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Southwest Airlines Defends Pricing Scheme

Southwest Airlines Provides Explanation to SubscriberWise CEO Following Complaint with Department of Transportation Aviation Consumer Protection Division

SubscriberWise®
Risk Management Solutions for the Communications Industry

DALLAS, TX, U.S.A., October 20, 2015 /EINPresswire.com/ -- In response to DOT case # JI2015100057, the following explanation is provided to the traveling public, the U.S. Department of Transportation, the U.S. Department of Justice, and Southwest Airlines management and investors.

> Should consumers be expected to play roulette with Southwest's web system despite the proven uncertainty of obtaining a fare that was published seconds earlier on the airline's web search page?"
>
> *David Howe*

"I appreciate the prompt explanation that I received from Southwest Airlines following my complaint of unfair pricing," said David Howe, president of SubscriberWise. "The content of their response is as follows:

'Dear David,

Copies of your October 13, 14, and 15 e-mails were forwarded to our office by the Department of Transportation Aviation Consumer Protection Division. I regret your continued disappointment with respect to the functionality of our web site, and I appreciate the opportunity to respond to your concerns.

Our discounted fares are sold in limited amounts and are subject to availability on a first-come, first-served basis. Once the last seat at a specific fare level has been purchased, it is considered sold out, and we are unable to honor that fare for additional ticket purchases. As Customer Relations Representative Jennifer explained during your October 13 conversation, a fare isn't confirmed until the purchase is completed and the Customer receives a confirmation number. In fact, our "Select Flight" page disclaims, "All fares and fare ranges are subject to change until purchased." There are thousands of people booking reservations simultaneously via southwest.com. If Customer A has selected a fare that is purchased by Customer B before Customer A can complete the booking process, Customer A will receive an error message (as you indicate you did) advising him/her that the fare is no longer available and alerting the Customer to the next lowest fare available for the itinerary selected.

With respect to the $234 fare you referenced, our records indicate that another Customer completed purchase of the last seat at that fare at 9:54 a.m. on October 13, nine minutes before you completed the purchase of ****** ******'s ticket under confirmation number H*****. The $234 fare was visible again on October 14 and 15 as the last seat at that fare returned to inventory when the first Customer cancelled his reservation at 9:55 a.m. on October 14. Once the last seat at a particular fare level has been purchased, the fare is no longer visible on southwest.com. We do not advertise fares that aren't available.

You had already cancelled and received a refund for ****** ******'s reservation by the time the $234 fare became available on October 14. Had Mr. ******'s reservation remained active, as Southwest Airlines doesn't charge a change fee, you'd have been able to re-fare the reservation at the lower fare, retaining the difference for Mr. ****** to apply toward a future reservation. Of course, you were also welcome to book a new reservation for Mr. ****** at the $234 fare.

I can understand your frustration in not being able to book travel at the fare you desired, and I regret your disappointment. I hope you will keep looking to us when making your travel plans. We would LUV the opportunity to serve you on your next trip!
Sincerely,

Catherine Gantt
Customer Advocacy Specialist'

"First, I certainly understand that discounted fares are promoted and sold in limited quantities," continued Howe. "For example, today I searched for the lowest available published fares for non-stop flights from Las Vegas to Fort Lauderdale. I located a 25-day advance purchase fare as low as $94.00 – a whopping 337 percent discount from the amount I paid two days ahead of the departure for a non-stop one-way fare from Las Vegas to Fort Lauderdale. I never expected to obtain a $94.00 fare two-days before departure," acknowledged Howe.

