

# Business Travel Update

March 2008

A Business Travel Update provided by Professional Travel

Issue #6

## Featured Article

### Paper airline tickets about to get even more rare

Paper airline tickets are heading for extinction abroad, and they're becoming increasingly rare in the USA. On June 1, the International Air Transport Association (IATA), a trade group representing 240 airlines, will stop providing paper tickets for flights booked by travel agents abroad. In the USA, the Airlines Reporting Corp. (ARC) says that, by the end of this year, more than 99% of airline tickets issued by travel agents will be electronic, or e-tickets. It's been a rapid decline for paper tickets. More than 92% of all tickets issued by travel agents abroad in 2001, and more than 60% issued three years ago, were paper. But paper tickets are more costly for airlines and travel agents, and many airlines charge extra for them. E-tickets are more convenient for passengers, eliminating lost tickets, making itinerary changes easy and enabling flight check-in by computer, phone or airport kiosk.

"The paper ticket will become a museum piece," predicts Bryan Wilson, IATA's program director for electronic tickets in Geneva.

Most airline tickets are sold by travel agents, though the percentage has been declining with the growth of the Internet and direct airline sales to consumers. Travel agents sell 55% to 75% of tickets outside the USA and at least 55% in the USA, according to estimates from IATA and ARC, which serve as middlemen that settle the transactions between airlines and travel agents.

E-tickets also dominate U.S. airlines' direct sales to consumers. JetBlue, for example, says its tickets are 100% electronic. Northwest Airlines says 99.9% of its direct and travel agent sales are e-tickets, and it expects to reach 100% by the end of 2008.

[\(Full Story\)](#) Source: USAToday 3-11-08

### Airline Woes: It's Just Math

While most airlines have money in the bank, the industry still struggles with rising fuel costs and the lingering threat of recession. As crude oil tops \$110 per barrel, a worried hum heard in the U.S. airline industry in recent months is now building into a shrill alarm. The latest alert came Mar. 12 when JPMorgan Chase downgraded seven large U.S. airlines and suggested the "best-case" scenario for the industry is a \$4 billion loss for the year. "And if demand trends mirror prior recessions, a \$9 billion loss can't be ruled out," JPMorgan analyst Jamie Baker wrote. That report came a day after a similar Credit Suisse warning and a notice from Standard & Poor's Ratings Services that it will review its ratings on 10 U.S. airlines, citing "cost pressures of rapidly increasing fuel prices and a weaker domestic economy."

[\(Full Story\)](#) Source: Bus Week 3-12-08

### Delta to launch China flights on March 30

Delta Air Lines will launch its first flights to China with a daily route between Shanghai and Atlanta beginning March 30. A Boeing 777 will fly between Shanghai's Pudong International Airport and Hartsfield-Jackson Atlanta International Airport, according to the company's website.

The flights will begin March 30, U.S. time, but due to the time difference flights from Shanghai begin March 31.

[\(Full Story\)](#) Source: USAToday 3-12-08

### Lufthansa Aims Capacity Hike At Four North American Cities

Lufthansa is expanding its seating capacity worldwide by 7.4 percent this summer, and that includes new daily service from Frankfurt to Seattle. Also, on May 12 Lufthansa will be flying Lufthansa Business Jet connections to Newark and Chicago from Düsseldorf with wide-body Airbus A340 jets. New nonstop flights out of Düsseldorf will also be available to Toronto.

Source: Business Travel Executive-3/08

### Rising gas prices could seriously slow entire US tourism market

Rising gasoline prices that are expected to approach \$3.50 per gallon by the summer and even \$4 soon after could have a negative across-the-spectrum impact on the US tourism market, experts say. "It's not a fun situation," said Dawn McLaren, a research economist with the W.P. Carey School of Business at Arizona State University. Mr McLaren predicted the situation will get worse before it improves.

[\(Full Story\)](#) Source: TravelMole 3-13-08

### Delta transforming into international carrier with domestic feeder network

Delta Air Lines has focused increasingly on building its international operations since its emergence from bankruptcy restructuring last year and, when announcing a 10% domestic capacity cut in the second half of 2008 earlier this week, emphasized that its domestic operations' most important function will be to feed its expanding global network. "The international growth is the core of the restructuring," President and CFO Edward Bastian told the JP Morgan Transportation and Aviation Conference in New York, available via webcast. He noted that DL's international capacity will grow 15% for the full year even as domestic capacity shrinks 7% in 2008, adding that 41% of its total capacity will be international services as of this summer. It anticipates "double-digit [international] unit revenue growth" this year. There is a "better opportunity of passing on the price of fuel" to international customers, he said.

[\(Full Story\)](#) Source: ATW 3-20-08

### Citing fuel costs, Delta departing LI MacArthur Airport

Citing rising fuel prices, Delta Air Lines will discontinue service at Long Island MacArthur Airport, the company said Wednesday. Its only flight out of MacArthur -- roundtrip to Atlanta -- will cease May 1.

