



## Airlines

### American Merger Talks Heat Up

US Airways, which has been pursuing a reluctant American Airlines, has signed a nondisclosure agreement with American's parent company, AMR, according to a memo US Airways' CEO Doug Parker sent to employees. The two airlines have agreed to exchange confidential information to work in good faith on evaluating a potential combination. Parker said that the NDA means only that the airlines have agreed to talk about the possibility of merging. AMR's CEO Tom Horton initially resisted the idea of a merger. AMR has also signed an NDA with British Airways Alaska Airlines, Frontier Airlines, Jet Blue Airways and Virgin America. (Source: press reports).

### Global Air Traffic Continues to Grow—But at a Slower Pace

Global air traffic grew 3.4 percent in July 2012 over a year earlier, down from a growth rate of 6.3 percent in June and 6.5 percent for the first half of the year, according to the International Air Traffic Association. It blamed the slowdown on a recent fall in business confidence in many economies. Airlines are responding to slower growth by holding capacity, which means planes are flying full—and profitably. Traffic is growing, but at a slower pace, said Tony Tyler, IATA's director general and CEO. And he said that, combined with rising fuel prices, means a tough second half of the year. (Source: IATA press release).

### FAA to Study Use of Hand-Helds on Planes

The Federal Aviation Administration has created a committee to study the use of portable electronic devices on planes. Right now, the FAA leaves the decision of how passengers can use handhelds in flight up to airlines. The FAA committee will be made up of representatives of aircraft manufacturers, mobile technology providers, airlines, including flight attendants and pilots, as well as airline passenger organizations. Passengers are increasingly interested in staying connected while in flight. This is an effort to learn if there are ways for more electronic devices to be used without interfering with the radio frequencies pilots use. The group will look at a variety of issues, including how to test for safety. The group is not looking at whether or not to allow cell phone use while in flight. (Source: FAA press release).

### Delta to Reduce Mileage Rewards for Some Unpublished Fares

Delta Air Lines is reducing mileage passengers can earn when they buy certain unpublished fares. These include group fares, consolidator fares, tour or group package fares and student fares. Travelers flying using negotiated corporate, governments and sports fares will continue to get full mileage credit. Other airlines also limit or provide no mileage awards for some unpublished fares. (Source: news reports).

### TSA Expands Pre Program to Phoenix Sky Harbor

The Transportation Security Administration has introduced its Pre program at the Phoenix Sky Harbor Airport, with US Airways as its partner. Participants who are from certain airline frequent flyer programs or who participate in the U.S. Customs and Border Protection's Trusted Traveler program provide biometric information about themselves and qualify for expedited screening. The Pre is now available in 22 airports with partner carriers US Airways, Alaska Airlines, American Airlines, Delta Air Lines and United Airlines. (Source: TSA press release).

## Hotels

### More Hotels Charge for Internet Access

More hotels are charging guests for Internet access and to use the gym—but more are offering free breakfasts, according to a survey conducted by the American Hotel & Lodging Association with hospitality research company STR. Twenty-three percent of properties now charge for in-room Internet service, up eight percentage points from 2008. Luxury and upper upscale are more likely to charge for Internet service. Twenty-five percent of hotels now charge to use the gym, up from 21 percent in 2010. However, 79 percent of hotels now offer free breakfast. Most mid-tier and midscale hotels offer free breakfast, as do about half of upscale U.S. hotels. (Source: AHLA press release).

### US Hotels See Strong Demand for Fall

Hotels in the Americas are doing better than those in other parts of the world, according to STR Global. In the U.S. the average daily rate increased by 3.8 percent in July; with more hotel rooms being sold than in any other month since STR began tracking this data in 1987. Hotel occupancy in the Americas in general rose to 70 percent, with rates increasing 3.3 percent. That made the Americas the only part of the world to show growth for both rates and occupancies. The fall months are strong for meetings and convention business and that is going to stimulate demand, according to Brad Garner, STR's COO. He predicted a shift towards a seller's market in 2013. Separately, PKF Hospitality Research forecast that on an average night this year, nearly 3 million of the nation's 4.8 million hotel rooms will be occupied, a figure six percent higher than in 2007, the last peak year before the recession hit. (Source: STR, PKF press releases.)



## Spotlight On...

### *The Fed's Take on Business Travel*

*The Federal Reserve Beige Book, published eight times a year and covering current economic conditions throughout the country, finds that business travel growth in some parts of the country is slowing. It's based on reports from the Fed itself and interviews with key players in each district.*

- *In Boston, the Fed's tourism contacts said that business travel has fueled travel's rebound. They expect 2012 will be strong, but will weaken in the second half of the year. Europe's economic problems could have a negative impact.*
- *The Atlanta and Florida districts have seen European business decline, but increases from Central and South America have helped offset those declines.*
- *Hotels reported occupancy and rate increases throughout the nation, although that was slowing in some regions. Outside of Washington, D.C., for example, some hoteliers said that federal budget cuts were having a chilling effect on business.*

*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.*