

# Myth Busting the Cost of One-Way Tickets

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AIRLINES REPORTING CORPORATION

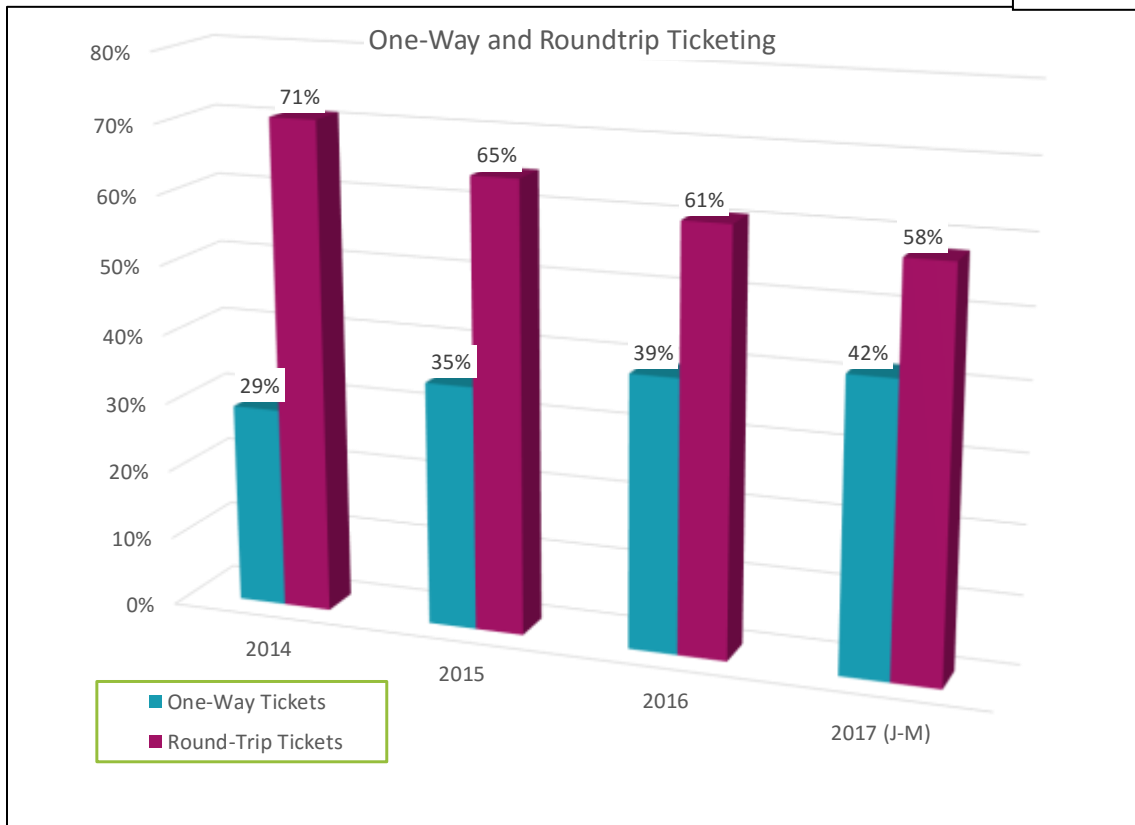


The Airlines Reporting Corp. (ARC) recently completed a long-term study of traveler behavior related to one-way and roundtrip ticket purchases after noticing an upward trend of one-way ticket purchases in the company’s global ticketing database, which provides ARC a unique visibility into a range of traveler behavior. After first observing the shift toward one-way tickets, ARC began to monitor and analyze the data to determine if this was a minor anomaly or if this was a symptom of a major shift in traveler behavior. As it turned out, we found it was a major shift.

In summary, the long-held belief that it is better to purchase roundtrip tickets whenever possible to get the best fares, is simply no longer true.

