

Where Did That Deal Go?


Why shopping for travel can feel like a crapshoot.

A recent CTV article highlighted examples of an odd phenomenon in online travel shopping: prices for packaged sun vacations jumping considerably when you click to actually book the trip. How is that possible? No other online product abruptly changes prices mid-transaction. Is it a trick? Do they think we won't notice a sudden \$200 difference in the package price?



According to industry experts, the problem is in the very nature of packaged holidays. It is a highly perishable product and package tour operators must maximize the revenue opportunity. If margins are met well ahead, the lead-in price is pulled and the operator raises it in order to maximize profit.

And, if it doesn't sell within a certain time frame, it becomes a liability and is either pulled from the market or the price is dropped. A major operator can make up to 50,000 price adjustments in a day.

Dan Langevin is Vice President of Softvoyage, the Quebec-based company that builds the booking engine software powering the vast majority of Canadian online travel websites. Langevin describes the process of how Softvoyage engines access current pricing: "Our automated tools constantly seek out the latest prices and inventory from tour operators, airlines and consolidators and bring it to a centralized database, which we call our 'shopping' database. It's not live, but it is updated frequently enough to be 'virtually live.'" 

And therein lies the problem. Many consumers may not know that when they search for a vacation package with an online travel agency such as Expedia or Red Tag Vacations, the prices displayed during their shopping phase are based on downloaded data that can be up to a few hours old. And in the meantime, the actual price may have changed up or down. Reaching into live inventory for every pricing query would result in unacceptably long wait times, says Richard Vanderlubbe, President of TripCentral.ca. "The fact is, to get the speed that's necessary for online shoppers you have to use cached data; a real-time inventory search for every query would simply take too long."

As a consumer, the only way to be sure you're getting the actual price is to go to the last screen before the booking is confirmed, where the software actually accesses live pricing and inventory.

It's interesting to note that because price changes are so frequent, even travel agents are experiencing the problem. A survey of travel professionals by industry website OpenJaw.com found that nearly 80% expressed frustration with price fluctuations between the 'shopping' and 'booking' stages of a packaged vacation transaction.

Communicating the difference between shopping and booking is essential for online retailers, Vanderlubbe says. "You need to inform customers that they're looking at a 'smart' brochure, but it is not completely live. Our approach is to tell our clients as much as possible about what they can expect."

Alex Handa, Vice-President of HandaTravelGroup.com, agrees with Vanderlubbe. "The language needs to change on the online travel agency websites. Consumers need to understand they are in the 'research phase' and the price may be different once they book. It may seem ludicrous, but it is the reality of the travel business."

Langevin says the situation is improving, suggesting that pricing gaps between shopping and booking stages are better than they were three or four years ago. But as both travel agents and consumers have identified, rapidly fluctuating pricing is clearly still an issue.

The bottom line is that if you're serious about purchasing a holiday package online, you need to go to the final booking stage to see the most current price. You're still not under any obligation to complete the booking. And if you're pretty sure the package is right for you and the price meets your budget, you may as well go ahead and book it. You're better off dreaming about the good time you'll have than losing sleep over whether the package price is going to drop \$50 by next week - because it could just as easily go the other way.