additional onboard storage space, airport lounge access, expedited check-in and boarding access, and other perks.

Comparing premium classes from airline to airline can be subjective. For many travelers, one carrier's economy class or economy-plus class may be equal or even superior to another carrier's business class. Similarly, other travelers may consider a given airline's business class better than a rival airline's first class. But such differences and subjective analyses were not germane to this report.

For this project, Consumer Reports WebWatch was not concerned with the relative merits or shortcomings of any airline's class of service. The emphasis was not on the product itself, but rather on how that product was marketed and sold. In this regard, there were no ambiguities. Individual airlines designate their classes of service in terms understood by other carriers throughout the world. This is one key reason airline classes are labeled with pricing codes used by global distribution systems, travel agents, and other airlines, so that nomenclature is consistent and compensation for interline tickets is equitable.

That said, all three integrated sites (Expedia, Orbitz, and Travelocity) presented multiple problems with missing and/or incorrect labeling information for the airlines' classes of service.

There were no such problems with the three airline branded sites (American, Continental, and Delta).

In some cases, integrated sites provided airline fares that were labeled as first class even though that carrier did not provide first class. These listings were deemed invalid and in some cases caused the site to be ranked as "not available" for that query.

In particular, problems with four low-fare carriers emerged repeatedly: AirTran Airways, ATA, Spirit Airlines, and USA 3000 Airlines. All four of these carriers offer premium products that are not marketed as first class, nor are they sold using first-class pricing codes. In fact, in the cases of AirTran and ATA, these products are actually referred to as "Business Class" on both of the carriers' own branded Web sites.

This is a separate issue from travel sites providing itineraries that included legs that were clearly labeled as economy class or business class. In those instances, the sites failed to respond properly to the queries. But mislabeling the products sold by individual airlines is a more serious concern.

There were also cases where one integrated site referred to a specific airline product correctly, while a rival integrated site did not. Spirit, for example, offers Spirit Plus, a premium class described on the carrier's own Web site in terms that would suggest an economy-plus or business-class product. Expedia correctly labeled it as business class, while Orbitz labeled it first class. Because Orbitz repeatedly provided lowest fares on Spirit in response to queries for first-class fares, several Orbitz trials were deemed "not available" under the conditions outlined in the methodology section of this report.

At the same time, many of Expedia's queries were deemed "not available" because the itineraries included Spirit's business-class flights. The point was that in neither case was Spirit acceptable, but at least Expedia was not potentially deceptive, as Orbitz may have been.

What follows is a breakdown of the labeling problems found on each of the three integrated sites.

#### ■ Expedia

In response to a query for a first-class flight, Expedia provided flight and fare information from multiple carriers but did not label the airline's class of service in these integrated listings. Only after the user selected a given flight, and the "total price for this trip" page appeared, was specific information provided on the class of service for each leg of the journey.

This practice made for a confusing shopping process. It was of particular concern when flight and fare information was provided for classes of service other than the class requested (first class), as occurred repeatedly during this testing project. In effect, the tester had to repeatedly process an additional step by tallying the “total price for this trip” page, before finally discovering many of the listed flights were invalid due to the wrong class of service.

In multiple instances, airline products were included at the top of the integrated listings even though these products were not first class as queried. Here are some examples:

- AirTran: listed with first-class offerings, labeled business class
- Spirit: listed with first-class offerings, labeled business class
- ATA: listed with first-class offerings, labeled economy class
- United: listed with first-class offerings, labeled economy class

To its credit, Expedia properly listed the carriers’ classes of service, once the additional pricing step was completed. But it still made for a cumbersome search.

#### ■ **Orbitz**

The good news was that Orbitz was the best among the three integrated sites at clearly labeling each leg of an itinerary by the airline’s class of service. This provided instant confirmation (unlike Travelocity) and eliminated an additional shopping step (unlike Expedia).

The bad news was that Orbitz repeatedly mislabeled airline products as first class when they were not. Here are some examples:

- ATA: labeled first class, actually business class
- Spirit: labeled first class, actually business class
- USA 3000: labeled first class, actually business class

Orbitz did correctly label AirTran as business class. However, it’s unclear why the premium products offered by these other three carriers were mislabeled. It’s

certain that many consumers booked these flights believing that they offered first class service when in fact they did not.

