



Airlines

Rising Oil Prices Hurt Airlines' Financial Outlook

The International Air Transport Association is downgrading its outlook for the aviation industry by half a billion dollars this year because of high fuel prices. It estimates that the world's airlines will see a global profit of \$3 billion this year for a .5 percent margin, a \$500 million downgrade from its December forecast. That's due to the increase in expected oil prices to \$115 per barrel instead of the \$99 per barrel originally forecast. The outlook would be more dire if the Eurozone crisis worsened. An improving U.S. economy also is helping. Capacity is expected to grow by 3.2 percent, while demand is expected to grow by 3.6 percent. Both passenger load factors and aircraft utilization are back to pre-recession levels. Political tensions in the Gulf could make oil go higher; that could push airlines into the red. (Source: IATA press release).

Airline On-Time Performance Improves

Airline on-time performance was much better in January, the latest figures available, than it had been a year earlier, going up to an on-time arrival rate of 83.7 percent from 76.3 percent in January 2011. It was the best January for on time performance in 18 years, according to the Department of Transportation. Cancellations were down, too, with airlines cancelling just 1.5 percent of flights, down from 3.9 percent in January 2011. And, airlines reported no tarmac delays of more than three hours on domestic or international flights. (DOT press release).

TSA Expands Pre Program to More Than 20 Airports

The Transportation Security Administration expects to have its *Pre* program in place at many of the nation's major airports by the end of the year. It expects to have it operating in more than 20 airports by June. Right now the expedited screening program for passengers who provide information about themselves in advance is in place at nearly a dozen airports. Airports that should have it in place by June include Boston Logan, New York LaGuardia, Newark Liberty, Orlando, Portland International and Seattle-Tacoma. Participating airlines are Delta Air Lines, United Airlines, Alaska Airlines, American Airlines and US Airways. Participants go through a separate security lane some times do not have to remove shoes, coats and sweaters or take a laptop out of its bag. *Pre* is part of a risk-based security programs; program participants are not guaranteed expedited screening. The TSA still conducts random and unpredictable security checks. The TSA is adding other risk-based security procedures, including expanded behavior detection techniques and modified screening procedures for those 75 years old or older. (TSA press release).

Four Airlines Change Terminals at LAX as Airport Remodels

Four airlines have or are about to change terminals at Los Angeles International this month as part of the airport's capital improvement program. Spirit Airlines, Great Lakes and Alaska Airlines have already moved terminals; later this month, AirTran Airways will also move to a different terminal. Spirit and Great Lakes have moved from Terminal 6 to Terminals 3 and 7 respectively. Alaska is now in Terminal 6, which has expanded lobby space, check-in kiosks, bag-check stations and a new baggage community screening system. (LAX press release).

Hotels

PKF Hospitality Predicts Hotel Rates Will Rise

PKF Hospitality Research predicts that hotel room rates for U.S. hotels will increase 4.6 percent this year, a healthy development for the industry because it will push room revenue up 5.8 percent. A 1.6 percent increase in occupancy is also helping. Improved profitability means a better guest experience because hotels can afford to invest in their properties. Ever since the first quarter of 2010, growth in hotel demand has exceeded the increase in supply, according to R. Mark Woodworth, president of PKF HR. According to Smith Travel Research, U.S. hotels last year rented out more guest rooms than ever before. And on a local level, PKF said that 30 out of 50 markets PKF covers in its Hotel Horizons industry reports set new records in metro-level lodging demand. (PKF press release).

Rail and Car Rental

Amtrak Measures Carbon Footprint

Amtrak has achieved Climate Registered status by measuring its carbon footprint. This is a major first step in Amtrak's efforts to reduce its energy consumption and spending and carbon emissions. It is working with the Climate Registry, a non-profit that sets standards for government and business. Amtrak's goal is to attract more auto and airline passengers, improve its own efficiency and reduce fossil fuel consumption. (Amtrak press release).

Enterprise Revamps Enterprise Plus Loyalty Program

Enterprise Rent-A-Car, which has more locations than any other car rental company, has revamped its Enterprise Plus loyalty program. Members can redeem their points at any North American locations. As long as you rent at least once every two years, points do not expire. Frequent renters qualify for Silver, Gold or Platinum status. Each level comes with its own set of benefits, such as bonus points and upgrades. (Enterprise press release).



Spotlight On...

Airline Quality

Flying is becoming a more pleasant experience, according to the latest Air Quality Rating survey, a joint research project by Wichita State University and Purdue University. The 22nd annual national survey found that flyers are paying more, but having a better experience. Data from the last 12 years show that whenever there are more planes in the sky and ore passengers, airline performance suffers. Today, airlines have increasing demand, limited capacity and are managing themselves more carefully. The results of the survey:

- *Bumping decreased by 30 percent in 2011*
- *AirTran, Hawaiian and JetBlue were the three best-performing carriers for the second year in a row.*
- *It's not perfect; a third of customer complains continue to be for things like schedule changes, delays and cancellations.*

Source: AQR 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.