

Global Corporate Travel Trends

Andrew W. Menkes, CTC
Partnership Travel Consulting, LLC



Agenda

1. Industry Overview

Walk Down Memory Lane

3. Trends and Forecasts

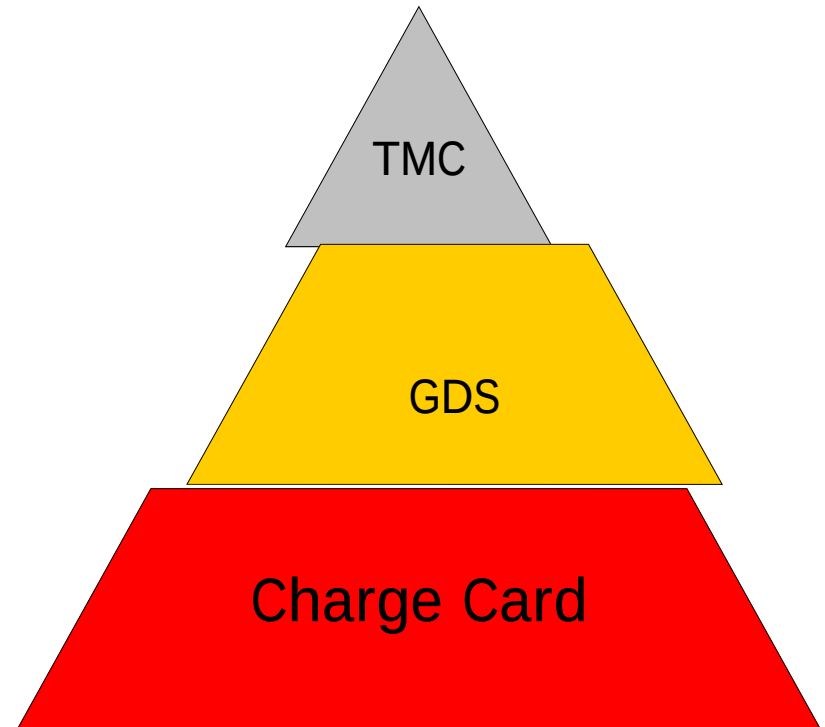
4. Future Insights

Legacy Problems

- 68 Global BSP's
- Agency Mergers
- Airline Bankruptcies
- Airline Contracts
- Channel Conflict
- Loyalty vs. Greed

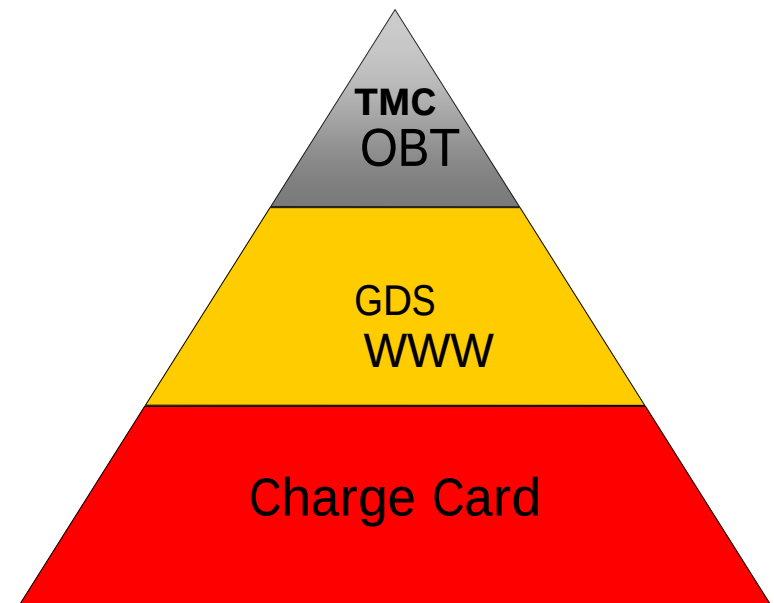
Current “Best Practice”

- Single Charge Card
- Global TMC Consolidation
- Single GDS sourcing



Future Realities

- Single Charge Card
- Multiple TMC's and OBT's
- Multiple channel (GDS and Web) sourcing



Gone But Not Forgotten



- Ask Mr. Foster
- Thomas Cook
- I V I Travel
- US Travel
- Lifeco
- Rosenbluth
- Maritz
- SeaGate



Emerging Trend?