Source: News Day 3-12-08

# Business Travel Update

March 2008

A Business Travel Update provided by Professional Travel

Issue #6

## Southwest removes 38 737s from service, places three employees on leave

Southwest Airlines removed 38 737 Classics from service yesterday for inspections, leading to cancellation of 4% of its schedule, a move that resulted from its "ongoing internal review of . . . maintenance programs, policies and procedures" launched in the aftermath of last week's FAA-proposed \$10.2 million civil penalty for alleged safety lapses. SWA also placed three employees on administrative leave. It said it hoped to have the grounded aircraft back in service today. The action occurred after it found "ambiguity related to required testing" during a review of maintenance records. "Southwest made the decision to take a conservative approach and remove aircraft out of scheduled service. . . [and] immediately began reinspecting those aircraft," it said. Five other 737 Classics already in maintenance for scheduled checks will be inspected as well, it said, adding that one already-retired 737 missed a required inspection. It did not specify exactly what was being inspected, nor did it say whether any of the aircraft were among the 46 737s that FAA alleges it operated improperly last year. It did not identify the employees placed on leave.

[\(Full Story\)](#) Source: ATW 3-13-08

## Delta And American Cancel Flights To Inspect Wiring

Delta and American airlines re-inspected MD-80 aircraft on Wednesday, resulting in the cancellation of flights. The airlines were checking if wires were installed in compliance with a Federal Aviation Administration (FAA) airworthiness directive. American canceled about 300 flights; Delta did not say how many flights it canceled. The FAA last week announced it was auditing all airlines' maintenance records in the wake of Southwest's missed safety checks. An audit at American "raised questions regarding an already accomplished directive concerning how a certain bundle of wires is secured to the MD-80 aircraft," says the airline.

Source: Business Travel Executive-3/27

## F.A.A. Fines Southwest Air in Inspections

The Federal Aviation Administration proposed a record penalty, \$10.2 million, against Southwest Airlines on Thursday because, it said, the carrier had misled officials about whether it kept flying older Boeing 737 planes for several days last year after failing to inspect them for cracks in the fuselage.

[\(Full Story\)](#) Source: NYTimes 3-7-08

## SkyTeam Airlines Teaming Up To Build Heathrow Lounge

As they plan new service and relocation to Terminal 4 at London Heathrow, the members and associates of the SkyTeam alliance serving or planning to serve the airport are jointly determining the design of their co-branded, 325-seat lounge. It will be the first such facility fully branded as SkyTeam in the alliance network. The first floor of the multi-level lounge will open to alliance passengers traveling through Heathrow, including customers of SkyTeam associate airlines serving the airport, this fall. At that point, Continental, Delta, Kenya Airways, KLM and Northwest will already be operating in Terminal 4. The opening of the second floor of the lounge in Spring 2009 will be in conjunction with the relocation of the remaining alliance carriers to be serving Heathrow: Aeroflot, Air France, Alitalia, Czech Airlines and Korean Air.

Source: Business Travel Executive-3/08

## Star Alliance, SAA Focus On Building African Market

South African Airways (SAA) is moving into the next phase of its membership of Star Alliance, with both parties focusing their efforts on furthering their combined presence on the African continent. Star Alliance members have pledged their support for SAA by deciding to drive traffic through SAA's hub in Johannesburg. SAA, a two-year alliance member, will continue to focus on Africa as part of its restructuring and will expand its African route network to new destinations as well as add capacity on various routes, Star Alliance said. ■

Source: Business Travel Executive-3/08

## ATA Departs Chicago Midway

ATA Airlines will discontinue domestic scheduled service at Chicago Midway on April 14; its service to Mexico will cease on June 7. ATA says the high-cost of fuel has made it too difficult to offer a low-fare service out of Midway. The departure from Chicago and the elimination of Mexico service would leave West Coast-Hawaii flights as ATA's only remaining scheduled service; the airline also has a charter business. Domestic markets affected by the discontinuation of Chicago service include Oakland and Dallas/Fort Worth. The elimination of Mexico service will affect flights to Cancun and Guadalajara. Source: Business Travel Executive-3/08

## Aloha Airlines Blames Competitor For Chapter 11 Filing

Aloha Airlines has filed a voluntary petition for protection under Chapter 11 of the US Bankruptcy Code. Aloha has received bankruptcy court approval to continue operating as usual. In its filing, Aloha cited its inability to generate sufficient revenue from its inter-island passenger business in Hawaii, due to "predatory pricing" by Mesa Air Group's Go subsidiary. "In the highly competitive inter-island market, Aloha was forced to match Go's below-cost fares at a time when the airline industry was facing unprecedented increases in the cost of jet fuel," says Aloha.

