

A BUSINESS TRAVEL UPDATE FROM **HOLIDAY TRAVEL INTERNATIONAL**

## *Airlines*

### ***Air Traffic Is Up—But So Are Oil Prices***

Air traffic continues to increase, says the International Air Transport Association, with passenger traffic up 8.2 percent in January, better than December, when severe weather in Europe and North America slowed the recovery. January's air travel volumes were 18 percent higher compared to the low point reached in early 2009 and some 6 percent above the pre-recession peak of early 2008. The problem with this otherwise rosy picture? Oil prices. The industry's current forecasts were based on \$84 per barrel oil and that price is now up to more than \$100, said Giovanni Bisignani, IATA's director general and CEO. A \$1 increase in the price of oil means the industry has to recover \$1.6 billion in additional costs. Bottom line? It's another challenging year for airlines. (Source: IATA press release).

### ***Airlines Gingerly Test the Waters With Fare Increase***

Airlines keep testing the waters with fare increases. Early last month, several carriers initiated fuel surcharges that ranged from \$4 to \$10, according to airfare comparison website FareCompare.com. Except for some peak travel "miscellaneous" surcharges for popular travel periods, U.S. consumers haven't seen domestic fuel surcharges since November 2008, according to Rick Seaney, FareCompare's CEO. And airlines continue to try hiking fares. Late last month legacy carriers tried a \$20 fare hike but ultimately cut that in half when low-cost carriers countered with a \$10 fare hike of just \$10. (Source: FareCompare.com).

### ***American Fined for Charging Bumped Passengers a Fee to Use Travel Vouchers***

Read the fine print if you volunteer to give up your seat on an overbooked flight. The Federal Aviation Administration has fined American Airlines \$90,000 for failing to disclose that vouchers given to passengers who voluntarily gave up their seats on oversold flights could be redeemed only after paying a ticketing fee of as much as \$30. Airlines have to look for volunteers before involuntarily bumping passengers, when the Department of Transportation requires the airlines to pay travelers cash in most cases. Ray LaHood, US Transportation secretary, said that if you give up your seat, you deserve full compensation—and not find out later that they have to pay \$30 to use it. (Source: DOT press release).

### ***Major Carriers Tout Service into Tokyo's Haneda Airport***

Carriers are adding flights to Tokyo's Haneda Airport, located near Tokyo's business center, even as they maintain service to the larger—and more distant—Narita. Delta Air Lines is now flying between Tokyo-Haneda and Detroit and Los Angeles. American Airlines has also begun flying nonstop between JFK and Haneda. The new service is a result of the Open Skies Agreement that the U.S. and Japan signed in October. U.S. carriers aren't the only airlines flying into the more conveniently located Haneda; British Airways launched its new route to Haneda in Japan on Feb. 19. (Source: American, British Airways, Delta press releases).

### ***Low Cost Carriers Add Workers; Network Carriers Cut Them***

Low-cost carriers reported an increase in fulltime employees in December, the latest figures available, while network carriers reported fewer, according to the Department of Transportation. The result was that the number of fulltime employees for passenger airlines increased .2 percent. It's a major turnaround for the industry, which saw employee numbers drop for the 28 months up until November 2010, when there was no change. (Source: DOT press release).

## *Hotels*

### ***Hotel Industry Appears to Start Recovery***

If you've been enjoying low rates and easy availability at your favorite hotels, the market is beginning to tighten, but not by much. U.S. hotel occupancy and rates are starting to edge up. In year-over-year measurements, the industry's occupancy was up 5.8 percent to 47.7 percent. Average daily rates ended the month with a 2.8-percent increase to \$96.64. Demand is strong and room rates are edging up slightly, with the higher end of the market outpacing moderately priced hotels, according to Smith Travel Research. The hotel research and consulting company expects this trend to continue over the next several months, (Source: STR press release).

### ***Luxury Hotels Keep Their Customers Happiest***

Value does not mean cheap when it comes to hotels. Even though economy guests say that price is the most important element in their choices, economy hotels received the lowest value scores (79.2) in the 2010 Market Metrix Hospitality Index released last month. Upscale hotels received the top scores for delivering value (83.5). Hotel loyalty programs also played a bigger role for guests in choosing a hotel than in 2009. (Source: Market Metrix press release).

## *Car and Rail*

### ***Amtrak to Add More Free Wi-Fi to Trains This Year***

Amtrak plans to expand its on-board free Wi-Fi this year. It plans to install AmtrakConnect on more trains in the Northeast Corridor and on more West Coast trains. It has also completed building a dedicated wireless network that improves connectivity and delivers a high-speed signal to trains traveling through New York City tunnels. Amtrak also plans on upgrading its system to 4G to increase available bandwidth. Free Wi-Fi is already available on Acela Express trains between Washington, D.C. and Boston and on Amtrak Cascades trains. (Source: Amtrak press release).



## ***Spotlight on:***

### ***How Travel Helps Build Your Business***

***Hitting the road is good for your company's bottom line, according to an American Express and Global Business Travel Association study. The study found that companies overlook how travel can give them a competitive edge. Among its findings:***

- † ***Every dollar strategically spent on business travel delivers \$20 in additional gross profit.***
- † ***To get that return requires spending an average of 4 percent more on travel—or about \$70 per employee.***
- † ***Industries that could benefit from more business travel spending: banking, finance, retail, and pharmaceuticals.***

***Source: American Express Global Business Travel press release.***

***Holiday Travel International is committed to providing you with useful information on the latest developments in the travel industry. The above information has been compiled from a variety of sources and is updated monthly.***