



## Airlines

### Delta, Virgin Atlantic Move Towards Joint Venture

Delta Air Lines and Virgin Atlantic are starting code sharing and reciprocity for both their frequent flyer programs and airport lounges. This means that members of Virgin's Flying Club and Delta's SkyMiles can earn and burn miles on both airlines. When flying on codeshare flights, the two airlines will offer reciprocal access to their airport lounges. The two airlines are still waiting for the Department of Transportation to approve their application for anti-trust immunity for their proposed joint venture on the North Atlantic. That is expected to happen by the end of the year, opening the way for the joint venture that will enable the two carriers to plan scheduling and pricing "as a single carrier" between the U.S. and Heathrow. (Source: press conference, interviews).

### Flyers Have More Access Than Ever to In-Flight Wi-Fi

There's more inflight WiFi available to airline passengers than ever, according to an analysis by the website, Routehappy, which tracks inflight WiFi services and other airline experiential qualities and options. It found that travelers can count on inflight WiFi on 38% of domestic flights covering 44% of flight time. Delta Air Lines, Southwest and US Airways have the most flights with WiFi. Virgin America and Air Tran Airways are most consistent with fleets that are 100% wired. Just four airlines offer the highest level of inflight productivity: in-seat power along with WiFi. They are all Virgin America flights (173), all United p.s. flights (24), most American Airlines flights (515) with in-flight WiFi and 580 Delta Air Lines flights. (Source: Routehappy report).

### DOT Reports Airlines Losses Improve

The Department of Transportation reported that the nation's largest scheduled airlines reported a net loss of \$433 million in the first quarter of 2013, an improvement from a loss of \$1.7 billion in the first quarter of 2012. The DOT's Bureau of Transportation Statistics reported that the 10 largest airlines, as ranked by total number of passengers carried in the first quarter, reported a second consecutive quarterly net loss after two quarterly profits as a group. These 10 airlines carried 80.6% of U.S. airlines' scheduled service passengers. In contrast to net income, the top 10 airlines reported a 1.3% operating profit margin for the first quarter of the year, up from a .7% profit margin in the first quarter of 2012. As a group, the 10 largest airlines achieved an operating profit margin in each of the past eight quarters. Together, they posted a pre-tax profit of \$438 million in the first quarter in contrast to the net loss of \$433 million. (Source: DOT press release).

### IATA Numbers Show Global Air Traffic Continues to Grow

The International Air Traffic Association reported that air traffic continues to grow globally, led by emerging markets, according to group's latest figures. The primary driver is growing demand for connectivity to emerging markets, said Tony Tyler, IATA's director general and CEO. May international passenger demand rose 5.7%; domestic demand rose 5.6%. North American airlines' international traffic climbed 3% in May; the slowest rise among regions. But North American load factors rose 1.1% to 83.4%, the highest for any region. U.S. domestic traffic climbed 2.8% in May, while capacity rose 2.5%, pushing load factors to 85%, the highest for any market. IATA said that the tepid growth rate is due to a combination of capacity management and market maturity, as well as recent drops in business confidence, which affect demand for air travel. IATA said that demand for air travel remains strong, but airline profits remain thin. It projects that airlines will make \$12.7 billion in profits on revenues of \$711 billion, a 1.8% net profit, or about \$4 for every passenger. (Source: IATA press release).

## Hotels

### Hotel Index

E-forecasting.com's Hotel Industry Pulse (HIP) Index, which measures overall business conditions of the hotel industry, found that business conditions in the U.S. hotel industry improved .5% in May, following an improvement of .7% in April. HIP's six-month growth rate, which in the past has served as a bellweather for turning points in the U.S. hotel industry, had a positive rate of 4.9% in May, following a positive rate of 4.4% in April. The probability of the hotel industry entering into recession was 4.7% in May, down from 5.5% in April. To put this in context, when this recession-warning gauge passes the threshold probability of 50%, the U.S. hotel industry enters into a recession. All demand and supply factors that are indicators for HIP Index are positive: hotel jobs, spending on hotels and hotel capacity. (Source: e-forecasting.com press release).

## Car and Rail

### Car Rental Customers Are More Likely to Buy New Cars

Car rental customers are 55% more likely to buy new cars than average consumers, according to a study commissioned by Enterprise Holdings, whose brands include Enterprise Rent-A-Car, Alamo Rent A Car and National Car Rental. The study found that 1.2 million new cars (out of 11.4 million retail sales) were purchased by consumers within 180 days of renting from an Enterprise brand. In other words, Enterprise brand customer bought 1 out of 10 new vehicles that were sold last year. Highest purchase rates were among replacement renters; customers who rent because their cars were being repaired. Among airport renters, those who use National, which caters to business travelers, are 45% more likely to purchase a new vehicle. (Source: Enterprise press release).



### Spotlight On...

## Travel's Economic Impact

*Travel continues to buoy the U.S. economy, according to the U.S. Travel Association's analysis of the latest economic data from the Commerce Department and the latest jobs data from the Labor Department.*

- *Travel exports for the first five months of this year are up 7.7% compared to the first five months of 2012.*
- *Travel added 22,600 jobs in June, accounting for almost 12% of the increase in non-farm jobs.*
- *Since early 2010, travel has added almost half a million jobs, outpacing employment growth in the rest of the economy by 25%.*
- *Travel has generated 30% of the overall increase in U.S. exports through May compared to the same time frame last year.*

*Source: U.S. Travel Association*

*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.*