#### ■ **Travelocity**

Travelocity did not label the classes of service for flights when they were initially provided in the integrated listings in response to queries for first-class service. However, the site did label the class of service only when a flight included a leg or legs that were not first class.

Travelocity offered a helpful flag that stated “First class not available; Business class [or economy class] operated by [airline name].” The problem with this warning was that a user could reasonably expect that the absence of such a flag meant that the listed flight contained first-class service only. Unfortunately, this was not always the case. In one instance, a business-class seat on AirTran was provided without indicating that it was not a first-class seat.

Travelocity did offer an additional click-through function that provided “fare basis” codes for each leg of a journey. However, these complex codes used by industry

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professionals were offered to consumers with no explanation or translation. In fact, in several cases, Consumer Reports WebWatch translated these codes and discovered that AirTran was listed as business class, not first class.

This mislabeling seemed to be an anomaly, however. In several other cases, Travelocity properly flagged AirTran flights as business class. In addition, Travelocity also properly flagged Spirit flights as business class and in some cases flagged ATA flights as economy class.

*Note: As stated earlier, Travelocity completely revamped its graphic interface and search tools after this testing project was launched. These specific criticisms refer to the search tools that were in place during this testing period in December 2004.*

#### ■ Summary

The awkward display tools and incorrect data provided by the three integrated sites when searching for first-class fares was a disturbing discovery. Consumer Reports WebWatch had not encountered such basic interface problems while searching for economy-class fares over the past several years. In many ways, these fundamental functionality problems associated with first-class bookings harkened back to the cruder tools used in the infancy of online travel.

Clearly, all three major integrated sites need to revamp the shopping tools provided to consumers searching for premium fares. In some cases, the tools were seriously flawed. In the worst cases, they may have been deceptive.

## ROUNDING DOWN OF FARES

Both Orbitz and Travelocity presented fares in the integrated listings that were rounded down to the nearest dollar, even when the amount should have been rounded up (i.e., 50¢ to 99¢). Consumer Reports WebWatch has noted this issue before in conjunction with both sites.

When tabulating fares provided by Orbitz and Travelocity, Consumer Reports WebWatch corrected the amounts in accordance with Internal Revenue Service

policy. That is, if the actual fare was \$99.99, and Orbitz or Travelocity displayed the fare as \$99.00, Consumer WebWatch tabulated the fare as \$100.00.

Travelocity and the three branded airline sites returned actual amounts in all cases.

## OMISSIONS OF VIABLE AIRLINES

A critical component in understanding the online travel market is awareness of the product “universe” a given travel site offers the consumer. That is, no single integrated site offers all available travel products, whether the sector is airlines, hotels, car rentals, cruises, or vacation packages. And it’s understood nearly all branded airline sites offer specific products, usually from a single airline or combination of that airline’s marketing partners.

In the domestic airline sector, there are two key omissions among nearly all integrated travel sites: Southwest Airlines and JetBlue Airways. In an effort to contain their costs, both of these carriers have developed distribution strategies that for the most part bypass third-party travel sites as well as global distribution systems used by travel agencies. This is one significant reason no integrated travel site can truly claim to offer the lowest fares on hundreds of routes across the U.S.

However, neither Southwest nor JetBlue offer premium-class service, so for this testing project their omissions had no effect. In fact, by focusing on first-class domestic fares, this testing project may have provided the best head-to-head competition among the leading U.S. integrated travel sites ever conducted by an unbiased testing organization.

That said, Consumer Reports WebWatch urges all travel sites to offer consumers a complete listing of all travel suppliers available on each site. This provides the user with a much better sense of the “universe” of products being queried, as well as the products that fall outside that scope. Happily, this request has been fulfilled by some travel Web sites, though not all.



## INTEGRATED TRAVEL SITES VS. BRANDED TRAVEL SITES

Whenever Consumer Reports WebWatch conducts a testing project that includes both integrated travel sites and branded travel sites, one of the most intriguing questions that arises is: Did any of the integrated sites offer a lower fare or rate than a branded site did for its own product? Once again, the answer is yes.

For this project, however, Consumer Reports WebWatch conducted some additional analysis to provide a clearer view.

