



Airlines

Travelers Can Now Use Kindles, iPads Below 10,000 Feet

Travelers can now use Kindles, iPads, iPhones and similar electronic devices gate-to-gate, thanks to a new policy announced by the Federal Aviation Administration. All devices must be in “airplane” mode, but passengers can read e-books, play games and watch videos during takeoff and landing. FAA has to approve airlines’ plans and procedures for use of PEDs under 10,000 feet. JetBlue Airways, Delta Air Lines, American Airlines, United Airlines and US Airways have passed muster with the FAA for their plans, other airlines said that they were working with the FAA to gain approval as well. The FAA changed its policy based on input from a group of experts that included representatives of airlines, airline manufacturers, pilots, flight attendants and the mobile technology industry. The FAA said that policies will vary from airline to airline and even from aircraft for aircraft. For example, Delta’s mainline fleet received approval, but its regional fleet probably won’t receive FAA approval until the end of the year. Airlines continue to urge passengers to pull themselves away from their PEDs long enough to watch safety demonstrations. (Source: press releases, industry interviews.)

Ancillary Revenues Hit \$42.6 Billion

Airline ancillary revenue should hit \$42.6 billion worldwide, according to the CarTrawler Worldwide Estimate of Ancillary Revenue, an 89% increase over 2010. IdeaWorks compiled the data and found that revenue from ancillary services such as onboard sales of food and beverage, checked bags, premium seat assignments and early boarding represented \$23.7 billion. The smaller share, \$18.9 billion, comes from the sale of frequent flier miles to program partners and commissions from hotels and car rentals. (Source: press release).

IATA Reports 5.5% Rise in Air Travel Demand in September

Global air traffic demand keeps rising, according to the International Air Travel Association. Total revenue passenger kilometers (RPKs) rose 5.5% over September 2012. Capacity increased at a slightly slower rate to 5.3%. International passenger demand was up 5.7% compared to a year earlier. Middle East carriers saw the biggest increase, 10.4%. North American carriers saw demand rise 2.3% over a year earlier, a slowdown from August, which was up 5.1% over a year earlier. IATA said that consumer confidence and business activity has been improving throughout the third quarter. However, there could be some temporary downward pressure because of the 17-day government shutdown. (Source: IATA press release).

Airlines for America Projects 25 Million Will Fly During Thanksgiving Season

Airlines for America (A4A) said that 25 million passengers will fly during the 12-day Thanksgiving season, Friday, Nov. 22, through Tuesday, Dec. 3. That’s an increase of 1.5% or 31,000 passengers per day over last year, and airlines are adding seats to meet the demand. Planes are expected to fly 85% full on the busiest travel days, Wednesday, Nov. 27, with 2.42 million passengers projected to fly, and Sunday, Dec. 1, with 2.56 million passengers, and Monday, Dec. 2, with 2.36 million passengers projected to fly. (Source: A4A press release).

Airline Profit Margins Up

A4A also said that during the first nine months of the year, the 10 largest U.S. carriers reported net earnings of \$4.5 billion, resulting in a net profit of 4%—up from .3% last year. Fuel remains the biggest—and most volatile—cost, accounting for 35% of overall operating expenses. Airlines are investing in some of these earnings into their products. Since 2010, airline capital expenditures have more than doubled from \$430 million per month to \$965 million per month in 2013. Improvements include new aircraft, lie-flat seats, in-flight Wi-Fi and improved websites. (Source: A4A press release).

Hotels

Business Travel Hotel Bookings Increase

Global hotel bookings for business travel increased by 4.4% in September 2013 over September 2012, according to Pegasus Solution, the largest single processor of electronic hotel transactions. This came after a late summer slowdown and sustained the overall year-to-date pace of more than 3% over 2012. David Millili, chief executive officer of Pegasus Solutions, said that this shows the travel market's resiliency, since many regions faced economic uncertainties-- threat of a government shutdown in the U.S. being one major one. Average daily rates (ADR for bookings coming from global distribution systems (GDSs), pushed revenue growth by more than 4.5% over 2012. Pegasus is projecting both bookings and rates to increase through the end of the year. Data indicates that business travel will peak in the fourth quarter, with reservation growth of more than 3.5%. And leisure bookings could see 5.4% growth, with more volume projected for 2014. (Source: Pegasus press release).

Car and Rail

Hertz Installs ExpressRent Kiosks in New York

Hertz has added 55 ExpressRent kiosks in New York City. These kiosks give customers the ability to complete the entire rental transaction at the kiosk, which provides live, face-to-face communication with rental agents. Consumers can rent vehicles at convenient locations, including parking garages. One-way rentals to and from New York City airports are also available at these kiosks. The kiosks operate 24x7 and Hertz plans to add more, so it will have more than 100 kiosk locations in 2014. (Source: Hertz press release).



Spotlight On...

Business Travel Growth

According to the American Express Global Business Travel Forecast 2014, country-specific trends and events are expected to contribute to a slight uptick in business travel in certain regions. That includes Brazil, because it is hosting global sporting events and Germany because of its relative economic strength.

In addition, supply side economics, including more low-cost carrier options, weaker demand for business class travel due to more stringent corporate policies and lack of new hotel construction in some places and oversupply in others, will have a greater impact on pricing changes. Overall, North American business travelers can expect mixed price changes across travel categories next year.

- *With some exceptions, North American airfares are expected to decline due to heightened competition from low-cost carriers, challenging unemployment levels and tighter corporate travel policies. However, airline consolidation may offset these declines.*
- *Hotel rates in North America are projected to be up overall, but this will vary by location. Key business destinations such as New York and Toronto should grow, but secondary locations will have more competitive pricing.*
- *There may be moderate price increases in car rental base rates as rental companies pass on price increases for new cars. Corporations are also exploring car-sharing programs in certain markets.*

Source: American Express 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.