

Federal Capacity-Control City Pair Air Fares

This guideline is prepared as a public service by SGTP's Travel Manager Council.

Impact

Federal traveler habits need to change. Availability of capacity-control air fares in future years depends on support for this program.

Background & Purpose

The Federal government's city pair air fare program historically has provided for "last seat available, walk-up fares," at deeply discounted prices, now averaging between 60-67% off full economy fares. During these years, the number and scope of city pairs have multiplied; airline fuel, labor and other costs have grown dramatically; fare competition in a deregulated environment has seen load factors bloom; and the revenue backbone of corporate travel recently has strengthened.

Airlines manage their passenger seat inventory through a series of inventory "buckets" which—with the exception of "walk-up" fares, the most expensive bucket—enable airlines to establish restrictions and vary the availability of each inventory "bucket" from day to day, for maximum revenue yield, yet still also providing the individual passenger with last seat availability.

The FY07 Capacity-Control Program enables an airline to internally manage the upper two-thirds of its seat inventory for the military and government traveler. This program has NO advance purchase restrictions, NOR seat assignment limitations. Its availability encourages the government traveler to book days earlier than their current practice of booking "head on" with Corporate America's higher fares close to the departure date. This 2007 program applies to 2,300 markets. One traveler benefit aside from lower costs: earlier booking allows for better seat selection!

Airlines Involved

Of the 11 airlines participating in GSA's FY07 city pair contracts, 10 are offering capacity-control fares in 2,300 domestic and international markets included as dual capacity-control fares in the GSA contract—Alaska, American, ATA, Delta, Frontier, Midwest, Northwest, Southwest, United and US Airways. Their median differential has been \$119 per city pair trip off of YCA, a –substantial savings. One contract carrier does NOT offer dual level fares—Air Tran..

Procedures for Booking Capacity-Control Flights

Travelers and travel agents should search for trip availability, FIRST by "lowest fare," to determine if capacity-control fares currently are available. Wait list queues and phone calls may involve work beyond what's currently required of travel agents. Also, extra GDS and related booking fees, and travel agent transaction fees, need to be monitored against allowable activity levels.

For budget purposes, "Should Cost" is the YCA fare in a market. If a __CA capacity-control or other lower fare is available at booking, then it's a win-win.

If no __CA capacity-control fare is available, the policy is for the traveler and travel agent to move up to the YCA with the same contract carrier—NOT jump to another __DG carrier.

Airlines are required to report to GSA monthly on ticket lift in dual fare markets. Use of __DG fares may tend to underreport success of this program.

Action Steps Needed by Federal Agencies & Travel Agencies

TRAINING of travelers and their authorizers to book early and stay with the original itinerary is most important because changes mean added costs. GSA, federal agencies, administrators, travelers, TMCs/CTOs, postings/e-mails and other communications, the government-related media and websites (ATPCO, Innovata, Government Executive, Federal Register, Federal Times, OAG, Washington Business Journal, etc.) all need to be involved in a coordinated and on-going program. Internal e-mail systems of American Express, Carlson Wagonlit Travel, Omega World Travel, SatoTravel and other travel agencies can directly reach most government travelers with updates about travel options.

Please e-mail your suggestions and questions, or need for assistance, on the FY07 Capacity-Control Fare Program to SGTP at govtvlmkt@aol.com.



Society Of Government Travel Professionals

6935 Wisconsin Avenue, #200 ★ Bethesda, MD 20815

301/654-8595 ★ FAX 301/654-6663 ★ E-Mail: govtvlmkt@aol.com

The National Forum Of The \$28 Billion Government Travel Market ®