Overall, past projects revealed an interesting dichotomy: In the broadest of terms, integrated travel sites provided lower prices for airline seats and rental cars, but branded sites provided lower prices for hotel rooms. For this project, that general axiom held true for two of the airlines, but not for the third.

As shown in Figure 14, there was a clear delineation between Continental Airlines on one side and both American Airlines and Delta Air Lines on the other.

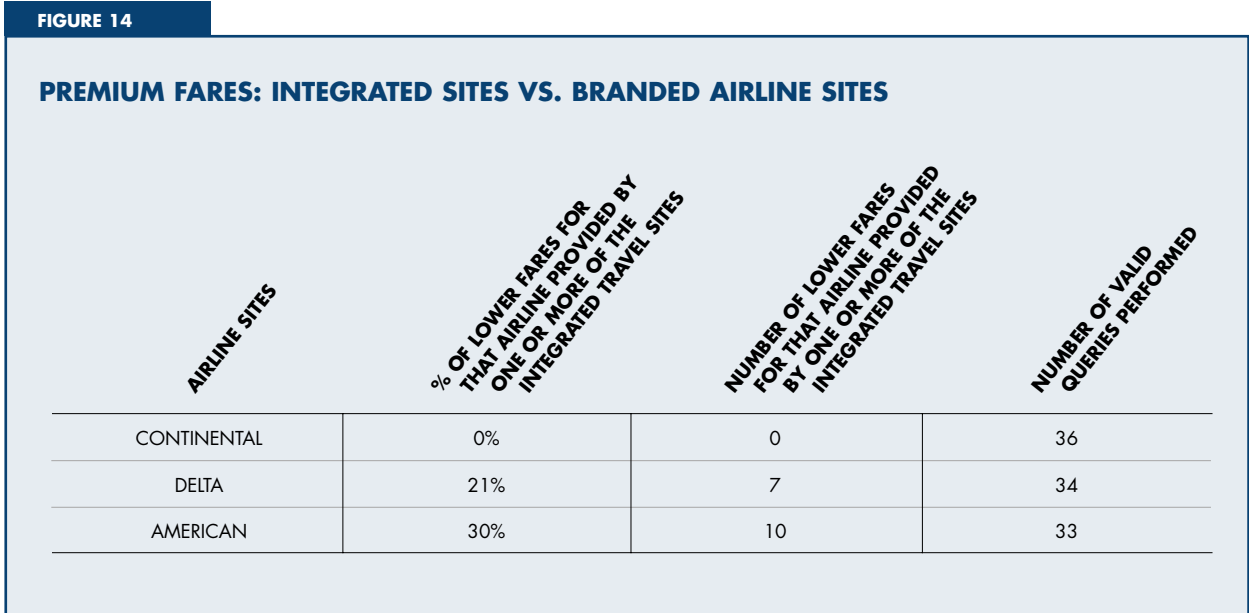
During 36 valid trials, none of the three integrated sites

provided a single first-class fare on Continental lower than the lowest first-class fare provided by the carrier’s own Web site.

Conversely, one or more of the three integrated sites provided a lowest fare on Delta that was lower than Delta’s lowest fare 21% of the time (7 fares for 34 valid trials). And one or more of the three integrated sites provided a lowest fare on American that was lower than American’s lowest fare 30% of the time (10 fares in 33 trials).

Continental’s performance would indicate it is more aggressive than its two airline rivals in providing competitive fares under its own online banner. Full-service airlines such as these three currently face intense marketing pressure to sell their products through a variety of distribution channels, particularly third-party integrated sites that can effectively promote last-minute “distressed” inventory. At the same time, these airlines have expressed concerns about diluting their own pricing models by conditioning consumers to expect lower fares on their own branded sites.

Despite or because of these complex sales strategies, it’s apparent that Consumer Reports WebWatch found



two separate methodologies, as the fares provided by Continental and American/Delta made clear. For consumers, it's equally apparent that Continental's own Web site deserves a close look.

## THE ORBITZ "LOW FARE PROMISE"

On Oct. 26, 2004, Orbitz began to advertise a "Low Fare Promise" for consumers purchasing airline seats that provided a coupon redeemable only on Orbitz for \$50 in future travel purchases. Earlier in 2004, the Web site launched the OrbitzSaver Low Rate Guarantee for hotel rooms, but offering a price guarantee was not common.

