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## **STUDY SHOWS CUTTING TRAVEL CAN HURT PROFITS**

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IHS Global Insight, an economic forecasting and consulting firm, concluded in a recent study that U.S. companies are potentially missing out on \$193 billion in profits this year because they've slashed travel in response to falling revenue and a public perception that some trips are more excess than necessity.

The report was commissioned by the National Business Travel Association and American Express Business Travel but another similar study, conducted by Oxford Economics, also found a link between business travel and corporate profits. Each dollar spent on travel by a U.S. company can generate an average \$3.80 in profit and \$12.50 in increased revenue. A study spokesperson said that companies need to realize it's prudent to see beyond the immediate benefit of cutting out travel to save money.

Significantly, at this time when many companies are being discouraged from traveling, the study shows the average U.S. business would forfeit 17 percent of its profits in the first year of eliminating business travel. It would take more than three years for profits to recover.

PhoCusWright, a travel-industry research firm, projects a 15% drop this year in the amount spent by corporations on travel compared with 2008. Business travel in the U.S. is responsible for \$246 billion in spending and 2.3 million American jobs.

## **TRAVEL FORECAST FOR 2010 CALLS FOR MODERATE INCREASES IN FARES**

Domestic and short-haul economy airfares are projected to increase 2-7 percent while international and long-haul business fares are expected to rise 3-8 percent in the coming year compared to 2009 rates. Much of the airlines' ability to raise prices in 2010 will stem from their moves to reduce capacity, not from increased demand.

With U.S. hotel room rates down 17 percent in the first half of 2009 to an average \$115 per night, more fallout is expected in 2010. U.S. average daily mid-tier hotel rates are expected to fall 1-4 percent for mid tier and 3-6 percent for upper-tier properties. Hotels in several major business markets will suffer average daily rate losses. New York's average daily rate is expected to remain flat or decrease by as much as 2 percent for mid-tier properties and down by as much as 4% on upper-tier properties. Rates in Boston, Chicago, Philadelphia and San Francisco are expected to fall by as much as 5 percent.

It is expected that rental car rates will remain relatively stable with prices between 1-2 percent higher than they were in 2009.

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## AIRLINE SURCHARGE FOR HOLIDAY TRAVEL BROADENED



On the heels of a September 23 announcement by American Airlines to impose a surcharge on peak travel days, several airlines are now charging a \$10 “peak travel” surcharge per flight on 13 days around Thanksgiving, Christmas and other holidays.

U.S. Airways followed American’s lead while American widened the window of days they’ll impose a similar surcharge. Other airlines such as Delta, Northwest, United and Continental have added the surcharges to their fares for the travel days of November 29-30; December 19; December 26-27; January 2-3; March 14; March 20-21; March 28; April 11 and May 28.

## RDU UNVEILS PRELIMINARY PLANS FOR TERMINAL 1

The RDU Airport Authority has introduced preliminary renovation plans for Terminal 1 (formerly Terminal A), complementing the newly-constructed Terminal 2 which is partially completed and will be fully operational in early 2011.

When the second phase of Terminal 2 is completed, US Airways and Continental will move into the new terminal. At that time, a major renovation will be undertaken to the main part of Terminal 1.

Elements of the draft plan for Terminal 1 include:

- Closing the north end of the building that is now home to Southwest Airlines
- Relocating Southwest Airlines into the vacated space that is now home to US Airways, Continental, JetBlue and AirTran
- Opening a restaurant and newsstand pre-security
- Adding electric power outlets for laptop use in airline boarding areas
- Constructing new baggage conveyor system to incorporate two in-line Explosive Detective System units
- Renovating the main building in Terminal 1 to include ceiling, floor, wall coverings and restrooms

## AIRLINE NEWS BRIEFS



**United Airlines:** United recently launched its Premier Baggage Program, which allows customers to pay a yearly subscription fee and check as many as two bags per trip for the next year at no additional cost. The airline now charges \$20 for the first bag and \$30 per a second bag. The subscription also covers free checked baggage for as many as eight people traveling with the program member if all of the tickets are purchased under the same confirmation number. Mileage Plus Premier members are exempt from first and second bag fees on standard bags.

**Southwest Airlines:** Southwest has announced its newest product, EarlyBird Check-in which gives customers the option to secure an early boarding position by adding an additional \$10 to the price of a one-way fare. This allows

the EarlyBird flyer the opportunity to begin boarding after the Business Select and Rapid-Rewards A-list customers. Customers can purchase EarlyBird check-in up to 25 hours prior to your flight through a link in the Travel Tools section of Southwest's website at [www.southwest.com](http://www.southwest.com).

