

Airlines

Aviation Industry Shows \$5 Billion Profit

The airline industry should make \$5 billion this year, despite the fact that oil is nearly \$70 per barrel, according to Giovanni Bisignani, director general of the International Air Transport Association, a global aviation organization. He said that in 2002, airlines needed oil to be \$20 a barrel or less to break even. He said that the differences today are productivity increases—airlines have increased productivity by 56 percent, a 13 percent cut in distribution costs and a 15 percent cut in non-fuel unit costs. Load factors are at record highs, 75 percent. However, Bisagnani said that the airline industry has its work cut out for it. Airlines are a \$470 billion industry; a profit of \$5 billion is “peanuts.” He said that the future lies in liberalization of international regulations, with agreements such as the recent US EU “Open Skies” agreement being only the beginning. The lessons—and efficiencies—of e-ticketing can be applied to luggage and baggage. And, he said that many airports operate as monopolies that must become more competitive without making airlines pay for their profits. Finally, he said that the aviation industry has to aim at becoming a zero emissions industry. (Source: IATA press release).

Record-breaking Summer Travel Season Expected

The Air Travel Association (ATA) is projecting a record-breaking summer travel season, with approximately 209 million travelers, a three percent increase over last summer. In response, the Federal Aviation Administration has expanded an air traffic programs designed to reduce flight delays during the peak summer season. The Airspace Flow Program, as it is known, gives airlines the option of either accepting delays for flights scheduled to fly through storms or flying longer routes to safely maneuver around them. The agency successfully launched the program last year at seven locations in the Northeast. On bad weather days at major airports in the region, delays fell by 9 percent compared to the year before. Cost savings for the airlines and the flying public from the program are estimated to be \$100 million annually. (Source: ATA, FAA press releases)

Delta Adds More International, Domestic Flights

Delta Air Lines has begun the first of 14 new international routes planned between now and June with the start of new nonstop flights between Atlanta and Prague, the Czech Republic. This builds on recently introduced routes to Budapest, Kiev, Moscow, Vienna and Bucharest. It is also adding 21 new flights out of Los Angeles International Airport to nine cities stretching from Canada to Colorado, starting July 1. With the July schedule, Delta plans to offer Los Angeles customers flights to 17 destinations in Mexico and Central America and nonstop service to leading West Coast business markets such as San Francisco, Sacramento, San Jose and Vancouver. (Source: Delta press release).

Virgin America to Take Flight This Summer

A new low-fare airline, Virgin America, has received DOT approval to begin service. Its first flights will be between its home base of San Francisco to New York. The airline also plans to serve Los Angeles, Washington/Dulles, San Diego and Las Vegas within its first year of operations. It expects to serve as many as 10 cities within a year of operation and up to 30 cities within five years of service. Additional cities being considered by Virgin America include: Atlanta, Austin, Baltimore, Boston, Charlotte, Chicago, Cincinnati, Cleveland, Dallas, Denver, Detroit, Fort Lauderdale, Fort Myers, Hartford, Houston, Indianapolis, Jacksonville, Kansas City, Miami, Milwaukee, Minneapolis, Nashville, Newark, New Orleans, Orlando, Philadelphia, Phoenix, Pittsburgh, Providence, Portland, Ore., Raleigh-Durham, Sacramento, Salt Lake City, San Antonio, San Jose, Calif., Sarasota, Seattle, St. Louis, Tampa and West Palm Beach. (Source: Virgin America press release).

Car s

Avis Introduces New Loyalty Program, Mobile Wi-Fi

Avis Rent A Car System has introduced *Avis First*, a new customer loyalty program that rewards Avis' frequent renters with a host of new benefits including a free two-day weekend rental after every third qualifying rental. Additional benefits include free car class upgrades when available; access to a members- only website. Avis is giving away "Avis Music Cables," which enable drivers to plug MP3 players into jacks in rental vehicles, to Avis First members, at select airport locations throughout June. In addition, Avis has launched Avis Connect, which provides broadband wireless Internet connectivity at all times and places. It is or soon will be available at San Francisco International Airport and at airports in San Jose, Oakland, Los Angeles and Newark. Later it will be available at airports in Atlanta, Chicago, Dallas, Miami, New York, San Diego and Seattle. (Source: Avis press release).

Security

DHS Integrate Biometrics Into International Departures

The U.S. Department of Homeland plans to integrate biometric exit procedures into the existing international visitor departure process. The change will make the process of departing the United States more convenient and accessible for international visitors. The DHS is completing the three-year pilot program that required international visitors to biometrically check out at select airports and seaports. International visitors are longer required to use the US-VISIT exit kiosks when they leave the United States. International visitors who received a U.S. Customs and Border Protection (CBP) Form I-94, Arrival- Departure Record, upon arrival must still return the form to an airline or ship representative when departing the United States. DHS has determined that US-VISIT air exit procedures should be incorporated into the existing international visitor departure process to minimize the effect on visitors and to ensure seamless biometric collection regardless of the visitor's departure point. DHS, Congress and the 9/11 Commission have consistently recognized biometric exit control as a priority in order to fully secure the nation's borders. (Source: DHS press release)



Spotlight On.....

Hotels Win with Consumers, Airlines Lose

Hotel guest satisfaction has climbed to record levels in the first quarter of this year, according to the Market Metrix Hospitality Index, which is based on 35,000 customer interviews conducted each quarter, while airline passenger satisfaction tumbled to its lowest level in years. Rental car scores were stable. Satisfaction with the hotel industry reached its highest level in three years. Overall, Walt Disney World Resorts, JetBlue Airways and Enterprise Rent-a-Car ranked number one in hotel, airline and rental car industry customer satisfaction, respectively. Hotels are benefiting from growing room night revenues, which mean they can invest more in staffing and amenities. Upscale hotels saw the biggest improvement. Airlines' dropping scores are due to disenchanted employees, increasing fuel costs, bankruptcy, and new record levels of lost, delayed, and damaged luggage, according to Market Metrix. (Source: Market Metrix press release).