American to hike fees, cut flights, trim staff

08:26 PM CDT on Wednesday, May 21, 2008

By BRAD HAWKINS / WFAA-TV



Michael Ainsworth / DMN

All luggage will be subject to a surcharge starting next month.

©2008Partnership Travel Consulting, LLC

This Morning's News

- Austrian Airlines Says No Bank Guarantee Received

Sheikh Mohamed Bin Issa al Jaber, who was to have taken a 20 percent stake in Austrian Airlines, did not provide a bank guarantee within the extended deadline, the airline said on Thursday.

- Australia's Qantas Airways lifted its fares for the second time in less than a month on Thursday in response to record high fuel prices.
- Rising oil prices are hurting Ryanair, chief executive Michael O'Leary said on Wednesday, but Europe's biggest low-cost airline can still avoid making a loss with oil prices at USD\$125 a barrel.



How would you decide?

- The same GDS in all countries
- One National Limousine Company
- A single domestic carrier
- One carrier in each major city-pair
- A Global Alliance airline program without exceptions

How would you decide?

- A niche hotel nearby the office vs. a chain hotel ½ mile away?
- A local agency in Buenos Aires vs. an affiliate of your Global TMC
- A regional hotel chain vs. a global hotel brand
- A single charge card for all countries

Preferred Supplier Programs

- Airline
- Hotel
- Car Rental
- Meetings
- Charge Card
- Travel Agency
- Ground Transportation



Airline

- Rationalize
- Leverage Alliances
- Market Share Contracts
- Integration of LCC's
- Value-Add Services





Today in the Sky

with Ben Mutzabaugh

[Home](#)[Today in the Sky Blog](#)[Topics](#)[Forum](#)[Airlines](#)[Airports](#)[Deals](#)

Your favorite airport

[Change](#)

Weather

N/A

Delays by FlightStats

N/A

Search flights, powered by Kayak.com

From



to

'Airlines face worst crisis since 2001'

[Comment](#)[Recommend](#)

That's the headline from [Reuters](#), which writes "major airlines that survived a decade of reorganization through bankruptcy are now facing their biggest test since the Sept. 11, 2001 attacks." Reuters says "rising fuel prices, falling consumer demand and the prospect of a U.S. recession threaten to cripple the industry that was just starting to get on its feet before fuel prices soared to record levels, ravaging profits." Vicki Bryan, an airline analyst for Gimme Credit in Houston, tells Reuters: "This is the most perilous time for airlines since Sept. 11. United and US Airways are scrambling, and they could go bankrupt by the end of the year."

United and US Airways each "dismissed the prospect of bankruptcy," Reuters writes

List of Defunct US Airlines



36 Just for the letter “A”

1. AAXICO Airlines (1946 - 1965, to Saturn Airways)
2. Access Air (1998 - 2001)
3. ADI Domestic Airlines
4. Aeromech Airlines (1951 - 1983, to



d operated by the

5. Aloha Airlines (1967 - 87, to
6. Aloha Airlines (1967 - 87, to
7. Aloha Airlines (1967 - 87, to
8. Aloha Airlines (1967 - 87, to
9. Aloha Airlines (1967 - 87, to
10. Aloha Airlines (1967 - 87, to
11. Air Florida (1972 - 84)
12. Air Hawaii (ceased operations in 1986)
13. Air Illinois
14. Airlift International (1946 - 81)
15. Air New England (1975 - 81)
16. Air New Orleans (1981 - 88)
17. Air Niagara
18. Air North (1963 - 1983, to Brockway Air)

19. Air Oregon
20. Air South (1968 - 1975, to Florida Airlines; 1994 - 1997)
21. Air Speed (1974)
22. Air Vegas (1971 - 2004)
23. Airways of New Mexico

24. Alb

25. All ,
Airv

26. Alle

27. Am

28. Am



came US

ays)

29. American Overseas Airlines (1949 - 1950) merged into Pan American World Airways
30. Arista International Airlines
31. Arizona Airways
32. Arizona Airways (1993-1996)
33. Aroostook Airways
34. Aspen Airways (1962 - 1990)
35. Atlantic Coast Airlines (1989 - 2004, to Independence Air)
36. Atlantic Gulf Airlines



How Do We Define “Business Class”?