This study looked at tickets issued by ARC-accredited travel agencies across all types of travelers including leisure and corporate. The report examined data dating back more than three years and included over 350 million tickets, specifically consisting of one-way, roundtrip and other complex itineraries. One-way travel could be on direct or connecting flights, but was defined as a single directional journey from one airport to another. Similarly, roundtrip travel is out-and-back from one airport to another and returning to the original airport, again with either a connection or direct flight. While other trips types still happen, one-way and roundtrip tickets consistently make up around 95 percent of all air travel.

Figure 1





Also observed in the study was that a high percentage of roundtrip tickets for travel in the U.S. were on a single marketing carrier. While this is no real surprise given the status of many interline agreements, it may be a contributing factor to the increase in one-way ticketing. If schedules or other factors require a trip on multiple carriers, in some cases this may require a two one-way ticket approach. However, ARC also observed cases where there are two one-way tickets issued on a single airline for and out-and-back journeys.

### Details on the Findings

As shown in the chart (Figure 1), the percentage of one-way tickets has increased steadily since 2014 and is now at much higher levels relative to roundtrip tickets than any time in the recent past. Historically, prior to 2014, the percentage of one-way tickets versus roundtrip tickets stayed in the upper 20 percent range. This number did not change in any material way over the years. The traveler behavior driving this tendency to prefer roundtrip tickets vs. one-way was largely driven from the belief that on a per-leg basis, fares would be generally lower if a roundtrip ticket was purchased. This long-held belief in a premium paid for one-way travel generally held true, at least up until this recent period on which ARC is reporting.

The data clearly indicates a shift to one-way ticketing. The percentage of one-way tickets (vs. roundtrip) has grown by almost 45 percent from 29 percent in 2014 to 42 percent so far in 2017 (January through May). While the travel and ticketing behavior has been shifting, the good news for the airline industry is the overall number of trips by air has continued to rise steadily over this same period (Figure 2). In other words, this change in behavior to focus less on roundtrip tickets has not dampened the demand for air travel and, in fact, it has continued to show strong growth. This and other industry statistics can be seen monthly on the public data pages on [ARCcorp.com](http://ARCcorp.com).

Looking deeper into the data, this trend toward one-way ticketing started and is being driven largely by leisure and unmanaged travelers. A parallel analysis of travel agencies doing primarily government and managed corporate travel (including corporate travel departments) was done during this study (Figure 3). For those agencies, the shift to one-way tickets has been almost non-existent remaining in the lower 30 percent range over the study period. Historically, the percentage of one-way tickets by business travelers has been higher than average due to last minute travel requests, changing enroute travel plans and other itinerary changes.

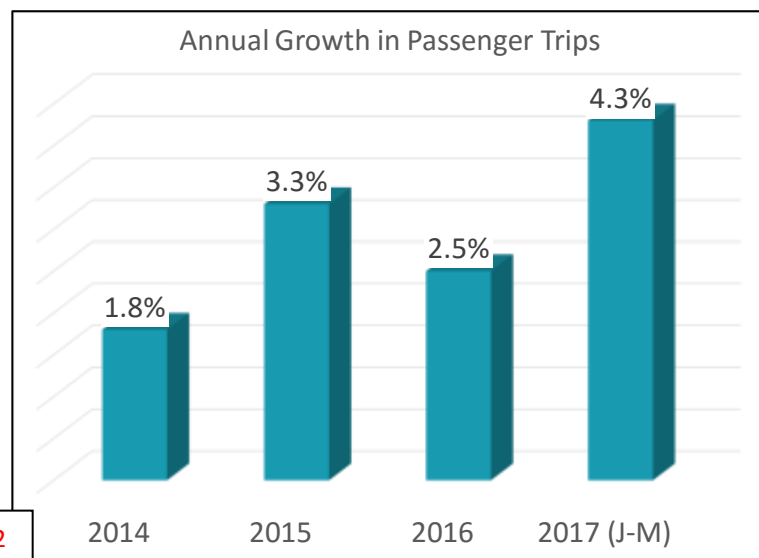


Figure 2



Clearly the managed travel population has yet to follow the trend seen in the general population moving to more one-way tickets. Historically, being steadily the average for all travelers, managed travel's percentage of one-way tickets (vs. roundtrip) is now double-digits below the general travel population. While there are many reasons behind when and how travel is ticketed for corporate travelers, there may be situations where opportunities are missed for increased flexibility and even travel cost savings. By looking deeper into the options for one-way tickets cost savings and other benefits may be available to travelers. More on possible cost savings later in this report.

