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Airlines

Major U.S. Airlines Report Second Quarter Profit

The largest U.S. airlines reported a 6 percent profit margin in the second quarter, according to the latest figures from the Department of Transportation, up from 5.3 percent a year earlier. These nine airlines carried 80 percent of U.S. airlines' passengers. Helping them hit those numbers: baggage fees. The nine airlines—Southwest Airlines, Delta Air Lines, United Airlines, American Airlines, US Airways, ExpressJet, JetBlue, Skywest and Alaska Airlines—collected a total of \$931 million in baggage fees and another \$661 million in change fees. Fees from other services that airlines charge you for—seat assignments, premium seating, entertainment and other services—are not included in these figures. (Source: DOT press release).

Consumers Want to Comparison Shop Airline Fees

Consumers want to be able to comparison shop the fees airlines charge for bags, seat assignments and other services or amenities, many of which were once included in the price of an airline ticket. Ninety-four percent of travelers who recently booked travel online said that “all airline fee information should be available to travel agents and online travel websites,” according to the market research firm Harris Interactive. The DOT requires airlines to display those fees on their own website, but the only way to comparison shop is to go from one website to another, although some online travel agencies and airfare comparison sites carry listings of the fees each airline charges for these services. Harris said that 31% of travelers who booked travel on an online site agreed with the statement that they “paid for fees that were not fully disclosed when I initially purchased my ticket for my flight this summer.” The DOT is looking at a rulemaking to address this matter. However, three major airlines, Delta Air Lines, United Airlines and US Airways, are close to making their premium seats available in GDSs, an indicator that comparison-shopping for these fees is on the horizon. (Source: Interactive Travel Services Association, industry interviews).

Airlines Keep Adapting to Changing Environment

Airlines are getting faster at adapting to geo-political and economic trends that continually buffet them—specifically high oil prices and a lingering recession. A recent DOT Inspector General report said that airlines are adapting by charging fees for services once included in the price of a ticket or designing new products and charging for them. They're also cutting back on flights to keep flights fuller. And they're undergoing rapid consolidation—five airlines now serve the bulk of the U.S. market, down from ten five years ago. Some of this means good news for consumers, according to the IG report: fewer delays and cancellations. But there's also bad news: less service at some hub airports and on routes of 500 miles or less. However, the report praised airlines' ability to adapt, since aviation plays an essential role in the economy. (Source: IG report).

Thirty-One Percent of Domestic Flights Offer Wi-Fi

Thirty-one percent of domestic flights in the U.S. offer Wi-Fi, according to the website Routehappy, a flight search site with a strong focus on the kind of experience airlines offer. Delta Air Lines leads the pack, offering Wi-Fi to nearly half of that customer base, or 16 percent of all domestic flights in the U.S. The next closest is Southwest, whose Wi-Fi equipped flights account for 5% of domestic flights. American Airlines and AirTran Airways' Wi-Fi equipped flights account for 3% each and Alaska Airlines' service accounts for 2%. Virgin America, US Airways, Frontier Airlines and United Airlines' flights with Wi-Fi represent 1% of domestic flights each. AirTran and Virgin America have Wi-Fi on 100% of their flights, Delta on 65%, Alaska on 45% and Southwest on 37%. JetBlue Airways will add Wi-Fi early next year. (Source: Routehappy)

Hotels

Loews Partners With DHS to Speed Airport Screening

Loews Hotels & Resorts is partnering with the Department of Homeland Security to help promote DHS's Global Entry program, whose members skip the U.S. Customs line when entering the country and go through a kiosk. Loews will cover the \$100 application fee for Global Entry for platinum members of its YouFirst loyalty program. The DHS is recruiting other travel companies for similar partnerships. To qualify for Global Entry, travelers must do an in-person interview with Customs and Border Protection, undergo a background check and submit their fingerprints. Global Entry members automatically qualify for the Transportation Security Administration's PreCheck program, whose members can go through a separate—and faster—security line and separate screening machines when boarding domestic flights. They don't have to remove their shoes or take their laptops out of their bags. Airlines can recommend some members of their frequent flyer programs for PreCheck; the drawback to this is that you can only go through PreCheck when flying that airline. If you belong to one airline frequent flyer program but are flying another airline, it's back into line for you. (Source, Loews press releases, DHS interviews).

Mixing Business With Pleasure

Over half of U.S. business travelers—52%-- have invited family along on business trips, according to research by the Wyndham Hotel Group. Americans come in second to the Chinese—67% of them have brought a family member along. Least likely to bring along a family member: British travelers, who do so just 33% of the time. U.S. and Canadian travelers see these trips as a way to explore a new destination, according to the study, while Chinese view it as a way to enjoy higher-end hotels. (Source: Wyndham press release).



Spotlight On... *Travel Taxes*

“Inhospitality” taxes can increase the taxes visitors pay by 57% over the general sales tax, according to the Global Business Travel Association Foundation’s fifth annual study of car, hotel and meal taxes. These taxes often fund local projects unrelated to tourism and business travel, according to the study, which rates the top 50 travel markets in two ways. The first is total tax burden—combining general sales tax and discriminatory travel taxes. The second is the discriminatory tax burden, looking only at discriminatory travel taxes.

- *Least burdensome in total taxes: Fort Lauderdale at \$22.50 per day'*
- *Most burdensome in total taxes: Chicago at \$40 per day*
- *Lowest discriminatory travel tax: Burbank, Calif., at \$1.81 per day*
- *Most burdensome discriminatory travel tax: Portland, Ore., at \$22.45 per day*

“Overly burdensome taxes on visitors can often do more harm than good, especially when those taxes unfairly target visitors,” said Joseph Bates, vice president of research for the Foundation. (Source: GBTA).

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.