

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

Airlines

U.S. Airline Revenues Are Up—But Oil Costs Hurt

Passenger revenues for U.S. carriers were up 13 percent in February, the latest figures available from the Air Transport Association, marking the 14th consecutive month of revenue growth for a core group of U.S. airlines. Miles flown by paying passengers were up 2.1 percent, while the average price to fly one mile rose 10.8 percent. International markets remained especially strong, with passenger revenue growing 17 percent, led by a 27 percent increase in Pacific revenue. Domestic revenue grew 11.5 percent, fueled in large part by a 10.5 percent increase in yield. Figures are based on data from seven major U.S. carriers and 20 regional carriers. (Source: ATA press release).

Air Traffic is Up, But Still Below Pre-Recession Levels

Air traffic was up 2.9 percent in December 2010 over December 2009 according to the latest figures from the Department of Transportation. The December 2010 passenger total was 2.1 percent above that of two years ago in December 2008 but still remained 3.6 percent below the pre-recession level of 60.8 million in December 2007. The number of scheduled domestic and international passengers on U.S. airlines increased 2.4 percent in 2010 over 2009 to 720.4 million. The number of passengers declined 3.1 percent from the full year 2008 to the full year 2010. U.S. airlines carried 1.9 percent more domestic passengers and 5.9 percent more international passengers in the full year 2010 than in 2009. In December, Southwest Airlines carried more total system and domestic passengers than any other U.S. airline. (Source: Department of Transportation).

Triple Digit Oil Prices Could Crimp Business Travel Growth—But Not Stop It

Short-term oil price spikes might slow business travel growth but shouldn't stop it, according to a study by the Global Business Travel Foundation. It found that because business travel pays off, companies will continue to invest in it even if rising fuel costs make travel more expensive. Even if oil hits \$200 per barrel, business travel and the number of trips taken would continue—although high oil prices would hurt the rate of projected business travel growth over time. (Source: GBTA press release).

No Tarmac Delays of Longer Than Three Hours In February

No airline passengers sat on the tarmac for more than three hours in February, down from 60 flights in February 2010, according to the U.S. Department of Transportation (DOT). February was the tenth full month of data since a new rule prohibiting carriers from keeping planes on the tarmac for more than three hours went into effect. Large parts of the country saw severe weather during February, and airlines cancelled 4.9 percent of their scheduled domestic flights, compared to 5.4 percent in February 2010 and 3.9 percent in January 2011. The number of canceled flights with tarmac delays of more than two hours increased only slightly, from 289 between May 2009 and February 2010 to 331 between May 2010 and February 2011. There were 19 canceled flights with tarmac delays of more than two hours in February 2011, down from 21 in February 2010. (Source: DOT).

United Continental Expands Wi-Fi Service to More Than 200 Aircraft

United Continental Holdings, Inc., is adding Wi-Fi service to more than 200 domestic Boeing 737 and 757. It's using LiveTV's Ka-band technology, which offers higher transmission speeds for more extensive onboard connection capabilities, including browsing content-rich websites, sending and receiving e-mails and downloading files. The airline will start offering the new service next year. Right now, United offers in-flight Wi-Fi on 14 aircraft. (Source: United Continental Holdings press release).

Hotels

Hotel Industry is Recovering, But Rates Stay Low

Hotel.com's Hotel Price Index found that global hotel rates rose two percent last year, but that attractive pricing remains. It found higher occupancy levels for major business centers like London, Paris, Singapore, and New York due to the return of business travel. Las Vegas also benefited, as convention business returned to the desert. International arrivals grew over 5% in 2010 and occupancy in luxury properties in the U.S. is running between ten and fifteen points higher than in the lower star categories. Las Vegas remains the country's favorite place to visit, followed by New York, Orlando, Chicago, and San Francisco. Top U.S. cities that saw significant year-over-year increases at five-star properties in 2010 were: Boston (21%), Chicago (20%), Miami (10%), San Francisco (22%), and Washington (16%). (Source: Hotels.com press release).

Outlook for U.S. Hotel Industry Continues to Improve

PKF Hospitality Research (PKF-HR) said outlook for the U.S. lodging industry continues to improve, though at an uneven pace. PKF-HR forecasts that U.S. hotels in the main should achieve a 7.1 percent increase in room revenue in 2011. This is greater than the 5.6 percent room revenue growth rate projected by PKF-HR in December 2010. The improving economy isn't the only reason for improving demand. Sharp price discounts also help—PKF research found record declines throughout 2009 and early 2010. PKF's research shows the improving economy is helping the affluent most, which means upper-tier hotels are seeing increased occupancies. They should be able to raise their prices sooner than mid-market and lower-tier hotels.

Car Rental

Auto Europe Warns that Japan's Disaster Could Hurt Rental Car Inventory

Auto Europe is advising rental car customers, especially those in Europe, to lock in their rentals early because of the impact of the Japanese tsunami and earthquake on Japanese auto parts and technology providers. Because of an anticipated bottleneck, some European manufacturers are already talking about reducing hours, which could affect rental car companies' ability to "fleet up," according to Eric Ledroux, president of Auto Europe. (Source: Auto Europe press release).



Spotlight on:

Business Travel Monitor

The American Express Business Travel Monitor shows that hotel rates are holding steady but that increasing demand and higher fuel prices mean that there's probably no end in sight for rising airfares.

- † ***Domestic and international fares were up seven percent in 2010.***
- † ***Domestic hotel rates stayed flat, while international rates bumped up just one percent in 2010.***
- † ***The bottom line: companies have to carefully calibrate their travel spending, paying close attention to the economy and their business needs.***

Source: American Express 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.