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Airlines

Air Travel Expected to Grow 5% Per Year for the Next 20 Years

Despite rampant press coverage of the fiscal cliff and campaign rhetoric of a struggling economy, air travel just keeps on growing. Boeing's Current Market Outlook 2012, a long-term forecast of air traffic volume and airplane demand, finds air travel to be "remarkably resilient." It said that 2011 air traffic was 6% greater than 2010, and it expects this trend to continue for the next 20 years, with world passenger travel increasing 5% annually every year. The report noted that airlines are managing aircraft more strategically to boost yields and cover higher fuel costs. It said that airlines are matching their capacity to seasonal demand, keeping passenger load factors at historic highs. This growth forecast comes despite the fact that global economic growth is expected to be below its long-term average well into 2013. Separately, the International Air Travel Association issued its own forecast that projected air passenger numbers will increase 5.3% annually for the next four years. (Source: Boeing, IATA).

Most Stressful Airports

Business travelers named what they consider the most stressful airports in a new survey by Concur, the online travel and expense Management Company. At the top of the list: Chicago's O'Hare International, followed by Los Angeles International and JFK. More than half of respondents, 56%, said the long distances separating gates and terminals were O'Hare's biggest problem. JFK had the longest lines according to 49%. Common problems that travelers said plague many airports are confusing signs (28%), poor service by staff (28%) and too few or overcrowded bathrooms (19%). Other complaints: poor Wi-Fi (18%) and not enough electrical outlets (18%). The most hassle-free airports were Dallas Fort Worth, thanks to its clear signs (42%), good Wi Fi and a good selection of dining options (41%). (Source: Concur press release).

Airline Apps Most Popular Mobile Tool for Business Travelers

Nearly 90% of business travelers use mobile apps and 62% of them use them on every trip, according to a study released by Concur, the travel and expense management company. Airline apps top the list of most used (44%) followed by map apps (41%) and hotel apps (30%). Just 43% of business travelers use business expense mobile apps, even though nearly 80% call expense reporting as a major pain. Nearly a quarter, 22%, uses five or more business travel related apps during their trips. Most of the business travelers –89%--said that mobile apps improve their travel experience. (Source: Concur press release).

Airlines Start Lobbying for National Airline Policy

Airlines for America, the airline trade association, has begun lobbying Congress and the American public for a national air policy. A4A says that U.S. carriers play an integral role in the U.S. economy but are hindered by high tax rates that exceed those levied on tobacco and alcohol, products that are highly taxed in order to have consumers use them less. In addition, airlines say they have to wrestle with a regulatory burden that is expensive. Airlines are also lobbying for improvements to the national air traffic control system and for a national energy policy to help stabilize volatile fuel prices. The A4A national air policy campaign also calls for helping U.S. carriers to compete with foreign carriers that don't have the tax and regulatory burdens U.S. carriers have. A4A announced the campaign in Washington and has set up a consumer website, NationalAirlinePolicy.com, and Facebook page. (Source: A4A)

Hotels

FTC Warns Hoteliers About Resort Fees

The Federal Trade Commission has warned 22 hotel companies that price quotes on their online reservation sites that exclude mandatory resort fees might be violating the law. The FTC letter addressed complaints about "drip pricing," which is when firms advertise just part of a product's price and the reveal other charges as the customer goes through the booking process. According to letters the FTC sent out, a common consumer complaint is about mandatory "resort" fees for amenities such as newspapers, the use of pools and gyms and internet access. The FTC said that these fees could be as high as $30 a night, "a sum that could certainly affect consumer decisions." The warning letter said that consumers often did not know that they had to pay resort fees in addition to the quoted hotel rate. "Consumers are entitled to know in advance the cost of their hotel stays," said Jon Leibowitz, chairman of the FTC. (Source: FTC)

Online Cause Hotel Rates to Swing as Much as 10%

The type of review that a hotel you stay in got on an online review site such as Trip Advisor could affect the rate you pay, according to a study by the Cornell University School of Hotel Administration. The study found a direct link between the rise and fall of room revenue and a hotel's online reputation. Rate swings could be as much as 10% or more, according to the study. The report found that a one-point sing on Travelocity's five-point rating system could swing hotel rates by 11%. Reviews appeared to have more of an affect on demand for lower scale properties than for upscale and luxury properties. That's presumably because travelers have more confidence in upscale hotels' service levels, according to the report's author, associate professor Chris Anderson. (Source: Cornell)

Spotlight On…

Fiscal Cliff Impact on Business Travel

The Global Business Travel Association Foundation has found that falling over the fiscal cliff could slash business travel spending in the United States by $20 billion. However, it also found that failure to address deficit spending would have a negative long-term impact. The report analyzes the business travel impact of expiring tax cuts and automatic spending reductions, commonly called the "fiscal cliff," as well as the longer-term ramifications of leaving current levels of deficit spending unaddressed.

- *Going over the cliff would lead to a recession that would lead to a total loss of $20 billion in spending on U.S. business travel over the next nine quarters; a 2.5% decline.*
- *In the opposite scenario—no fiscal restraint—which would mean eliminating or delaying the provisions of the fiscal cliff indefinitely, business travel would see more robust travel volume and spending.*
- *However, by 2014, much of this spending growth would be from higher inflation. Larger budget deficits and growing debt would take a toll, and business travel would slow.*

"Either way, the fiscal cliff is a wake-up call for leaders looking to craft a smart economic policy going forward," said Michael McCormick, GBTA executive director and COO. (Source: GBTA).