However, even within the short history of Internet commerce the move was not without precedent, due to Hotels.com. In early 2003, Consumer Reports WebWatch conducted comparative testing of online hotel products, which was summarized in "Booking Hotels Online: An In-Depth Examination of Leading Hotel Web Sites" (<http://www.consumerwebwatch.org/dynamic/travel-report-booking-hotels-online-abstract.cfm>). The report specifically examined the Hotels.com rate guarantee and found that, "Overall, among the 130 queries in which Hotels.com provided a rate, that rate was beaten by its competitors a total of 99 times (including multiple times for the same query). In all cases, of course, the rates were queried for the same dates simultaneously."

The Orbitz promise carries a lengthy list of caveats and restrictions, which are available to consumers at [www.orbitz.com/global/legal/terms.jsp?type=lfp](http://www.orbitz.com/global/legal/terms.jsp?type=lfp). Among the key provisions of the promise:

- it applies only to domestic flights;
- it applies only when a rival site offers a fare that is at least \$5 lower;
- it applies only for identical dates, airlines, flight numbers, classes of service, etc.;
- it applies only when a lower fare is found on a "full-service travel Web site or airline site."

This testing project took place in December 2004, so the Orbitz Low Fare Promise was in effect. Since Orbitz

provided the lowest first-class fare just 28% of the time, clearly at least one rival site provided a lower first-class fare 72% of the time. But as noted earlier, this project has shown that in terms of overall competitiveness, Orbitz handily led all six sites by providing the lowest or closest fare 82% of the time.

The specific restrictions of the Low Fare Promise severely reduced the number of cases that would have provided legitimate evidence for a valid claim under the conditions of the policy.

Among all 144 trials for this testing project, there were only four cases in which one or more rival sites provided a lowest fare that was more than \$10 lower than the lowest fare provided by Orbitz for that same airline. This in itself was a remarkable achievement.

Of those four cases, in only one instance would the Orbitz Low Fare Promise have been invoked legitimately. In TEST #1, from Los Angeles to Oakland, Orbitz provided a lowest first-class fare on United for \$466.00, while Expedia provided a lowest first-class fare on the identical United flights for \$455.20, or \$10.80 less. Considering the high number of valid queries performed (144), this seems to be a strong showing for Orbitz.

Whether or not Orbitz's performance in providing lowest and closest fares was due even in part to the implementation of the Orbitz Low Fare Promise is unknown. What is known is that the existence of the new policy is undoubtedly forcing the Web site to remain competitive with its largest rivals. Therefore even those consumers who do not directly benefit from the Low Fare Promise by invoking it may still be well served by it.

# TIPS FOR BOOKING PREMIUM-CLASS AIRLINE SEATS

Buying travel via the Internet can be fairly challenging, but buying first-class flights can present a whole new set of issues. Take time to review the following advice before you book your next trip online.

- Unfortunately, the “fare-jumping” issue requires that you remain vigilant throughout the shopping process, because prices and flights sometimes can suddenly change mid-booking.
- Always ensure the class of service you are booking is the class of service you requested. Consumer Reports WebWatch found that travel sites sometimes offer economy class or business class when first class is requested. Furthermore, the class of service isn’t always defined.
- Always confirm that the airline you’re booking offers the class of service you requested. Consumer Reports WebWatch found that travel sites sometimes label the class of service incorrectly, so that business class is offered as first class, for example.
- Always confirm that the class of service you are booking is available for every leg of your journey. Consumer Reports WebWatch found that travel sites sometimes offer

itineraries that include a mixture of two or more classes, despite requests for a single class.

- Yes, you still have to shop around. There is no one travel site that completely dominates its competitors. Furthermore, the differences in price for any given itinerary can be considerable.

**ALWAYS ENSURE THE CLASS OF SERVICE YOU ARE BOOKING IS THE CLASS OF SERVICE YOU REQUESTED.**

- Always make sure the “bottom-line” price includes all taxes, fees, surcharges, and booking costs levied by the Web site itself. These required add-ons can change the fare.

- Remain flexible whenever possible. A relatively minor change (say, moving your departure date back by one day, or departing from a secondary airport) can have a dramatic effect on the total airfare.