How Do You Define Comfort?



Photo Copyright © Tim Samples

AIRLINERS.NET

Is there a difference?

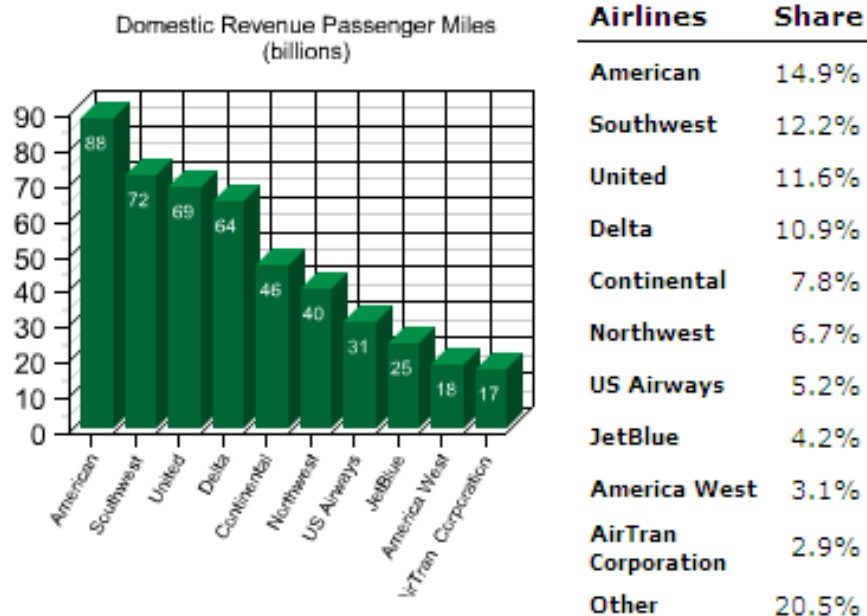


Airline Domestic Market Share

Dec 2006- Nov 2007

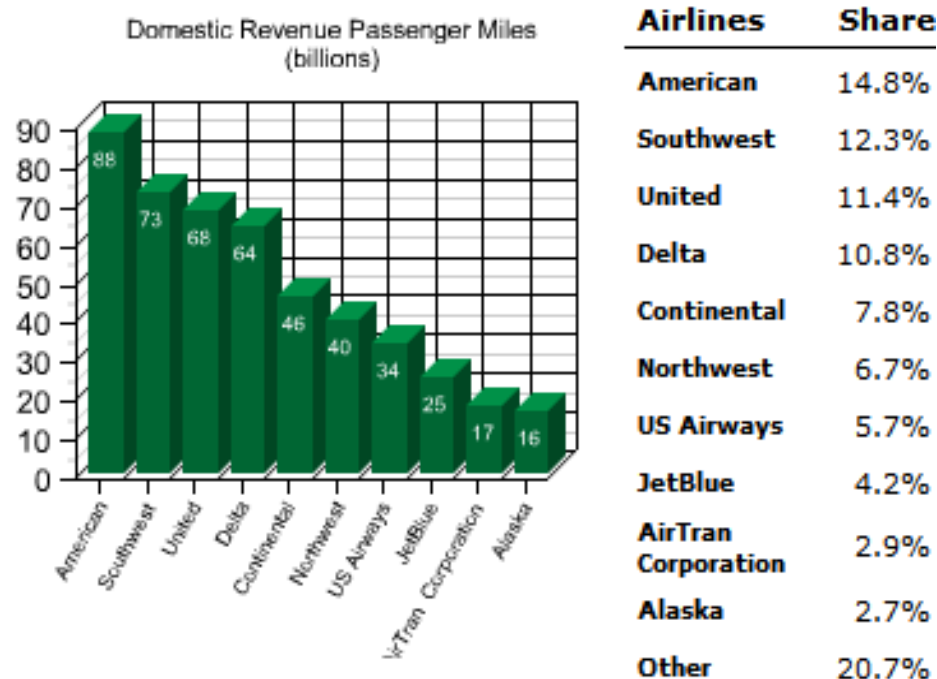
Feb 2007- Jan 2008

Airline Domestic Market Share December 2006 - November 2007



Market share based on Revenue Passenger Miles December 2006 - November 2007.

Airline Domestic Market Share February 2007 - January 2008



Market share based on Revenue Passenger Miles February 2007 - January 2008.

AA Snapshot

American Airlines (AA)

Scheduled Services Only

BTS Data as of 5/7/2008

Summary Data (U.S. Airports, 12 Months Ending January)				
	2007	2008	%Chg	Rank ¹
Passengers	76,624k	76,493k	-0.17%	2
Departures	634k	617k	-2.75%	2
RPM ²	88,734m	87,705m	-1.16%	1
ASM ³	108,138m	105,381m	-2.55%	1
Loadfactor	82.1%	83.2%	1.10 pts	9
Air Cargo ⁴	559m	501m	-10.35%	1
Markets Served	89	88	-1.12%	
Share ⁵	15.42%	14.8%	-0.62 pts	1

1 Among 98 passenger carriers for 2008

2 Revenue Passenger Miles

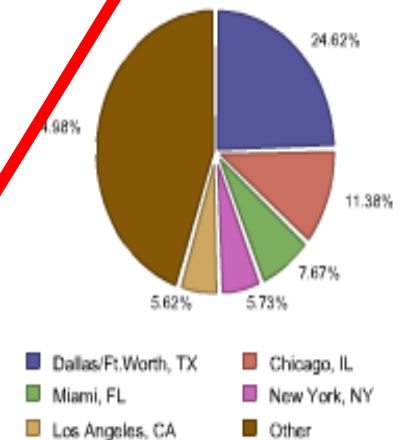
3 Available Seat Miles

4 Air Cargo is the sum of Freight and Mail in pounds.

5 Market share based on Revenue Passenger Miles.

Top Domestic Markets* (February 2007 - January 2008)

