

A BUSINESS TRAVEL UPDATE FROM ALL SEASONS TRAVEL

[A Note from AST](#)

The lead story this month is –WEATHER. The airlines have offered programs for cancellations and rebookings that are helpful; however, most programs require an authorization code to enable these benefits and in many instances rebooking is required to receive benefits. As most know, reaching out to an airline during these times has been difficult if not impossible. Hold times have been as long as three hours. This is one more reason to call All Seasons for assistance. A continued concern we have with the airlines is unbundling of prices. It seems all airlines are unwilling to increase cost in the base charge; however, they now find baggage, seat assignments, blankets and pillows, stand-by privileges, meals/snacks, etc. are ways to increase revenues. An analogy was made recently that movie theatres learned that increase ticket prices drove away customers; however, increases in concessions were the road to profitability.

[Airlines](#)

Airlines Suffer Worst Declines in Aviation History in 2009

The International Air Transport Association (IATA) said that the industry ended 2009 with the largest ever post-war decline. Passenger demand for the year was down 3.5 percent, with average load factors of 75.6 percent. Yields have started to improve as airline capacity cuts match demand, but they remained 5 to 10 percent down from 2008. Carriers in Asia-Pacific, Europe and North America saw passenger demand decline 5.6 percent, 5.0 percent and 5.6 percent respectively in 2009. Asia-Pacific carriers benefited from the region's economic upturn and saw an 8.0 percent year-on-year improvement in December. By contrast, European carriers saw a 1.2 percent decline and North American carriers declined by 0.4 percent. Source: IATA press release

Premium Traffic Stagnant; Economy Travel Pulls Aviation Numbers Up

The number of passengers traveling on first or business class airline tickets during November was 6.7 percent lower than a year ago. There has been a rise in premium travel in recent months, which is now around 5 percent higher than its May low point, but much of the upturn took place mid-year. Premium travel numbers are still more than 20 percent lower than early 2008. Economy travel is now showing positive year-on-year growth rates, up 3.5 percent in November, and economy travel levels are now just 4 percent below where they were in early 2008. Since economy travel represents over 91 percent of total international passenger numbers, this has pulled total passenger travel into positive territory; up 2.4 percent over November last year. Total passenger numbers are some 6 percent away from recovering early 2008 levels. Source: IATA press release

Third Quarter Airfares Fall to Lowest Level Since 2005

Average domestic fares for the third quarter of 2009 fell to their lowest July-to-September level since 2005, dropping 14.4 percent from the third quarter of 2008 in the largest year-to-year decline on record, according to the Department of Transportation. The \$306 third-quarter 2009 average fares were down 14.4 percent from the all-time high, not inflation-adjusted, of \$358 in the third quarter of 2008 and down 26.8 percent from the inflation-adjusted high for any third-quarter since 1995 set in 2000. The third quarter 2009 average fares were up 3.3 percent from the post-9/11 third-quarter \$297 in 2004. Source: DOT press release

Airlines Add More “Peak Travel Day” Surcharges

The airfare monitoring website FareCompare.com said that more airlines are adding to an already extensive list of "peak travel surcharge days" with American Airlines recently adding a peak travel surcharges to several dates in June, July and August, as did Alaska Airlines. This relatively new surcharge, targeting popular travel dates, was originally nicknamed the "holiday surcharge" since it was first applied to the busiest travel days of the 2009 Thanksgiving and Christmas travel season. Late in the year, carriers began adding dates into 2010; AirTran and US Airways were the first to add summer dates. So far, American and Alaska Airlines have added surcharges of \$10 each way to some summer time dates. Source: FareCompare.com press release

DOT Makes It Easier To File Complaints Against Airlines

The U.S. Department of Transportation (DOT) now has a new aviation consumer website that should make it easier to file complaints about air travel. The site has an online complaint form and also holds aviation rules and statutes and advice concerning airlines that have stopped operating or filed for bankruptcy protection. It features travel tips and publications, such as the Air Travel Consumer Report and Fly-Rights. The site also holds information about on-time performance; baggage mishandling records, refund information and links to other DOT sites. Source: DOT press release

