

Business Travel Footnotes

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AIRLINES

Delta Air Lines Partners in \$229 Million Terminal Overhaul at LAX

Delta Air Lines partnered with the City of Los Angeles and Los Angeles World Airports in a \$229 million overhaul of Terminal 5 at Los Angeles International Airport. The construction project has already begun and is scheduled to take place in several phases with full completion in 2015. Highlights of the project include doubling the size of the ticketing lobby and federal security screening checkpoints; an exclusive Sky Priority experience with a separate lobby and checkpoint; a private VIP check-in lobby that will provide the most elite experience available at LAX; a renovation of the Delta Sky Club to include full-service bar, new carpet, tile, and additional recharge stations for personal electronic devices; new baggage carousels; upgraded facilities to improve international baggage recheck; and new finishes providing a cleaner, brighter customer experience. (Source: Delta.com)

Airlines Are Fullest They've Been Since 1945

U.S. airlines had an average load factor of 82.8% last year, their highest since 1945, according to the latest figures from the Department of Transportation. Load factors were even higher for domestic flights, averaging 83.4%. In addition, U.S. airlines carried 0.8% (736.6 million) more total system passengers in 2012 than in 2011. And the biggest carrier, when measured by number of passengers carried, was Delta Air Lines, carrying more system passengers than any other. It was the third year in a row that Delta hit this metric. Southwest Airlines carried more domestic passengers than any other airline for the ninth year in a row. United Airlines, its merger with Continental now complete, carried the most international passengers. (Source: DOT press release)

FAA Continues to Examine Changing Policies on Inflight Reading Devices

A Federal Aviation Administration spokesman would not comment on press reports that the FAA might allow passengers to read their Kindles or Nooks during take-off. However, the spokesman did confirm that the FAA's Portable and Electronic Device (PED) Advisory and Rulemaking Committee is continuing to examine policies for using cell phones, electronic readers and tablets on planes and will end deliberations in July. The FAA actually allows airlines to decide what can and can't be used right now on planes, but the FAA provides guidance on those policies. The current guidance requires passengers to turn everything off below 10,000 feet. The committee is not looking at cell phone use, which is under the jurisdiction of the FCC. The committee has more than two dozen members, who include representatives of the FAA, Amazon, airlines, pilot and flight attendant unions, aircraft manufacturers, the FCC, the consumer electronics association and others. (Source: FAA interview)

IATA Forecasts Bigger Profits for Airlines in 2013

The latest financial forecast from the International Air Transport Association projects larger industry profits in 2013 for most airlines around the globe than it had estimated in December. Tony Tyler, IATA's director general and CEO, credited the improvement to optimism for the global economy. "Passenger demand has been strong and cargo markets are starting to grow again," he said. IATA said that it expects North American airlines to make a \$3.6 billion profit, which is slightly ahead of the \$3.4 billion IATA originally projected for the year and well above the \$2.3 billion profit reported in 2012. Other regions were reporting smaller profits—\$800 million in Europe, \$1.4 billion in the Middle East, \$600 million in South America and \$100 million in Africa. IATA said that the recovery could be derailed by factors such as the continuing Eurozone crisis, specifically naming what it called the "draconian bailout proposal for Cypriot financial institutions." Tyler pointed out that travel demand has been supported by robust growth in emerging markets, reflecting a longer-term shift in the center of gravity in the industry. (Source: IATA press release)

HOTELS

Corporations Kick Off 2013 by Booking More Travel

Corporations started off the new year by booking more travel, according to Pegasus Solutions, a major processor of electronic hotel transactions. January booking gains surged nearly 8% for the global hotel market, according to Pegasus. Rates increased

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2.1% over the year before. In North America, corporate bookings increased 5.4% over 2012 and rates grew 2.3%. Business travel showed its biggest improvements outside North America; reservations for all other regions combined passed 2012 by 11.2%, according to Pegasus. (Source: Pegasus press release)

Hotels Should See Strong Revenues and Profits This Year

Despite fears about sequestration, the U.S. hotel industry should continue to see strong gains in both revenue and profits, according to the monthly edition of Hotel Horizons, produced by PKF Hospitality Research. It projects a 6.1% increase in revenue per available room and a 10.2% boost on bottom-line net operating income. Although uncertainty about sequestration has tempered economic growth, it has not shut down lodging demand, according to R. Mark Woodworth, president of PKF-HR. It expects occupancy rates to increase by 1% and average daily rates to rise by 5%. (Source: PKF-HR press release)

CAR RENTAL

Hertz Plans to Enable Keyless Entry, Hourly Rentals

Hertz Global Holdings will equip much of its fleet with self-service technology that will allow for hourly vehicle rentals and keyless entry, starting in late summer. Hertz will add in-car terminals and tablet-type devices to its fleet to enable keyless entry, possibly via smartphone, from locations such as neighborhoods, office complexes and college campuses, Hertz said at its annual Investor Day presentation on Tuesday. The company, which will call the service Hertz 24/7, will announce further details in late spring and didn't say how much it would spend on the initiative. "Our exclusive on-demand technology will let you rent by the hour, by the day, by the week or by the month," said Bob Stuart, Hertz's senior vice president of global sales and marketing, adding that the company will launch a multimedia advertising campaign for the new service in the fall. "We're going to introduce the future of car rental." Hertz already enables customers to rent by the hour via its car-sharing business, Hertz On Demand, which launched in December 2008 and is offered in about 200 cities and at more than 50 colleges and universities in the U.S. (Source: Travelweekly.com)



Spotlight On... Business Travel Sentiment

The Global Business Travel Association's 2013 Industry Pulse for U.S. business travel buyers finds buyers are optimistic about travel in 2013, but bracing themselves for higher costs.

- They expect prices to increase 4.6% for domestic economy airfare to \$492 per trip, and 8.3% for international economy fares to \$1,318 per trip.
- They expect hotel rates to rise 3.7% or \$161 for domestic hotels and 8% or \$297 for international hotels per night.
- Most travel managers expect higher rates (65%) and airline fees (60%) will drive higher spending.
- Two in five (42%) expect more trips to drive increased spending and 33% expect to spend more because they're putting more travelers on the road. (Source: GBTA press release)



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MONTHLY GREEN TIP

Consider using energy-efficient power strips or surge protectors.

The latest versions can be found with remote control shut-offs, main shut offs that can power down peripheral equipment, and motion-detecting shut-offs.

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

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