Market	Passengers	Share**
Dallas/Ft.Worth, TX	18,830k	72.72%
Chicago, IL	8,705k	21.98%
Miami, FL	5,866k	69.28%
New York, NY	4,386k	17.89%
Los Angeles, CA	4,299k	19.79%
Other	34,407k	6.15%



* Based on total enplaned passengers at all airports in a city.

** The table shows the carrier's share in each of the markets.

The pie chart shows each market's share in the carrier's total enplanement.

DL Snapshot

Delta Air Lines (DL)

Scheduled Services Only

BTS Data as of 5/7/2008

Summary Data (U.S. Airports, 12 Months Ending January)					Top Domestic Markets* (February 2007 - January 2008)		
	2007	2008	%Chg	Rank ¹	Market	Passengers	Share**
Passengers	62,835k	61,320k	-2.41%	3	Atlanta, GA	20,577k	53.14%
Departures	496k	471k	-5.02%	6	Salt Lake City, UT	4,094k	39.85%
RPM ²	64,626m	63,886m	-1.15%	4	New York, NY	3,817k	15.57%
ASM ³	81,349m	77,560m	-4.66%	4	Cincinnati, OH	2,452k	33.41%
Loadfactor	79.4%	82.4%	3.00 pts	10	Los Angeles, CA	2,180k	10.04%
Air Cargo ⁴	403m	315m	-21.81%	3	Other	28,200k	4.89%
Markets Served	115	113	-1.74%				
Share ⁵	11.23%	10.78%	-0.45 pts	4			

1 Among 98 passenger carriers for 2008

2 Revenue Passenger Miles

3 Available Seat Miles

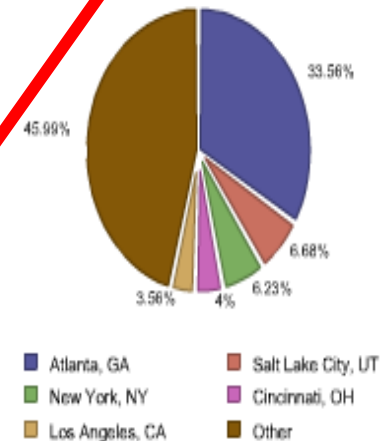
4 Air Cargo is the sum of Freight and Mail in pounds.

