



Airlines

Despite 10 Percent Hike, Airfares Remain a Good Deal

Domestic airfares were up 10 percent in the last quarter of 2011 over the same quarter a year ago—but overall airfares remain one of the best deals out there when compared to consumer prices overall. The DOT's latest data on fares shows that while fares are going up (Q4 fares were up 2.1 percent over Q3 fares), their increases are far less than those of consumer prices overall. The DOT said that Q4 2011 fares are just 8.3 percent higher than they were in Q4 2000. In comparison, consumer prices overall increased 29.7 percent in that same period. (Source: DOT press release).

What's Happening With American and US Airways?

US Airways may have agreements in place with three of American Airline's major unions, including pilots and flight attendants, as part of its efforts to merge with the larger carrier. But it's got some work to do at home, according to its flight attendants' union, who basically said, "Not so fast," after US Airways announced its agreements with American's unions. The US Airways flight attendants union pointed out that US Airways has to agree to a contract with its current flight attendants before it can merge with another airline.

American, for its part, is calling merger rumors "speculation" and Tom Horton, its president and CEO, said in a letter to employees and some outside partners, that the airline intends to continue with its reorganization. He cautioned employees to "beware" of those who don't have American's best interests at heart and are pursuing their own agendas. (Source: Association of Flight Attendants-CWA release and American).

Why Delta's Going into the Oil Business

With airlines seeing their fuel costs skyrocket—fuel prices have soared nearly 40 percent in the past year—it's no surprise that Delta Air Lines is trying to get control of at least part of the oil supply chain by buying an oil refinery, Phillips 66 Trainer. Richard Anderson, Delta's CEO, said that the acquisition should help the airline save \$300 million annually and ensure its fuel supply in the northeastern U.S. Airlines are doing everything they can to shave fuel costs—building fleets that are 20 percent more fuel efficient than their predecessors, hiking fares, introducing new fees, and flying fewer planes that have more passengers in them. Delta's decision to become a player in the very business that is hurting airlines' bottom lines the most is the newest—and perhaps the boldest—effort in this ongoing battle to control fuel costs. (Sources: Delta press release, industry observations).

Dallas-Fort Worth Airport Offers Free Wi-Fi

As long as you're willing to put up with a 40-second ad, you can get 40 minutes of free Wi-Fi at the Dallas-Fort Worth International Airport starting in September. Free Wi-Fi will be available in terminals and gate areas so you can go online while boarding and deplaning. The airport plans to expand it to parking areas as well. The airport is partnering with AT&T on the free service. Free Wi-Fi is what customers want, according to Jeff Fegan, DFW's CEO. (Source: DFW press release).

Hotels

U.S. Hotel Industry is on the Mend

U.S. hotels across the board are seeing their bottom lines improve, according to the latest Trends report from PKF Hospitality Research. The report found that, on average, hotels of all types saw their profits increase by 12.7 percent in 2011. Resorts and full-service hotels led the pack with 18.1 percent and 14.7 percent increases respectively. Suite hotels and extended stay hotels weren't able to leverage their higher occupancies to higher room rates. Expense are rising, too, but not as much as rates are. (Source: PKF press release).

Traveling Less, Spending More and Getting More Done

The latest Business Travel Quarterly Outlook from the Global Business Travel Association finds that you're traveling less but spending more. That's because travelers are taking one longer trip rather than two shorter ones in an effort to get the maximum benefit possible out of each trip. According to the report, travelers took 576 million trips and spent \$242.9 billion on them in 2000. In 2011, business travelers went on 445 million trips and spent \$251 billion. Inflation accounts for just 64 percent of the increase. Travelers are more productive on the road thanks to better travel management and better technology, according to the GBTA report. (Source: GBTA press release)



Spotlight On...

Improving Service in the Air

You may hate those service fees but, guess what? Now that they're making money on transporting bags, airlines are losing them a lot less. And, overall, passengers are happier with the service they're getting, according to a few sources. Airlines are losing bags less and arriving on time more, according to the Department of Transportation. And consumers have given improved ratings to major airlines for the fourth year in a row, according to the latest Airline Quality Rating (AQR), a report produced by Wichita State University and Purdue University.

- *Airlines were on time more—86.2 percent in February, up from both a month earlier and a year earlier.*
- *The mishandled baggage rate—2.64 reports per 1,000 passengers—is the lowest since 1987, when the DOT started tracking such data.*
- *Cancellations were down substantially from the previous February, although that was in part due to the fact that last winter was extremely harsh and this winter was unusually mild.*

Airlines provide better service when they aren't maxed out. "The airline industry performs most efficiently when the system isn't stressed by high passenger volume," said Dean Headley, associate professor of marketing at Wichita State. "Every time there are more planes in the sky and more people flying, airline performance suffers."

(Source: AQR, DOT press releases).

ABC 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.