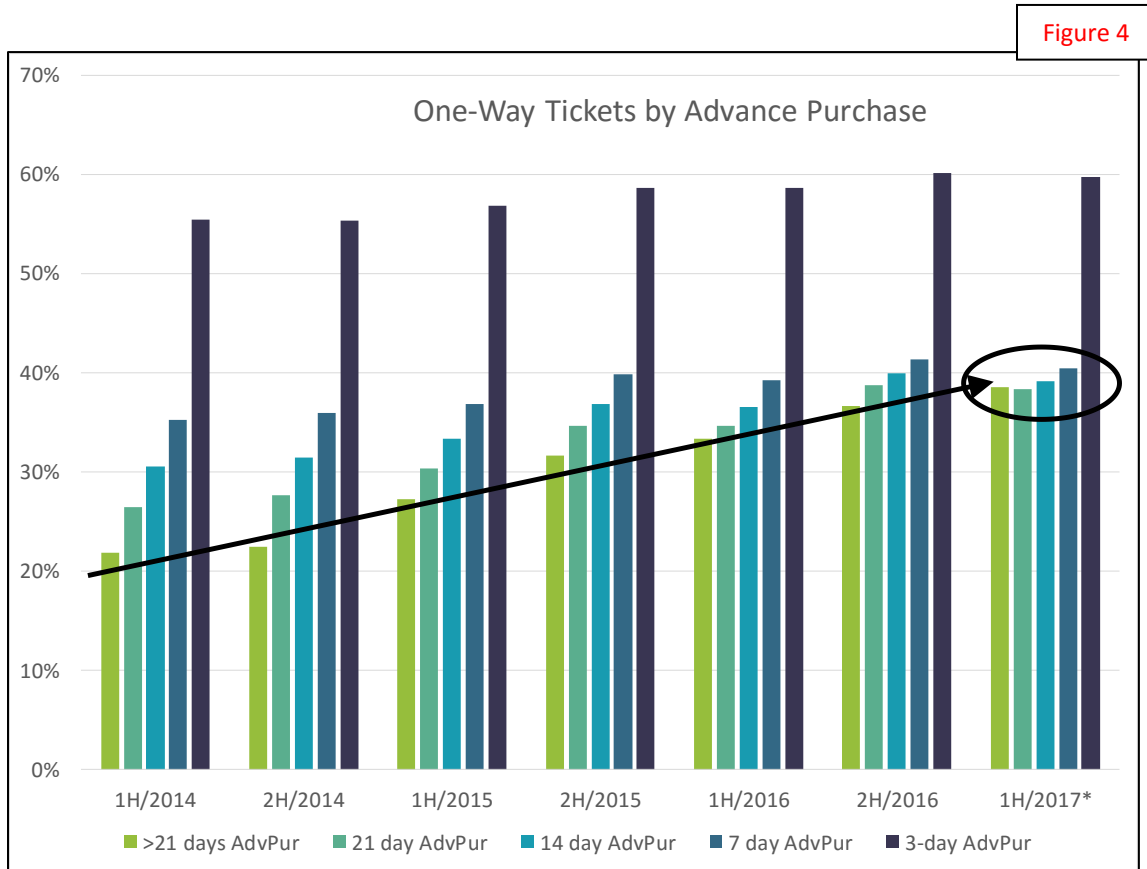
Figure 3



One other dimension that showed interesting results in this study was the one-way ticketing effect for various advance purchase windows. In this case, ARC looked at ticketing across five different advance purchase windows:

- 3-days or less before departure
- 4-7 days before departure
- 8-14 days before departure
- 15-21 days before departure
- More than 21 days before departure

The percentage of one-way tickets (vs. roundtrip) for close-in departures (three-days or less) has historically been much higher than other advance purchase periods. This is due to some of the same factors seen in the managed travel population such as last minute travel requests, changing travel plans, traveling earlier or later than originally planned, etc. However, even in this case where one-way tickets have historically been high, we have seen a growth from 55 percent of one-way tickets in the first six months of 2014 to 60 percent YTD in 2017 (January through May).



A more interesting observation has been the increase in one-way ticketing for travel with much longer advance purchase windows (Figure 4). In the past, the longer the advance purchase window the higher the likelihood that round-trip ticketing would be done. This behavior is opposite what is seen in the less than three-day window. Farther out planning characterizes travel for holidays, family vacations, tours, conventions and similar events where there is a very small chance of changes to the itinerary. Even business travelers that are planning many weeks out generally have a fairly firm schedule. Therefore, the one-way ticketing percentage was historically low when ticketing farther from departure date. Over the period of this study, we observed a flattening of this phenomenon. As of 2017, the percentage of one-way ticketing is almost the same (near 40%) regardless of the advance purchase window. In other words, this trend does not appear isolated to a specific profile of traveler and is starting to generalize across a broad range of travelers.



This advance purchase change, along with the belief that one-way travel is always more expensive, are two myths that are disproven by this ARC study.

Other factors such as seasonality, marketing airlines, etc., were also evaluated, but there was no major differences seen in other areas that would drive this traveler behavior. However, there was one aspect that seemed to be an underlying cause to the trend: changes—or in some cases elimination—of the premium cost for one-way ticketing.

### Myth Busting on the Cost of One-Way Tickets

ARC's data provided the foundation to drill deeply into this one-way ticketing effect to uncover a major factor in this shift in traveler behavior: ticket price. Specifically, ARC isolated the premium paid for one-way tickets vs. the cost of an equivalent trip ticketed with a round-trip itinerary. The data in the study revealed that in some markets the one-way fare premium shrank to almost zero since 2014. Historically, the one-way premium could be as much as 50 percent or more vs. a roundtrip ticket for a similar journey. While some markets still have a premium, there are many markets where the premium is starting to—or already has—disappeared (Figure 5).

An analysis of the top 200 markets sold by U.S. travel agents based on travel volume revealed that 59 markets (almost 30%) have seen a reduction in the one-way premium by at least 25 percent since 2014. In other words, about one-third of the top airline markets in the U.S. have seen one-way travel becoming much more affordable relative to roundtrip tickets. While this is not a universal trend yet, this figure represents tens of millions of trips in the U.S. every year by both leisure and corporate travelers.