Airlines Reap Financial Benefits of Baggage Fees

American Airlines, Continental Airlines, Delta Air Lines, United Airlines and US Airways all hiked their baggage fees last month, which should generate \$1.76 billion for them annually, according to the IdeaWorks consulting company. Southwest Airlines still sole lets passengers check two bags free. JetBlue lets travelers check their first bag free. Source: Ideaworks press release

American Airlines Charges for In-flight Pillow and Blanket

On May 1, the carrier will begin charging for a pillow and blanket set on all domestic flights, as well as those to or from Canada, Mexico, Hawaii, the Caribbean and Central America, according to American Airlines spokesman Tim Smith. The \$8 charge buys a blue fleece blanket and an inflatable neck pillow that fliers can use in flight and keep for future use. Passengers on international flights or in premium class cabins still will be offered complimentary blankets for use in flight. Source: cnn.com

Modify to American Airlines Standby Policy

As part of American's efforts to streamline processes and customer experience during flight departure, it is placing greater focus on its existing Confirmed Flight Change service (CFC), while modifying standby procedures for customers traveling within and between the United States, Puerto Rico, the U.S. Virgin Islands, and Canada. To streamline the departure process at the gate, only premium customers will continue to be eligible to standby at no charge on the day of travel for a flight on which they are not confirmed. Customers who would like to change to another flight on their day of travel may purchase Confirmed Flight Change for \$50, if inventory is available on the requested flights. The CFC service has been in place since 2005. Customers who desire CFC may call American's Reservations offices, handle the transaction at an airport Self Service machine, or purchase at the airport ticket counter. Subject to availability, day-of-travel changes may be confirmed within 12 hours of the new desired flight departure. To learn more about this new policy visit www.AA.com. Source: American Airlines

Hotels

Hotel Rates Should Stay Low Into 2011

Expect hotel rates to continue falling until 2011, says the online travel research firm PhoCusWright. The reason: the one-two punch of demand that continues to fall, coupled with new rooms continuing to open up. It takes a long time to build and open a hotel and hotels tend to overbuild in good times. Hotel development probably will start to slow from 2011 to 2013. Meanwhile, occupancies will also stay low. They fell to about 55 percent in 2009 from above 63 percent in 2006. Occupancy levels probably won't return to 60 percent until 2012, giving hotels pricing power. Source: PhoCusWright press release

U.S. Hotels Report Double-Digit Drop in Revenue for 2009

The U.S. hotel industry posted a double-digit drop in revenue per available room during 2009. The metric fell 16.7 percent to \$53.71, the largest year-end decrease of any of the three key measurements, according to Smith Travel Research, which specializes in hotels. The industry's occupancy fell 8.7 percent to 55.1 percent for the year and average daily rate dropped 8.8 percent to \$97.51. Source: STR press release

Cars

Car Rental Companies Pull Recalled Cars from Fleets

Enterprise Rent-A-Car, Alamo Rent-A-Car, National Car Rental, the Hertz Corporation and Avis are pulling recalled Toyotas from their fleets. Enterprise, which also owns Alamo and National, pulled 50 percent of them in less than 48 hours. It's also getting new vehicles and is keeping some existing vehicles a few weeks longer while grounding the affected Toyotas. The cars account for about four percent of the companies' fleets. Hertz said that it will not rent any of the affected cars and is increasing its rental fleet. And Avis said it had pulled some 20,000 affected Toyotas from its fleet. Source: Company press releases and announcements



Spotlight On.....

Air Travelers and Security

A National Business Travel Association survey of 150 travel managers found that the December 25 attempted bombing of an Amsterdam-to-Detroit flight appears to have little effect on the level of business travel.

- *Forty-three percent said the incident raised new concerns about air travel security*
- *Forty-two percent said it caused no new concern*
- *Eighty-one percent said their companies would not reduce travel because of the attack*
- *Forty-eight percent said new security directives did not raise concerns about air travel convenience or comfort.*

Source: NBTA press release

All Seasons Travel is committed to providing you with useful information on the latest developments in the travel industry. The following information has been compiled from a variety of sources and is updated monthly.