"Second, I recognize that fares are 'subject to change' and, in fact, do change. However, what I don't accept is the computerized scheme that Southwest has created to bait the buyer with a significantly lower real-time fare - only to increase it - often dramatically - seconds after the buying decision has been made. In other words, regardless of Southwest's legalese that disclaims their pricing scheme, the organization should recognize that the decision to pay $234.00 for a one-way fare remains a serious buying decision for the vast majority of consumers. And once a consumer makes that decision, the individual has made a mental commitment as it relates to the financial transaction. It's effectively a handshake from the buyer's perspective; the deal is done except for the payment and travel details. Consumers have also likely confirmed travel itineraries with family and friends and rely on the accuracy of the fare as it was published and selected. Unfortunately, though, with Southwest's current pricing scheme, a consumer can instantly have this position violated during the final seconds of the transaction. Southwest understands this vulnerability and profits profoundly from it," Howe contends.

"And that's exactly why Southwest Airlines has created their web functionality with this specific pricing scheme. The carrier recognizes that a psychological buying decision has been made, so rather than alerting the buyer of the unavailability of an advertised fare after the option is selected, they announce the fare increase (via an error message that the advertised fare is no longer available) at the very last moment of the booking process – after passenger and payment information have been submitted and travel arrangements have been made. Sadly it's a tactic that's only possible with sophisticated computer technology and it profoundly maximizes the airline profits at the expense of the traveling public," argued Howe. "From my perspective, it's a business model that's neither ethical or transparent (http://www.transfarency.com).

"The public should understand that Southwest's web functionality could easily be re-programmed to alert the buyer - at the instant the fare is selected - of a price change. Otherwise, the airline could implement a simple hold feature that includes a timer with a set period that would provide the consumer an opportunity to obtain the fare at the price displayed on Southwest's search page. Regardless, there are certainly preferred options that would ultimately treat the customer fairly while allowing the airline to continue to maximize its profits with complicated computer programming and on-the-fly price changes (aka 'all fares and fare ranges are subject to change until purchased').

"Southwest's representative also makes the following claim:

'Of course, you were also welcome to book a new reservation for Mr. ****** at the $234 fare.'

"I certainly considered this option," continued Howe. "However, why would I assume the published fare would actually be available at the advertised price of $234.00 during subsequent buying attempts? I already submitted a second request only to obtain an unpublished fare of $411.00. Should consumers be expected to play roulette with Southwest's web system despite the proven uncertainty of obtaining a fare that was published seconds earlier on the airline's web search page? Why doesn't the airline industry implement a system similar to the one used by Ticketmaster.com," asked Howe?

"I'm also curious to know if consumers who call the airline and who obtain a quote from a Southwest representative are also subject to last second fare increases during the final seconds of the sale. Is the system used by Southwest's agents different from the system that's used by visitors to www.southwest.com?

"Southwest is making an extra-effort to pitch transparency. Regrettably this transparency is conspicuously absent from their web system as it relates to obtaining accurate fare quotes. I would appreciate if the airline would extend this commitment to their fare pricing scheme and acknowledge the shortcomings.

"Yes, I strongly disagree with the pricing scheme that Southwest has programmed into its web functionality. I argue that consumers should never have to experience a shocking eleventh-hour fare hike at the completion of the sale. It's bait-and-switch pricing, even under the cover of sophisticated programming schemes, claims of thousands of simultaneous shoppers, and legal jargon published on a website. Simply stated, the ticket price should be confirmed at the advertised fare immediately after it's selected. That's fair and that's what consumers expect. At the very minimum, there should be a timer enabled that indicates how long the consumer has before the ticket is released again for sale and the price is then 'subject to change'. That would certainly fit my definition of transparency," concluded Howe. "I hope it also fits the DOT's definition of transparency."

About SubscriberWise

SubscriberWise® launched as the first U.S. issuing consumer reporting agency exclusively for the cable industry in 2006. In 2009, SubscriberWise and TransUnion announced a joint marketing agreement for the benefit of America's independent cable operators. Today SubscriberWise is a risk management preferred-solutions provider for the National Cable Television Cooperative.

SubscriberWise protects billions of dollars of capital equipment and programming costs for leading communications companies across the nation. SubscriberWise technology also protects the identities of children and adults everywhere.

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