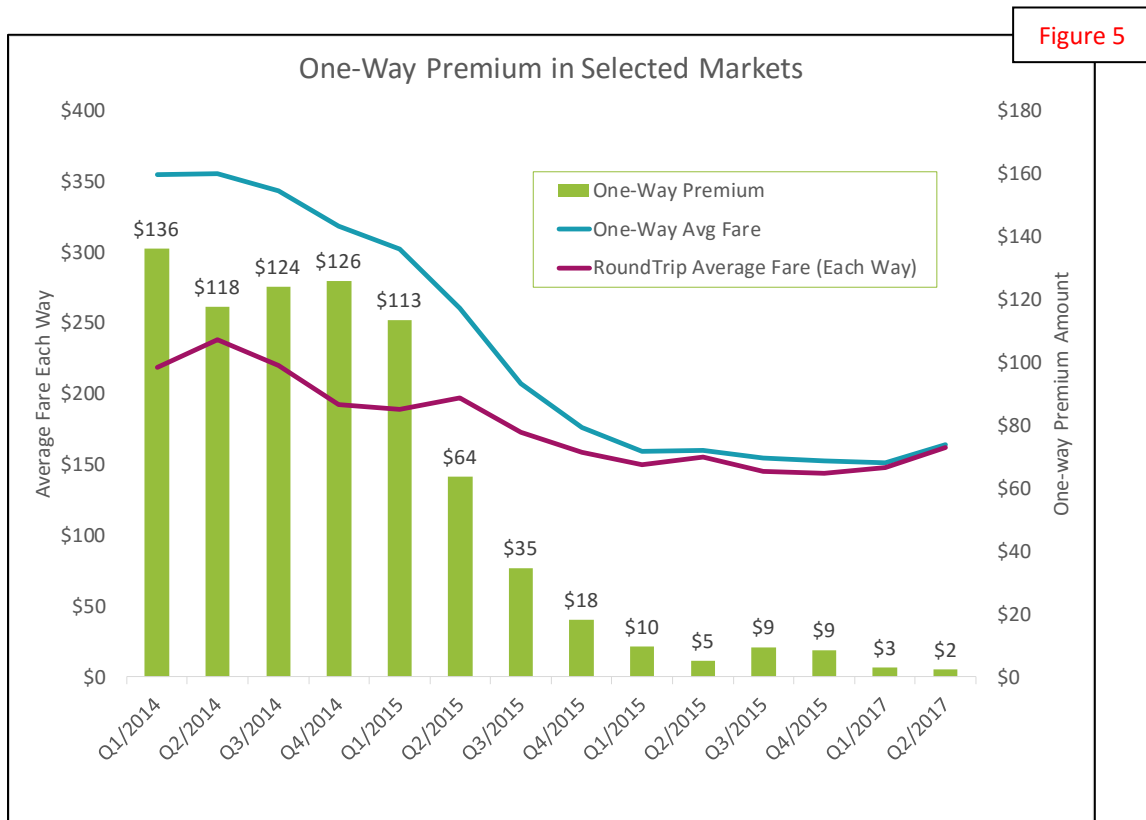


Figure 5



This difference is demonstrated in the two examples shown in this report. For airline confidentiality reasons, ARC can't show the specific markets, but the first example (Figure 5) shows origin-and-destination fares for selected markets including EWR, DFW, LGA, DEN, BOS, LAX and others. This shows clearly what is meant by the disappearing one-way premium. In early 2014, the one-way premium in these markets averaged over 50 percent at around \$125. Since last year, that premium shrunk to less than \$10 and in some cases much less. This makes one-way ticketing very affordable as an option.

