

A BUSINESS TRAVEL UPDATE FROM **SPRINGDALE TRAVEL 926 MONTLIMAR DRIVE MOBILE, ALABAMA 36609 800-874-0550**

Airlines

Premium Travel Starting to Trend Downward

You might be seeing more room in the front of the plane—premium travel is trending downward, according to the International Air Transport Association's latest figures. The numbers in business and first class ticked up slightly—.6 of a percent—in November—the latest figures available. But that's down from earlier highs at the beginning of the year. And given the slowdown in the growth of world trade and the resulting fall in business confidence, two factors that are reliable leading indicators for first and business class travel, those numbers are not going to be any better. Economy class, on the other hand, is doing better. Just as premium travel started sliding, economy travel began growing. Compared to the start of 2011, economy traffic has grown by 3.8 percent, while premium traffic contracted 0.1 percent. (Source: IATA report)

Airfares Might Be Up, But Their Increases Still Lag Inflation

Average domestic airfares rose to \$361 in the third quarter of 2011, up 6.2 percent from the average fare of \$340 in the third quarter of 2010, according to the latest figures from the Department of Transportation. But fares are still a good deal. Airfares in the third quarter of 2011 increased 7.1 percent from the third quarter of 2000, not adjusted for inflation, compared to an overall increase in consumer prices of 30.6 percent during that period. In the 16 years since 1995, when the DOT began tracking fares, airfares rose 25.5 percent compared to a 48.1 percent inflation rate. The average inflation-adjusted third-quarter 2011 fare in 1995 dollars was \$244 compared to \$288 in 1995 and \$297 in 2000. (Source: DOT)

Spirit Airlines Campaigns against New Consumer Protection Rules

Not everyone's happy about the new Department of Transportation consumer protection rules that went into effect late last month. Spirit Airlines has launched major attacks on two of the new rules. The first is against the rule that requires airlines to display the price of the fare *including* taxes and fees. Spirit says that the DOT is making airlines hide those taxes and fees. The DOT denies that, saying airlines are free to say that a fare is \$399 and that that price includes \$21.80 in taxes and fees—as some airlines do already. In a second attack Spirit has now tacked on a \$2 fee because of the rule that requires airlines to give customers 24 hours to change their minds on an otherwise nonrefundable fare. (This rule does not apply if the ticket is booked within a week of the flight's departure). Legacy carriers have offered this option for a decade. Spirit says this rule means airline inventory will be held by people who don't really intend to buy a flight, keeping other flyers from booking those seats. That means the airline has to spread its costs over fewer customers, thus raising prices for all customers, rationalizes Ben Baldanza, president and CEO of Spirit. Some industry observers believe the no-refund policy actually has a chilling effect and keeps consumers from booking tickets because of the all-or-nothing nature of such transactions. (Source: Spirit press release, industry interviews)

Airlines Lobby Government to Back Development of Commercially Viable Bio-Fuel

With fuel expenses increasing more than 30 percent for most airlines in the fourth quarter, it's no surprise the industry is lobbying for the development of a commercially viable bio fuel. Airlines 4 America, which represents major U.S. airlines and Boeing, have made a series of recommendations to the U.S. Department of Agriculture to speed the development of bio-fuel. These include using grants to jumpstart development and reauthorizing the 2008 Farm Bill, which included more than \$100 million to invest in researching and developing bio-fuel. (Source: A4A press release)

Hotels

Hotel Guests Love Free Wi-Fi, Don't Care About Turn-Down Service

Two recent surveys show that Wi-Fi is what counts for travelers. A Hotels.com survey found that free Wi-Fi is a major factor when choosing a room. And a Trip Advisor survey found that Wi-Fi and breakfast included in the rate are the top two amenities guests look for when choosing a room. Guest loyalty plans were a third factor. Loyalty programs are very important for those who travel 25 times a year or more, according to a Starwood Preferred Guest survey. Nearly three-quarters of these travelers said that they have taken extra trips to maintain their status in such programs. Losing their status scares more of them (65 percent) than the thought of losing their luggage (12 percent) or missing a flight (11 percent). (Source: press releases)

Car Rental and Rail

Business Travel Group Lobbies against Unfair Car Rental Taxes

So-called "inhospitality" taxes continue to rankle business travelers and the head of the Global Business Travel Association recently testified before a House Judiciary hearing in support of a bill that would end discriminatory taxes on rental cars. The bill says that excise taxes on car rental consumers are unwarranted and would enforce a permanent halt on any new taxes. Michael McCormick, the GBTA's executive director and COO, said that such taxes impose a burden on travel services that are more than a general sales tax. Congress has enacted similar protections against such taxes on airlines, trains and buses. (Source: GBTA press release)



Spotlight On.....

Business Travel: Major Economic Driver

Business travel appears poised to continue to grow despite economic uncertainty, according to the latest Business Travel Quarterly Outlook – United States from the Global Business Travel Association. The report found that business travel was stronger than expected last year, and that growth should continue.

- *Trip volume was up 3.1 percent; travel spending was up 8.3 percent for the quarter.*
- *For the year, total person trips will hit 445 million; total spending will hit \$252 billion, 2.1 percent and 7.6 percent increases, respectively*
- *The GBTA is forecasting that business travel spending will increase 4.6 percent this year, although person-trips will decline by .8 percent.*
- *Prices will increase more slowly this year than last year. Travel price inflation should be 2.2 percent in 2012, compared to 4.3 percent last year.*

(Source: GBTA press release)

Springdale Travel 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.