

Things That Go Bump: Delays, Overbookings and Revenue Maximizing for the Airlines

Roger Gerard, Hospitality Management, Shasta College

Flight delays and overbookings are very much a part of the travel landscape these days, especially in my own recent experience. I have actually been seated on a plane when the passengers were informed that the flight was “overbooked.” We were given the option to leave the airplane and take a later scheduled aircraft. “Overbooked” means that there are more tickets sold than there are seats available on the aircraft. It is a phenomenon that occurs not only in the airline industry, but also for the lodging sector of hospitality. It seems to be all about business and not the customer, so I recommend you employ *caveat emptor* (let the buyer beware) as your motto when flying or staying in a lodging concept. In these very tight economic times, you can easily be bumped from a flight even if you show up well within the recommended time at the airport. In other words, it becomes “first come, first served.” With this in mind: Why is it that we make reservations in the first place?

Some facts about “overbooking” in the airline industry that you may find helpful:

- Overbooking is not illegal and appears to be a common business practice. Most airlines will overbook their scheduled flights in order to compensate for those people who do not show up. The Department of Transportation (DOT) refers to overbooking as an oversale.
- The DOT does require airlines to ask people either in the terminal or onboard the aircraft if they would be interested in giving up their seat voluntarily in exchange for some form of compensation. This is known as voluntary bumping.
- The DOT requires an airline to supply a written statement to a traveler if they are involuntarily bumped, stating their rights. This statement is supposed to explain the airline’s policy in determining who remains on the flight. The factors include but are not limited to check-in time; whether a passenger has a seat assignment; the fare paid by a passenger; a passenger’s frequent-flyer status; and a passenger’s disability or status as an unaccompanied minor. Passengers who have been involuntarily bumped can receive compensation at that time. The amount of compensation usually depends on the price of the ticket and even perhaps the length of the delay. <http://airconsumer.ost.dot.gov/rules/rules.htm>

Overbooking should not be confused with a situation in which a flight was delayed due to weather or mechanical problems. Those situations may cause an inconvenience but not always a “hardship” according to the Department of Transportation. Within the United States, domestic airlines are not legally obligated to compensate passengers for delays or cancellations. Amazingly, this also applies to unaccompanied minors. (<http://www.airsafe.com/kidsafe/kidrules.htm>)

With respect to their domestic flights, the Europeans appear to be more sensitive about delays and cancellations than their American counterparts. According to European Parliament (EC) 261/2004, (http://eur-lex.europa.eu/smartapi/cgi/sga_doc?smartapi!celexplus!prod!DocNumber&lg=en&type_doc=Regulation&an_doc=2004&nu_doc=261) European travelers can be compensated in one of three different ways:

- After two hours and more, a passenger must be offered meals and refreshments, free telephone calls, fax, or e-mail access.
- Deferred departure to the next day entitles the traveler to complementary overnight accommodation, including transportation to and from the airport. (I think we used to do this at some point in U.S. history).
- A delay of five hours or more gives the passenger the option for a full reimbursement with a return trip to the point of departure.

Since 1978 in the United States, the maximum compensation a passenger could receive from being bumped was \$400. This was recently amended in April of 2008. According to the Department of Transportation, an airline should pay an involuntarily bumped passenger “at the rate of 200 percent of the fare to the passenger’s next stopover (including any surcharges and air transportation taxes), (or if no stopover), to the passenger’s final destination, with a maximum of \$800”.

<http://airconsumer.ost.dot.gov/rules/part%20250.pdf> . The statement further adds:

“The compensation shall be one-half the amount described above, with a \$400 maximum, if the carrier arranges for comparable air transportation or other transportation used by the passenger that, at the time either such arrangement is made, is planned to arrive at the airport of the passenger’s next stopover, or if none, the airport of the passenger’s final destination, not later than 2 hours after the time the direct or connecting flight from which the passenger was denied boarding is planned to arrive in the case of interstate air transportation, or 4 hours after such time in the case of foreign air transportation”.

This last statement appears somewhat cryptic and needs to be broken down carefully by the traveling consumer. What it boils down to is, you may only receive \$400 if you are offered comparable transportation within a specific timeframe.

In regards to delays and bumping, some additional tips are located at TravelSense <http://www.travelsense.org/consumer/airlinebumping.cfm>. Whenever possible, it’s important to have an advanced seat assignment, check-in online, and get to the airport early, though that’s not always a guarantee. Another comprehensive site with the consumer guide “Fly-Rights” is located at <http://airconsumer.ost.dot.gov/publications/flyrights.htm> . I suggest you peruse these sites before your next flight. Remember, business comes first.

More Information:

“Bumped Passengers Due More Cash from Airlines” Martin Zimmerman, April 17, 2008 Los Angeles Times, <http://articles.latimes.com/2008/apr/17/business/fi-bump17>

“Bumped: It’s a Pain in the Neck so Get Something for it,” Jane Engle, July 30, 2006 Los Angeles Times <http://articles.latimes.com/2006/jul/30/travel/tr-insider30>