



## Airlines

### Airlines Are Fullest They've Been Since 1945

U.S. airlines had an average load factor of 82.8 % last year, their highest since 1945, according to the latest figures from the Department of Transportation. Load factors were even higher for domestic flights, averaging 83.4%. In addition, U.S. airlines carried 0.8 % more total system passengers in 2012, 736.6 million, than in 2011. And the biggest carrier, when measured by number of passengers carried, was Delta Air Lines, carrying more system passengers than any other. It was the third year in a row that Delta hit this metric. Southwest Airlines carried more domestic passengers than any other airline for the ninth year in a row. United Airlines, its merger with Continental now complete, carried the most international passengers. (Source: DOT press release).

### AA Tests Giving Priority Boarding to Passengers Who Check Bags

American Airlines is giving passengers who check their bags prioritized boarding in a test in four markets, letting them board between groups one and two. Higher load factors and passengers' desire to save on baggage fees and to skip the wait at the baggage carousel have made dealing with carry-on bags more time-consuming for airlines. Flight attendants often urge passengers to quickly stow their bags in order to have an on time departure. In addition, flight attendant unions are reporting increased injuries among flight attendants and passengers from hoisting heavy bags into overhead bins or from improperly stowed bags falling out. American is testing the priority boarding in Austin, Washington Dulles Baltimore and Fort Lauderdale. (Source: American Airlines, industry interviews).

### FAA Continues to Examine Changing Policies on Inflight Reading Devices

A Federal Aviation Administration spokesman would not comment on press reports that the Federal Aviation Administration might allow passengers to read their Kindles or Nooks during take-off. However, the spokesman did confirm that the FAA's Portable and Electronic Device (PED) Advisory and Rulemaking Committee is continuing to examine policies for using cell phones, electronic readers and tablets on planes and will end deliberations in July. The FAA actually allows airlines to decide what can and can't be used right now on planes, but the FAA provides guidance on those policies. The current guidance requires passengers to turn everything off below 10,000 feet. The committee is not looking at cell phone use, which is under the jurisdiction of the Federal Communications Commission. The committee has more than two dozen members, who include representatives of the FAA, Amazon, airlines, pilot and flight attendant unions, aircraft manufacturers, the FCC, the consumer electronics association and others. (Source: FAA interview).

### IATA Forecasts Bigger Profits for Airlines in 2013

The latest financial forecast from the International Air Transport Association projects larger industry profits in 2013 for most airlines around the globe than it had estimated in December. Tony Tyler, IATA's director general and CEO, credited the improvement to optimism for the global economy. "Passenger demand has been strong and cargo markets are starting to grow again," he said. IATA said that it expects North American airlines to make a \$3.6 billion profit, which is slightly ahead of the \$3.4 billion IATA originally projected for the year and well above the \$2.3 billion profit reported in 2012. Other regions were reporting smaller profits--\$800 million in Europe, \$1.4 billion in the Middle East, \$600 million in South America and \$100 million in Africa. IATA said that the recovery could be derailed by factors such as the continuing Eurozone crisis, specifically naming what it called the "draconian bailout proposal for Cypriot financial institutions."

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*Footnotes*<sup>TM</sup>

Tyler pointed out that travel demand has been supported by robust growth in emerging markets, reflecting a longer-term shift in the center of gravity in the industry. (Source: IATA press release).

## Hotels

### Corporations Kick Off 2013 By Booking More Travel

Corporations started off the new year by booking more travel, according to Pegasus Solutions, a major processor of electronic hotel transactions. January booking gains surged nearly 8% for the global hotel market, according to Pegasus. Rates increased 2.1% over the year before. In North America, corporate bookings increased 5.4% over 2012 and rates grew 2.3%. Business travel showed its biggest improvements outside North America; reservations for all other regions combined passed 2012 by 11.2%, according to Pegasus. (Source: Pegasus press release).

### Hotels Should See Strong Revenues and Profits This Year

Despite fears about sequestration, the U.S. hotel industry should continue to see strong gains in both revenue and profits, according to the monthly edition of Hotel Horizons, produced by PKF Hospitality Research. It projects a 6.1% increase in revenue per available room and a 10.2% boost on bottom-line net operating income. Although uncertainty about sequestration has tempered economic growth, it has not shut down lodging demand, according to R. Mark Woodworth, president of PKF-HR. It expects occupancy rates to increase by 1% and average daily rates to rise by 5%. (Source: PKF-HR press release).

## Car and Rail

### Amtrak Seeks More Federal Money for Investment, 17% Less for Operating Support

Amtrak is asking for more federal capital investment to improve and expand intercity passenger rail for fiscal year 2014, but is asking for 17% less in federal operating support. Last year it covered 88% of its operating costs with ticket sales and other non-federal sources of income, up from 85% the preceding year. It is asking for more federal capital investment—just over \$2 billion—to improve and expand intercity passenger rail. (Source: Amtrak press release).



### Spotlight On...

## ***Business Travel Sentiment***

*The Global Business Travel Association's 2013 Industry Pulse for U.S. business travel buyers finds buyers are optimistic about travel in 2013 but bracing themselves for higher costs.*

- *They expect prices to increase from 4.6% for domestic economy airfare to \$492 per trip to 8.3% for international economy fares to \$1,318 per trip.*
- *They expect hotel rates to rise 3.7 % or \$161 for domestic hotels and 8% or \$297 for international hotels per night.*
- *Most travel managers expect higher rates (65%) and airline fees (60%) will drive higher spending.*
- *Two in five (42%) expect more trips to drive increased spending and 33% expect to spend more because they're putting more travelers on the road.*

*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.*