**American Airlines:** AA has obtained a total of \$2.9 billion in additional liquidity and new aircraft financing and plans to strengthen its network by reallocating capacity to hubs in DFW, Chicago, Miami and New York. American Eagle plans to add a First Class cabin to its fleet of 25 Bombardier CRJ700 regional jets and also signed a letter of intent to exercise options for the purchase of 22 additional CRJ700 aircraft for delivery beginning in the middle of 2010.

As a result of AA's network strategy, American and its regional affiliates plan to reduce operations at RDU to 44 departures per day to eight destinations. Service to three destinations will be discontinued altogether.

**Delta Airlines:** Delta has completed the integration of its frequent flier program with that of its subsidiary, **Northwest Airlines**, a combined program with more than 70 million members. Delta, which became the world's biggest airline operator with the acquisition of Northwest, remains on course to obtain a single operating certificate by the end of 2009. The new merged frequent flyer program will be called **SkyMiles**, Delta's program name prior to the merger. The changeover means that Northwest frequent flier members have had their WorldPerks miles converted to SkyMiles and will have SkyMiles issued to them in the future for all eligible travel and credit card purchases.

**Virgin Atlantic Airways:** Amadeus has signed a worldwide agreement with Virgin Atlantic to ensure its travel agent customers have access to the airline's full content. Amadeus is the global distribution and booking system used by Maupin Travel and is the largest GDS as far as overall travel vendor content. Previously, its full-content agreement related only to European users.

## EIGHT ESSENTIAL TIPS FOR YOUR NEXT FLIGHT

Have you ever been thirsty during your flight and wished you didn't have to wait an hour or so for the beverage cart to come down the aisle? You may not have realized it but you can bring a bottled drink onboard, as long as you bought it after you went through security. That's just one of many options passengers may not know they have to make their air travel experience more comfortable. Here are eight others you may not know.....

- **Airport VIP lounges are not restricted to just members:** Several airlines offer one-day or monthly passes. This is especially helpful if your flight is delayed or you have a long wait until your next flight. These lounges offer a comfortable atmosphere, internet access, drinks and snacks.
- **Don't fret about strollers and car seats:** Airline personnel will put those items on the plane for you for free when you get to the gate and will not count them against your carryon baggage allowance.
- **Flying business class may not set you back as much as you think:** Several airlines offer deeply discounted rates on upgrades to business class on the day of travel if there are seats in the front section still available. And if you're a member of that airline frequent flier program, you can use miles or flight credits to upgrade from coach to business class.
- **Insider knowledge can help you fly for less:** The best time to inquire about domestic tickets is Tuesday afternoon because airlines typically file sales Monday evening and other airlines match those fares Tuesday through noon. Be wary of shopping on weekends. Most discounted airfares expire on Friday's, leaving higher prices in the system over the weekend.
- **Don't worry about printing your boarding passes at home:** At some airports and with some airlines, travelers with Web-enabled mobile devices like a BlackBerry or iPhone can download their boarding passes, then hand over the devices for scanning by federal security screeners and airline gate agents. Also,

it is very easy to print your boarding passes quickly at most airports self-service kiosks and save the ink and wear/tear on your home printer.

- **Travel doesn't have to be a hassle:** If you fly off-peak times like in the early morning hours or on Tuesdays, Wednesdays or Saturdays, flights are less full, and often the lines at security are much shorter.
- **Speeding thru security is easy:** You may want to consider packing certain items in your carry-on bags before reaching the checkpoint. This might include such items as your belt or your wallet. And you may want to ditch the laptop and carry just a memory stick that can be used on any laptop computer at your destination.
- **Ever wonder how close you are to your destination or how long the security line is at your airport?** You can track your flight online by entering the flight number at [www.flightaware.com](http://www.flightaware.com). As for security wait times, many of the larger airports post that information on their web site and update it regularly.

## JUST FOR LAUGHS... LANGUAGE USED IN DESTINATION & RESORT BROCHURES

- **Old World charm:** Room with no TV, radio and only one light
- **Tropical:** Rainy or Overcast
- **Options galore:** Nothing is included in the price
- **Secluded hideaway:** Directions on how to locate are unclear
- **Some budget rooms:** Sorry, already occupied
- **Bird Watcher's paradise:** Your car's paint will never be the same
- **Standard:** Sub-Standard
- **Deluxe:** Barely Standard
- **Superior Accommodations:** One complimentary chocolate, free shower cap
- **All the Amenities:** Two chocolates, two shower caps
- **Just like home:** No maid service
- **Gentle tropical winds:** In "hurricane alley"
- **Light and airy:** No air-conditioning

