

A BUSINESS TRAVEL UPDATE FROM **SPRINGDALE TRAVEL** 958 MONTLIMAR DRIVE MOBILE, AL 36609 251-476-5095 OR 800-874-0550

## *Airlines*

### ***Southwest's Kelly Calls Fuel Prices Aviation's Greatest Threat***

Gary C. Kelly, chairman, president and CEO of Southwest Airlines, said that the greatest and most serious challenge facing aviation is the cost of fuel. Speaking at the Wings Club in New York last month, he said that a look over the past decade shows the "havoc" soaring fuel prices wreak on aviation. Kelly, who was just named vice chair of the Air Transport Association board, said that the ATA has three major goals: make a serious effort to develop alternative fuels, modernize air traffic control and develop the latest next generation aerospace technology. "Otherwise we see a continuing diminunization of air transport domestically," he said. (Source: Kelly's speech).

### ***Air Traffic Growth Slows But Outlook Remains Positive***

Air traffic growth slowed slightly in November, growing 8.2 percent year over year as opposed to the 10 percent increase reported in October, according to the International Air Transport Association. Even with that decline, however, passenger and freight traffic are growing at an annualized rate of between five and six percent, which is in line with industry's historical growth trends. The level of air travel is now four percent above the pre-recession peak of 2008. North American carriers' November passenger levels equal the pre-recession levels of early 2008. Giovanni Bisignani, IATA's director general and CEO, said that a strong end to 2010 has boosted the year's profit forecast to \$15.1 billion. (Source: IATA press release).

### ***U.S. Carriers See Continued Growth; Global Air Capacity is Up***

U.S. airline revenue grew 14.5 percent in November, according to the Air Transport Association, which tracks a core group of carriers, including major network carriers, low-cost carriers and regional airlines. It was the 11<sup>th</sup> consecutive month of revenue growth. The miles flown by paying passengers rose 6.5 percent, while the average price to fly a mile rose 7.5 percent. Passenger revenue improved 11 percent domestically and 23 percent in international markets.

Separately, OAG, which tracks air traffic, said that global air capacity grew six percent in December. Over the last ten years, the number of available seats worldwide has increased 40 percent, while the number of flights has increased 24 percent. Capacity in the Americas and Europe are growing at a modest rate while Africa, Asia Pacific and the Middle East are increasing at much higher rates. The improving global economy is having a positive impact on passenger demand. (Source: OAG, ATA press releases).

### ***Inflight WiFi Goes International***

Lufthansa passengers traveling on long-haul flights can use inflight WiFi on intercontinental routes. The service, which initially will be provided on select North Atlantic routes, will be available on nearly the entire Lufthansa intercontinental network by the end of 2011. The service will be free this month. (Source: Lufthansa press release).

### ***Delta Reinstates Codesharing with Aeromexico After FAA Upgrades Mexico to Category 1***

The Federal Aviation Administration's decision to upgrade Mexico's federal civil aviation authority to Category 1 means that Delta Air Lines has been able to reinstate codesharing with AeroMexico, Delta's SkyTeam partner. A Category 1 rating is required to allow U.S. carriers to code-share with an international airline. (Source: Delta press release).

## Hotels

### ***The Hotel Room of the Future: Using Your Smartphone to Customize Your Room***

In the next decade or so, hoteliers may be using technology to tailor your room to your preferences right down to the lighting, air conditioning and perhaps even the color of the room. According to the ITB World Trends Report, you'll be able to enter your own profile, either via a PIN on your smartphone or by using biometric authentication, and the room will automatically adjust variables to suit your preferences. The hotel room of the future will be designed to aid relaxation, according to the study, with curves instead of sharp edges, smart "energy beds" and wall displays whose screens let guests connect with different communications channels. Business travelers could work via these screens. (Source: ITB press release).

### ***U.S. Hotels Report Rates, Occupancies Continue to Rise***

The U.S. hotel industry saw occupancy increase 9 percent to 53.3 percent in November, according to STR, which provides global hotel performance data. Average daily rates rose 2.5 percent to \$96.70. And revenue per room rose 11.8 percent. Room rate growth accelerated across most hotel segments, with the luxury segment showing the greatest increase: 5.8 percent. PKF-HR's Hotel Horizons industry forecast said that while ADR has grown, it will continue to lag the recovering. (Source: STR, PKF press releases).

### ***Hilton HHonors Offers Up to Quadruple Points***

Hilton HHonors guest loyalty program, which includes more than 3,600 hotels, is running a new global promotion: More Nights, More Points, through March 31. Members can receive up to quadruple points for stays in participating hotels. Stay two nights, earn double points. Stay three nights, earn triple points. Stay four nights and earn quadruple points. Members can earn both HHonor points and airline miles for the same stay at participating hotels. (Source: Hilton press release).



## ***Spotlight on: Business Travel Pricing***

***Business travel continues its rebound, according to the American Express Business Travel's 2010 third quarter Business Travel Monitor North America. Pricing power is shifting toward suppliers, leading toward higher prices for both air and hotel. Airlines have been especially successful in limiting capacity and increasing fares.***

- † ***Year over year, average domestic fares are up six percent.***
- † ***Average international fares are up eight percent.***
- † ***Hotel rates are up three percent domestically.***
- † ***U.S. cities with the highest year-over-year rate increases: New York, New Orleans, Washington, D.C., Las Vegas and San Francisco.***

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

***SpringdaleTravel 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.***