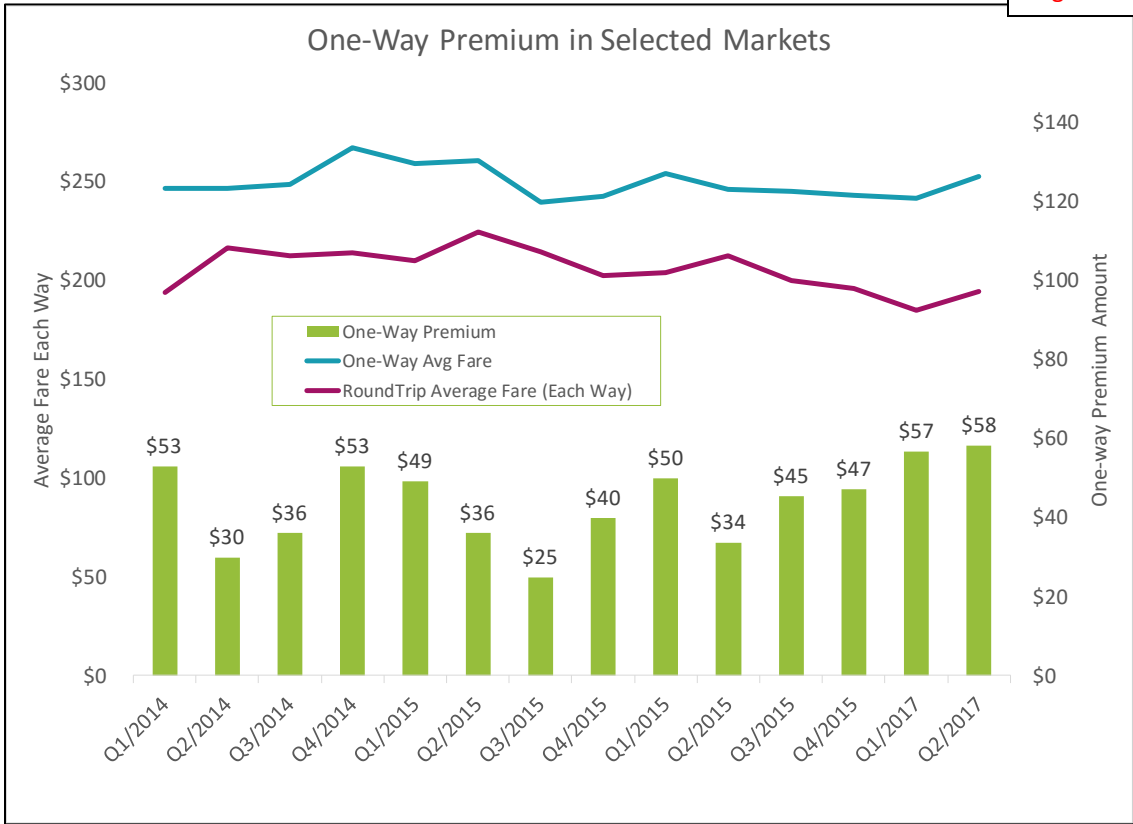
The second set of markets shows that all the markets analyzed did not show this one-way ticketing effect. The second example (Figure 6) shows origin-and-destination fares for selected markets including DCA, PHL, SFO, MSP, DEN, BOS and others. In this case, the one-way premium has been around \$50 per direction and has remained largely unchanged over the study period. It's important to note here that BOS flights are included in both examples, so the effect is based on market and not individual airports or airlines.

An important consideration when ticketing two one-ways is the cost of changing the itinerary. If the full itinerary is changed, the traveler may incur two change fees and that may make roundtrip ticketing a better option in some cases. However, ticketing an outbound non-refundable and a return refundable flight can in some cases only be done using the two one-way ticket option because most restrictive fare rules are usually applied to an entire ticket when booked as a roundtrip.

### **In Summary**

Markets vary greatly due to demand and other factors, so blanket statements such as, "you should always use one-way ticketing," is not the take-away from this study. However, the number of markets where the one-way premium is disappearing is big. Additionally, this is not a one-time or short-term event. This study clearly shows that that one-way ticketing should not be ignored as it may have been in the past. Travelers and travel managers alike should take notice and re-think how they have viewed one-way travel in the past to take advantage of this long-term trend.

Figure 6







**About ARC:**

The Airlines Reporting Corporation (ARC) is the premier driver of air travel intelligence and commerce in the travel industry with leading business solutions, travel agency accreditation services, process and financial management tools and high-quality data. In 2016, ARC settled \$86 billion worth of carrier ticket transactions for nearly 7,000 travel agencies with more than 12,000 points of sale. Established in 1984, ARC is an ISO 27001 certified company headquartered in Arlington, Virginia, with offices in Louisville, Kentucky, Tampa, Florida and San Juan, Puerto Rico. For more information, please visit [www.arccorp.com](http://www.arccorp.com) and [www.twitter.com/arctalk](https://www.twitter.com/arctalk). Have you registered for **TravelConnect**? October 19-20, 2017 | Washington, D.C., [www.arctravelconnect.com](http://www.arctravelconnect.com). #TravelConnect2017

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