



Airlines

Skipping to the Front of the Line

JetBlue Airways is testing a new ancillary service—a \$10 fee to use expedited security lanes at select airports. For \$10, passengers can buy an Even More Speed option that lets them use expedited security lanes usually reserved for elite frequent flyer club members and first and business class ticket holders. Even More Speed was originally part of Even More Space for seats with extra legroom, but JetBlue has now made the service a stand-alone option. There are other expedited security programs, including the Transportation Security Administration's Pre Check program, a trusted traveler program whose members are pre-vetted and can not only go through an expedited security line but also go through an expedited security process. (Source: industry interviews.)

Southwest Institutes No-Show Fee

Southwest Airlines, which does not charge a penalty to change a flight, will introduce a no-show fee on its least expensive tickets at some point this year. Passengers who book the cheapest fare and fail to show up for the flight will be charged a fee. To avoid the fee, passengers just have to notify Southwest that they will not be on the flight. The fee applies only to Southwest's cheapest fares; passengers buying more expensive tickets don't have to tell the airline they won't be on the flight. Southwest is unique in that its travelers can book a flight, pay for it, not use the ticket and have a year to apply what they paid for that ticket to another purchase, with having to pay a penalty. The new fee is essentially saying "Give us the courtesy of letting us know," said a Southwest spokesman. (Source: interviews).

Airlines Still Profitable in Q3 2012

Major airlines still showed a profit for the third quarter of 2012 according to the latest Department of Transportation figures. The largest scheduled passenger carriers showed a 6.4% profit margin, down from 6.8% from the same quarter a year earlier. The DOT said that the largest 10 airlines have achieved an operating profit margin as a group in each of the last six quarters. The DOT also reported that all U.S. passenger airlines collected \$924 million in baggage fees and \$652 million from reservation change fees in the third quarter. Airlines do not break out the fees they collect for other ancillary fees, such as revenue from seating assignments and sales of food, beverages and entertainment, for the DOT. (Source: DOT press release).

American and US Airways Lay Groundwork for Pilot Deal

American Airlines and US Airways said that they have "completed discussions" with the unions representing American and US Airways pilots. The talks were to create a framework for employment of pilots as well as prepare for the possibility of integrating the pilots working for the two airlines, should American and US Airways merge. The two pilot unions created a memorandum of understanding designed to help determine whether or not the two carriers should merge. (Source: American, US Airways' press release).

Delta Delays New Baggage Policy

Delta Air Lines, which had planned on implementing a new baggage policy on single or conjuncted tickets, checking bags only between the origin and destination points indicated on that ticket, is delaying the new policy.

Business Travel Services



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This is for instances in which travelers have separate tickets for a trip. Previously, Delta and most other carriers in this circumstance would check through the bags to the final destination, but Delta's new policy would end that convenience and require customers to claim and recheck the bag after flying the first leg. (Source: Global Business Travel Association press release.)

Hotels

First Quarter Outlook for Hotels is Bullish

The hotel industry should see a strong first quarter, according to the Hotel Industry Leading Indicator gauge. Seven of the forward-looking indicators of business activity that comprise the HIL were positive in November. They included hotel worker hours, hotel profitability, foreign demand, yield curve, oil prices, housing activity and vacation travel. Two indicators were negative or zero: the jobs market and new orders. "Although we are still in an unhealthy jobs market, US consumers, lower energy costs and a reviving housing sector are working together to build strength back to the demand for hotels," said Maria Simos Sogard, CEO of e-forecasting.com, an economic research and consulting firm which produces the HIL. (Source: e-forecasting press release).

Car and Rail

Avis Gets Into the Car-Sharing Market

Avis will buy Zipcar, the top car-sharing business. It has more than 760,000 members and operates in 20 cities and in more than 300 college campuses in North America and the U.K. Other car rental companies are already in the car-sharing business: Hertz with its OnDemand division and Enterprise's CarShare unit. (Source: industry press releases).

Amtrak Introduces New Tier to Loyalty Program

Amtrak has introduced a new tier, Select Executive, to Amtrak Guest Rewards, its loyalty program. It is for members who earn 20,000 or more tier qualifying points in a calendar year. It's designed to give higher recognition to Amtrak's most frequent travelers with bonus points, special offers and special perks and services. (Source: Amtrak press release).



Spotlight On...

CFOs 2013 Business Travel Outlook

An American Express Survey of 200 US CFOs and senior finance executives finds them optimistic about their own prospects but concerned about sluggish economic growth in the U.S. and in key regions around the world, including the U.K. and Europe. Three in five senior finance executives are prioritizing investments in growth and that includes business travel.

- *61% anticipate spending the same or more on business travel in 2013*
- *The most important reason for travel is to build new business (37%) and to retain current business (35%)*
- *At the same time, most senior finance executives (64%) do not expect corporate travel policies to loosen this year as companies continue to maintain a disciplined approach to controlling spending.*

Source: American Express press release