

Business Travel Footnotes™

AUG 2011
VOL 8. NO. 13

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

Airlines

First Quarter Airfares Jump 8.4 Percent

First-quarter airfares rose to \$356, an 8.4 percent increase since the same period a year ago, according to the Department of Transportation. They were up 4.7 percent from the first quarter of 2010. Air fares in the first quarter of 2011 increased 2.3 percent from the first quarter of 2010, compared to an overall increase in consumer prices of 26.8 percent during that period. Passenger airlines collected 71.3 percent of their total revenue from passenger fares during 2010. (Source: Department of Transportation).

Airlines Expect to See Some Economic Recovery

Airlines expect to see some economic recovery in the next 12 months, according to the International Air Transport Association's latest quarterly Airline Business Confidence Survey. Fuel, of course, remains a problem, but it's somewhat offset by strong traffic demand. And, airlines are also more optimistic about the broader economic outlook. Many airlines reported improved traffic volumes during the second quarter of 2011. Traffic in general was up, with air travel in May up four percent from the beginning of the year. Finally, Jet fuel prices are lower than they were--\$130 per barrel instead of \$140--but still nearly 50 percent higher than the average level the same quarter a year before. (Sources: IATA).

May Number Improve for Both Economy and Premium Travel

The number of passengers in both premium and economy grew in the second quarter, an encouraging sign after a disappointing first quarter, according to the International Air Travel Association. It says that premium travel typically grows in line with developed countries international trade, which has been growing at three to four percent. On the other hand, business confidence is also a good indicator for air travel and confidence has declined in the past several months. This suggests that the May data may be exaggerating the underlying growth of premium travel. The picture is a mixed one across geographic regions. On the North Atlantic, premium traffic is up 12.4 percent, reflecting strengthening trade. Europe and the Far East markets have also grown, 13.2 percent. But another key premium market, the Pacific, remains weak with a growth of less than four percent, in part because of events affecting Japan. (Source: IATA press release)

U.S. Air Travel Reports Spending Increases in June, But At a Slower Pace

The Air Transport Association said air travel spending was up 7 percent in June 2011 compared to June 2010. It was the 18th consecutive month of revenue growth for U.S. carriers, although the overall rate of growth is slowing. Challenges lie ahead, especially with the jet fuel expected to average 40 percent higher than the 2010 average. The ATA said the U.S. domestic revenue grew nearly six percent. Transatlantic revenue grew 5.6 percent, transpacific revenue increased 5.5 percent and Latin American/Caribbean revenue grew 22 percent. (Source: ATA press release).

Airlines On-Time Performance Up Over Previous Month But Down from Last Year

Major carriers' on time performance was better in May than April but down from May 2010, according to the Department of Transportation. Tarmac delays of three hours or more jumped to 16 in May 2011, up from one in May 2010 and four in April 2011. But 14 were on the same day when bad weather hit Chicago's O'Hare Airport. (Source: DOT press release).



Hotels

Hotel Revenue, Rates and Occupancies Are Up

The hotel industry's recovery is continuing, according to Smith Travel Research, which studies the hotel industry. Occupancies increased .5 percent to 63.4 percent, average daily rates rose 3.5 percent to \$101.44 and room revenue was up 8.1 percent to \$64.28. The growth in average daily rate remains sluggish. Among the top 25 markets, Detroit and Houston reported the largest occupancy increases for the quarter, 10.1 percent each. New York City reported the largest occupancy decrease, falling 1.1 percent to 85.0 percent, followed by Washington, D.C., with a 0.9-percent decrease to 76.4 percent. Two markets reported double-digit daily rates increases, San Francisco/San Mateo, Calif. (13.6 percent) and Oahu (11.3 percent). (Source: STR press release).

Occupancy Gains Continue to Outpace Room Rate Increases

PKF Hospitality Research is forecasting that demand for U.S. hotel rooms in 2011 will increase a solid 4.9 percent, while the average daily room rate paid by guests will rise a modest 2.4 percent. The 4.9 percent rise in occupied rooms forecast for 2011 compares to the 7.6 percent increase in lodging demand for 2010 reported by Smith Travel Research (STR). Both growth rates are well above the STR long-term average annual demand growth rate of 1.5 percent. The increase in demand is surprising, given stagnant employment and continued weakness in housing markets, according to PKF-HR. (Source: PKF-HR press release).



Spotlight On.....

Traveling “Smart” ... and Liking It

Business travelers today are increasingly using technology to travel smarter and to adapt to life on the road, according to a new study by the Global Business Travel Foundation and Concur, which provides travel and expense management tools. Among some of the study's major findings:

- * *Most say there's no substitute for being there in person (78 percent) and an equal number enjoy traveling for work*
- * *Nearly half (46 percent) say staying in touch with family and friends and staying safe while traveling are the most important goals of their trip*
- * *At least two-thirds travel with laptops, wireless broadband, portable GPS and smartphones*
- * *Nearly half (46 percent) have to work with tight budgets*
- * *The average trip lasts four days and costs \$1,837*
- * *Business travelers tend to be college educated (71 percent), 38 years old on average, and male (59 percent)*
- * *The study identified five types of business travelers: the Veteran (33 percent), the Road Weary (25 percent), Wide-eyed and anxious (21 percent), Passionate High-Tech (14 percent) and New Recruits (7 percent)*

(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.