



## **Airlines**

### **Consumers Consider Air Travel More Reliable Than Cruising**

A Harris Interactive Poll taken in the wake of the crippled Carnival Triumph spending five powerless days at sea found that the majority of the poll's participants considered air travel more reliable than cruising (57%) and safer (50%). Midwesterners were the most confident about air travel (56%) and men were more confident about flying than women (61-53%). Over half of those polled (53%) said they were less likely to take a cruise today now than a year ago. (Source: Harris press release).

### **United Starts Selling Expedited Airport Security A La Carte**

United Airlines has begun selling expedited air security screening to passengers on an a la carte basis. Its Premier Access product had been available only to Mileage Plus Premier members and first- and business-class passengers. Pricing starts at \$9, but is based on departure airport, time of purchase and other factors. It is subject to availability and does not include priority baggage handling. Jet Blue Airways began experimenting with this concept with its Even More Speed program in January. It charges \$10 and is available at about 40 airports. (Source: United Airlines)

### **Expedia Pulls Frontier From Website**

Frontier Airlines is no longer available in Expedia, because the two companies were unable to reach a new agreement after their existing contract expired. Expedia said that it was still negotiations with Frontier. "In the meantime, we have elected to pull Frontier flights and fares from select Expedia-brand and Hotwire sites," the online travel agency said in a statement. (Source: Frontier and Expedia).

### **AA-US Air Integration to Take At 12 to 18 Months**

It will be at least a year or a year-and-a-half before American Airlines and US Airways start merging their operations. The two airlines have to work together to align their policies in the cockpit, in the cabin and on the ground, according to marketing and sales executives from the two airlines. That means it'll be awhile before the two carriers operate with a single res system. However, airline executives believe that the fact that the two airlines got memorandums of understanding from employee unions before the merger will speed the integration process. (Source: industry interviews).

### **Airlines Report Lowest Mishandled Bags Rate in 25 Years**

Maybe charging to check your bags is helping the airlines take better care of them. The Department of Transportation's latest Air Travel Consumer Report found that reporting carriers posted a rate of 3.09 mishandled bags per 1,000 passengers in 2012, down from 3.35 in 2011 and their lowest ever since the DOT started tracking these statistics in 1987. The 15 largest U.S. airlines also had an 81.85 % on time rate in 2012, the third highest ever. The airlines' 1.29 % cancellation rate was the second lowest in the 18 years. In addition, flight tarmac delays were down, with just 42 that were longer than the three-hour limit, down from 50 in 2011, which was the first full year the tarmac delay rule went into effect. That compares to 693 between May 2009 and April 2010; the rule went into effect in April 2010. (Source: DOT press release).

### **787 Ripple Effect**

The continued grounding of the 787 Dreamliner is having a ripple effect on routes that it wasn't ever schedule to fly. United Airlines is delaying the launch of two international routes because the planes it was planning on using

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on those routes are filling in for the grounded 787s on other routes. United had six of the troubled aircraft in its fleet. The two affected routes are San Francisco-Paris, which now is not scheduled to begin until April 26, and a San Francisco-Taipei flight, which is now scheduled to start June 6. (Source: United interviews).

## Hotels

### Rates Are Driving Hotel Growth in 2013

Hotel occupancies are increasing steadily but where hotels are really seeing their numbers go up is in their average daily rates (ADR), according to the hotel consulting group Travel Click. Committed occupancy is up 2.1 % compared to a year ago, but ADR is up 3.4 % over last year. And revenue per available room is up 5.5 %. Transient travelers—leisure travelers and individual business travelers are accounting for much of this growth, but so is business demand, which is up 3.1 %. (Source: Travel Click press release).

### Hotel Beds in the Sky

The aviation industry has turned to the hospitality industry for help in making sure their passengers are flying in comfort. Delta Air Lines has partnered with Westin Hotels & Resorts to offer Westin's In-Flight bedding product on all Business Elite flights between New York and Los Angeles, San Francisco and Seattle and Atlanta and Honolulu starting in June. (Source: Delta press release).

## Car and Rail

### Car Rental Companies See Record Demand

A battle for market share between two major car rental companies, Hertz and Avis, has resulted in discounting. Both Hertz and Avis have seen increased rental days as a result. But that has come at a price: a 2.8 % decline in rates for Hertz and a 2 % decline in rates for Avis. Enterprise continues to reign as number one in the market. (Source: Hertz and Avis quarterly reports, news reports).



### Spotlight On...

## Customer Satisfaction

*Customer satisfaction with online retail service is back on track—except for online travel agencies, according to the American Customer Satisfaction Index (ACSI) results for the fourth quarter of 2012. Public sector satisfaction rose—2.2% for federal services, 3 % for local government services. Customer satisfaction with online retailers overall rose 1.2% to 82. But not for online travel.*

- *Internet travel services fell 2.6% to an ASCI score of 76, the biggest loss among all retail categories.*
- *Higher prices and fewer deals eroded customer perception of value, ASCI said in a press release.*
- *Expedia fell 1%, tying with Orbitz and the aggregate score of smaller sites to 76.*
- *Travelocity fell 5% to an ASCI score of 75.*

*Source: ACSI press release*