**Business Travel: The Declining Cost of Flying**

Over the past dozen years, consolidations have reduced the number of major U.S. airlines to four carriers that today make up the bulk of the domestic market.

With fewer airlines came fears that passengers would end up paying dramatically higher prices for tickets. While that’s a concern for all travelers, it’s of special concern to business travelers, many of whom must fly frequently for work and must pay attention to the corporate bottom line when selecting a flight.

But just the opposite has occurred. Federal statistics, backed up by independent research, show that the price of a plane ticket in real dollars has been on a downward pace for the past several years.

In the third quarter of 2015, the average domestic airfare decreased to $372, down 6.2 percent from $396 for the same period in 2014. When adjusted for inflation, that’s the lowest level since 2010, according to statistics compiled by the U.S. Department of Transportation. (The average fare doesn’t include optional services, such as baggage fees or preferred airline seating.)

What’s helped to mitigate the price increase? An analysis in 2014 by consultants PwC (PricewaterhouseCoopers) cites the expansion of low-cost carriers into major domestic markets as a primary reason.

As part of the process of airline consolidation, takeoff and landing slots were divested and gates transferred in large markets such as New York, Washington, D.C., Boston, Dallas, Miami and Chicago. That created an opening for low-cost carriers to enter those markets, and they now represent about a third of domestic air traffic according to the PwC report. As a result, legacy carriers gained competition and the anticipated increase in airfares moderated, proving beneficial for all consumers no matter which airline they fly.

Another factor benefiting frequent fliers such as business travelers is a sustained drop in the price of oil, which is linked to the strength of the U.S. dollar and a worldwide glut of oil.

In February, the price of oil hit a 13-year low, falling to less than $30 a barrel. Most oil contracts are settled in U.S. dollars and the dollar is at a 12-year high compared with other currencies. As the dollar strengthens, analysts expect that the price of a barrel of oil will drop even further.

What does that mean for the airline industry and passengers?

Purchasing jet fuel represents about 30 percent of an airline’s operating expenses, according to the International Air Transport Association. So a lower oil price means greater savings for airlines. In 2015, airlines paid an average of $1.84 a gallon for jet fuel, compared with $2.85 a gallon the previous year, a decrease of 35.5 percent, according to federal statistics.

Lower fuel costs are already having an impact on airlines in some parts of the world. In February, a fuel surcharge on flights originating from Hong Kong was scrapped after the Civil Aviation Department concluded that it was no longer warranted.

Lower airfares means the cost of doing business whenever travel is involved just decreased.

For help planning a business trip in the United States or anywhere around the globe, including getting the best possible airfare, contact us today.