

A BUSINESS TRAVEL UPDATE FROM: **SPRINGDALE TRAVEL 958 MONLTIMAR DRIVE, MOBILE, ALABAMA 36609 800-874-0550**

Airlines

Airline Traffic is Up Again

Air traffic was up 6.8 percent in May, according to the International Air Transport Association, although political unrest in the Middle East and the European currency crisis are having some impact. North American carriers continued to trim capacity, by .4 percent in April and .5 percent in May. North American traffic was up 4.5 percent and capacity was up 5.5 percent over last May. Because of North American airlines' cautious capacity management, they had the highest load factors (81.8 percent) of all the regions. European capacity was up 10.9 percent and its load factors were 77.7 percent. Asia Pacific growth was less than other regions, just 4.7 percent, because of the continuing impact of the earthquake and tsunami in Japan. (Source: IATA).

US Airline Passenger Revenues Are Up for the 17th Month in a Row

Once again, major U.S. airlines saw their passenger revenues increase, 14.4 percent in May, the 17th consecutive month they've seen an increase, according to the Air Traffic Association. Much of that is due to an 11 percent increase in yields. Trans-Atlantic revenue increased 13 percent from a year ago. Trans-Pacific revenue rose 12 percent as higher passenger yields offset a drop in the number of passengers following the Japanese earthquake and tsunami. Latin American/Caribbean revenue grew 26 percent as passenger yields rose 19 percent, the largest increase of any region. The busy summer travel season and an improving economy could help airlines deal with high-energy costs. (Source: ATA press release).

Airline Transactions Dip, but Fares Increase

The number of airline transactions--that is, tickets sold--is decreasing slightly, but airfares are increasing, according to the Airlines Reporting Corp., which processes the vast majority of airline fares. In May, transactions dipped .9 percent year over year and 1.66 percent year to date. But fares went up--4.49 percent year over year and 6.9 percent year to date, showing that airlines are for once managing to increase fares and improve their yields. Meanwhile, the American Express Business Travel Monitor is reporting that domestic airfares for first quarter exceeded pre-recession levels for the first time, rising ten percent over the first quarter of last year. Rising oil costs and an increase in business travel are two reasons for the increase. The average first quarter domestic airfare is now \$247. International fares, however, remain lower than their first quarter average, but could surpass that later this year, according to the Business Travel Monitor. (Source: ARC, American Express press release).

Low-Cost Carriers Continue to Increase Their Market Share

Low-cost carriers now operate more than one flight in five in the world, according to OAG FACTS (Frequency and Capacity Trend Statistics). OAG said that global seat capacity in June was up 5 percent over last year and frequency was up 3 percent. But low-cost carrier's capacity and frequency were up even more, to 9 percent. Europe has the highest percentage of LCCs, with 28.2 percent of all flights operated by LCCs. (Source: OAG press release)

Airlines Move Forward on Developing Bio Fuel

Airlines keep looking for alternatives to oil, whose price fluctuations plague the industry. Seven major U.S. carriers have signed letters of intent with Solena Fuels for a future supply of jet fuel that would be derived exclusively from biomass to be produced in California. Solena's "GreenSky California" biomass-to-liquids (BTL) facility will turn post-recycled urban and agricultural wastes

into 16 million gallons of neat jet fuel per year by 2015. The airlines are all members of the Air Transport Association. (Source: ATA press release).

Hotels

Hotels Doing Better at Keeping Customers Happy

Hotels are doing better at keeping you happy, according to the latest Market Metrix Hospitality Index covering the first quarter. Guest satisfaction across all segments is up a bit, 1.1 points, to a score of 84, with luxury and economy hotels showing the most improvement, up 2.5 to 88.5 and 1.6 to 80.5 respectively. Starwood's The Luxury Collection had the highest satisfaction score, 93, up 6.3 points. Ritz-Carlton was a close second, 92.9, up 2.6 points. Overall, guests said that they felt more comfortable, welcome and respected. (Source: Market Metrix press release).

Hotels Test Virtual Room Keys That Let You Bypass the Front Desk

If you've ever waited in a lengthy line while checking in for a big meeting or at a large hotel will love the idea of using your phone as a virtual key to your room, enabling you to bypass the front desk--and the line--and go straight to your room. On the day you're scheduled to arrive at the hotel, the room number and the digital hotel room key is sent securely to your mobile phone, according to VingCard Elsafe, which is working on this kind of technology. InterContinental Hotels Group conducted a pilot test on what it calls "mobile room key" and is evaluating the results to see if the practice can be rolled out to other hotels. (Source IHG public relations department, VingCardElsafe press release).

Room Rates Rise Moderately

Hotel room rates are rising moderately as demand for business travel increases, according to the latest American Express Business Travel Monitor. Average domestic hotel rates increased 3 percent to \$150 in Q1 2011 over Q1 2010. Average international hotel rates increased 4 percent to \$238 in Q1 2011 over Q1 2010. Cities showing the highest hotel rate increases in the first quarter of 2011 over 2010 were San Francisco, 16 percent; Seattle, 9 percent; Austin, 8 percent; Omaha, 8 percent and New York City, 8 percent. (Source: American Express press release).



Spotlight On..... Air Traveler Satisfaction

Airline passengers continue to say they're discontented with the service they get, even as hotels, fast food joints and restaurants see customer satisfaction increase, according to the latest American Customer Satisfaction Index (ACSI). One major culprit: baggage fees.

- * Dissatisfaction with airlines dropped 1.5 % to an ACSI score of 65--a very low score***
- * Passengers cited poor service and fees for baggage and other services as major sources for their discontent***
- * Passengers who had to pay for checked baggage were the least satisfied--their ACSI score was 58***
- * Since more than half of airline passengers pay to check their bags, the negative impact of those fees is significant***
- * Southwest Airlines, which does not charge to check bags, actually saw its ACSI rating rise to 81, scoring the highest, as it has for the past 18 years***

Source: ACSI 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.