Source: Business Travel Executive-3/27

## US Airlines Face 2008 Losses On Fuel, Revenue Worries

In just three months, U.S. airlines' fortunes have taken a serious turn for the worse: the industry now is expected to swing to a loss in 2008, following back-to-back years in the black, amid high fuel prices and a deteriorating economic outlook. Carriers are likely to burn through billions of dollars of cash this year, as revenue growth fails to keep pace with rising costs.

[\(Full Story\)](#) Source: CNNMoney 3-26-08

# Business Travel Update

March 2008

A Business Travel Update provided by Professional Travel

Issue #6

## Continental Airlines to Inaugurate Flights from New York and Houston to London

Continental Airlines will launch nonstop flights to London/Heathrow from both its New York and Houston hubs on Saturday, March 29, 2008. This will be the largest single-day international service expansion in the company's history. The new Heathrow flights have been made possible by the new Open Skies agreement between the U.S. and the European Union. Until now, the airline has been prevented from operating to Heathrow by the restrictive U.S.-U.K. bilateral air services agreement.

Continental's Flight 28 departing from Newark Liberty International Airport will be the first aircraft of the new-entrant carriers to arrive at Heathrow on March 30. "Continental has waited a long time to gain access to Heathrow and this is a great day for us, as well as for all trans-Atlantic travelers," said Larry Kellner, Continental's chairman and CEO. "We can now provide our customers with what they have requested -- the opportunity to fly to both of London's main airports with their preferred airline." Continental will offer twice-daily nonstop service to Heathrow from both Liberty and Houston George Bush Intercontinental Airport. The airline will continue to offer nonstop flights to London/Gatwick from both New York (twice daily) and Houston (daily), as well as Cleveland (daily,seasonal). Continental has served Gatwick Airport since 1985.

Source: CAL Press Release 3-27-08

## Delta execs confident airline can weather storms

Whole airline industry buffeted by rising oil prices, shifting economy.If you want to feel some real turbulence these days, don't get on an airplane. Just buckle up and step inside the boardroom of any major airline.T here's no end in sight to the volatility ahead for carriers like Atlanta-based Delta Air Lines, Georgia's largest private employer. Just in the last year, Delta has emerged from bankruptcy, picked a new CEO, entered into now-stalled merger talks with Northwest Airlines to create the world's-largest airline, watched its stock price get cut in half and — just last week — announced it will trim 2,000 employees and park some of its jets to reduce costs. Delta President Ed Bastian said the airline's latest moves show "a willingness to take

[\(Full Story\)](#) Source: AJC 3-23-08

## NBTA Predicts Short Economic Slow-Down

Analysts at a business travel financial forum last week predicted that the economic slow-down in the United States will not last long. The forum, held last week in New York by the National Business Travel Association, gave 215 travel managers and supplier participants a "Wall Street Look at the Business of Business Travel." Ken McGill, executive vice president and managing director of travel and tourism for economic analysis firm Global Insight, said that the United States is currently in a recession, which he labeled as "mild," but that the negative growth would last only two consecutive quarters (a recession is generally defined as two consecutive quarters of negative growth). McGill said the globalization of business will keep the recession short, and that fuel prices and the falling dollar would both moderate in the medium term, contributing to the recovery.

[\(Full Story\)](#) Source: MIM 3-19-08

## CO to offer live television and e-mail on domestic flights

CO announced that it has entered into an agreement with LiveTV that will allow CO to offer 36 channels of live, inflight satellite-based television programming provided by DIRECTV®, the nation's leading satellite television provider, at every seat on CO's new generation aircraft. The service is expected to be available to customers on flights operating within the continental United States beginning in January 2009. In addition, CO will be introducing onboard Wi-Fi services including e-mail and instant messaging connectivity offered by LiveTV. The inflight entertainment system will also offer a moving map and other stored informational and entertainment content. CO will offer complimentary access to the system to all first-class customers. Economy-class customers will be able to access the system by paying a \$6 access fee.

In addition, CO will offer complimentary Wi-Fi connectivity services allowing customers to access e-mail and instant messaging subject to LiveTV being able to offer the service, which is still in the testing phase. Customers will be able to use the service with Wi-Fi enabled smartphones, BlackBerry and laptops to connect to work, friends and family via Yahoo!® Mail, Yahoo!® Messenger, and BlackBerry e-mail and BlackBerry® Messenger services.

The new services will be installed on CO's fleet of Boeing 737 New Generation aircraft, including the 737-700, -800, -900 and -900ER aircraft, and the Boeing 757-300.

Source: CAL Newsletter March 2008

## Professional Travel's Business Travel News

is published monthly. The information is gathered from current articles and news worthy information regarding the travel industry that we feel is important for those individuals who manage their corporations travel programs. If you have any questions please call us at 1-800-247-0060.