



## Airlines

### Southwest Continues to Buck the Fee Trend

Charging fees for checking bags and changing tickets looks like economic salvation for most carriers, but not Southwest Airlines. Southwest's chairman, Gary Kelly, said last month during a call about quarterly financial results that baggage fees would cost the airline a billion dollars in lost revenues by defecting customers. Not, so with United Airlines, whose vice chairman and chief revenue officer Jim Compton said that the airline's ancillary revenues had increased 13%, with some services going up even more. Sales of fees for Economy Plus seats increased 40%. Southwest's Kelly did not rule out baggage fees forever, saying that the scenario might change in the future, but not today. (Source: airline first quarter results conference calls).

### Network Carriers Up Change Fees to \$200

Major network carriers have upped their domestic change fees to \$200. United Airlines led the way, with US Airways, Delta Air Lines and American Airlines following. Passengers can avoid those fees with some carriers by booking a certain class or type of ticket. One airline continues to eschew change fees: Southwest Airlines, which allows passengers to change tickets without a fee. It has, however, instituted a "no show" fee for nonrefundable fares if passengers fail to show up for the flight without notifying Southwest. (Source: Airline websites and press releases).

### IATA Reports Passenger Air Travel Shows Strength Worldwide

The International Air Transport Association said that total passenger traffic globally grew 5.9% in March of 2013 over March of 2012. There is some regional variation, with emerging markets growing faster than mature markets. Latin America and the Middle East showed the strongest growth. International passenger demand rose 6% with North America seeing a 2.4% demand increase, Europe saw a 3.7% increase, and the Middle East and Latin America a 15.6% and 11.8% increase, respectively. Domestic travel also saw strong growth with a 5.7% increase since last year. U.S. traffic was up 3.1%. China's was the strongest with a 15.6% increase. Tony Tyler, IATA's director general and CEO, said that the strong demand for air travel is "consistent with improving business conditions." (Source: IATA press release).

### TSA Expands PreCheck to Some International Travel

The Transportation Security Administration has expanded its expedited security screening program, PreCheck, to some international flights. Eligible passengers flying Alaska Airlines, American Airlines, Delta Air Lines, United Airlines and US Airways will be able to keep shoes, belts and outerwear on as well as to keep their laptops in cases and compliant liquids in carry-on luggage. PreCheck members flying internationally from a PreCheck participating airport will be eligible for expedited security screening. After arriving on an international flight and clearing customs, they'll also be able to use PreCheck lanes for connecting domestic flights. Members of the U.S. Customs and Border Protection Trusted Traveler programs are also eligible. (Source: TSA press release).

### Frontier Penalizes Passengers Who Book Lowest Fares Through Travel Agencies

Frontier Airlines is charging passengers who book its lowest fare tickets through a travel agent or an online travel agency anywhere from \$25 to \$100 for use of overhead bins. Passengers who book these low fares indirectly also earn fewer miles—25%, down from 50%. Those who book through the airline's website can use overhead space for free. All passengers booking lower fares must now pay for soft drinks regardless of where they book. (Source: Frontier).

## Hotels

### Mid-Market Hotel Brands Challenge More Upscale Brands

Customer satisfaction and loyalty for many mid-market brands is starting to challenge that of more upscale chains, according to the Market Metrix Hospitality Index. It reported that brands such as Drury and Hampton Inn have friendly, respectful staff and offer free or low-cost internet, clean facilities and carefully chosen services or locations. Jonathan Barsky, chief research officer at Market Metrix, said that the recession pushed many travelers into trying mid-priced brands and “many weren’t disappointed.” At the same time, these brands are upgrading services and amenities, which improve satisfaction, justify higher rates and blur the lines between mid-market and upscale. MMHI’s top-scoring hotel brand in the U.S. was Drury Hotels; other top-scoring brands included Ritz-Carlton and Four Seasons. (Source: MMHI press release).

## Car and Rail

### Hertz Puts New Emphasis on Car Sharing

Hertz is equipping much of its fleet with self-service technology that will enable hourly rentals and keyless entry. It is also adding in-car terminals and tablet-style devices from locations such as neighborhoods, office complexes and college campuses. Hertz will call the new service Hertz 24/7. It already has a car-sharing business, Hertz On Demand, which it launched nearly five years ago. Hertz’ major competitor, Avis Budget Group recently acquired the car sharing sector’s market leader, Zipcar, earlier this year. Hertz will announce more details later this spring and is planning an ad campaign for the new service in the fall. (Source: Hertz and Avis press releases).



### Spotlight On...

## *Increased Business Travel*

*The Global Business Travel Association has upgraded its forecast for business travel spending for 2013. Its Q1 GBTA BTI Outlook projects that business travel spending will increase 5.1% to \$268.5 billion, an upgrade from its earlier forecast for 4.6% growth to \$266.7 billion. That’s a substantial increase from the 1.8% growth in 2012.*

- *Group spending looks stronger; the GBTA projects it will be up 6% to \$115.9 billion, up from a Q4 forecast of 5.2% growth.*
- *Trip volume remains roughly the same, declining slightly by 1.1% to 431.7 million person-trips.*
- *The BTI Index finds that the stock market is a leading indicator for trip volume; with the stock market hitting record highs in Q1, business travel should pick up more momentum throughout the second half of 2013.*

*“Business confidence is up and the need to compete in the global economy is driving companies to invest in business travel,” said Michael McCormick, executive director and COO of the GBTA.*

*Source: GBTA press release.*