5 Market share based on Revenue Passenger Miles.

* Based on total enplaned passengers at all airports in a city.

** The table shows the carrier's share in each of the markets.

The pie chart shows each market's share in the carrier's total enplanement.



CO Snapshot

Continental Air Lines (CO)

Scheduled Services Only

BTS Data as of 5/7/2008

Summary Data (U.S. Airports, 12 Months Ending January)

	2007	2008	%Chg	Rank ¹
Passengers	35,865k	37,066k	3.35%	7
Departures	311k	321k	3.22%	10
RPM ²	44,191m	46,044m	4.19%	5
ASM ³	52,724m	54,712m	3.77%	5
Loadfactor	83.8%	84.2%	0.40 pts	5
Air Cargo ⁴	252m	229m	-9.28%	6
Markets Served	115	119	3.48%	
Share ⁵	7.68%	7.77%	0.09 pts	5

1 Among 98 passenger carriers for 2008

2 Revenue Passenger Miles

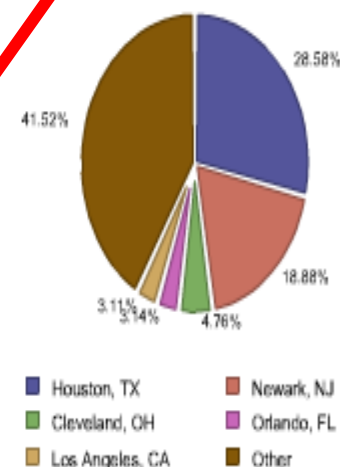
3 Available Seat Miles

4 Air Cargo is the sum of Freight and Mail in pounds.

5 Market share based on Revenue Passenger Miles.

Top Domestic Markets* (February 2007 - January 2008)

Market	Passengers	Share**
Houston, TX	10,595k	49.98%
Newark, NJ	7,000k	54.46%
Cleveland, OH	1,765k	32.62%
Orlando, FL	1,163k	7.03%
Los Angeles, CA	1,152k	5.30%
Other	15,391k	2.56%



* Based on total enplaned passengers at all airports in a city.

** The table shows the carrier's share in each of the markets.

The pie chart shows each market's share in the carrier's total enplanement.

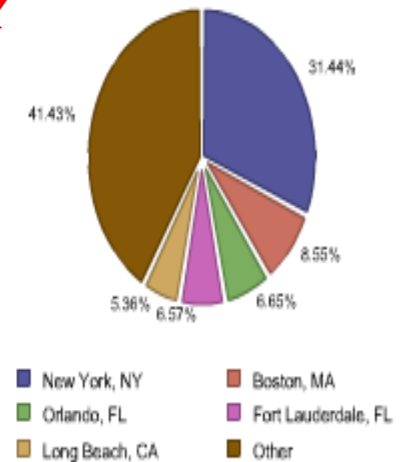
B6 Blue Snapshot

JetBlue Airways (B6)

Scheduled Services Only

BTS Data as of 5/7/2008

Summary Data (U.S. Airports, 12 Months Ending January)					Top Domestic Markets* (February 2007 - January 2008)		
	2007	2008	%Chg	Rank ¹	Market	Passengers	Share**
Passengers	18,344k	20,567k	12.12%	10	New York, NY	6,466k	26.37%
Departures	160k	189k	18.46%	17	Boston, MA	1,758k	14.90%
RPM ²	22,912m	24,690m	7.76%	8	Orlando, FL	1,368k	8.27%
ASM ³	28,240m	30,721m	8.79%	8	Fort Lauderdale, FL	1,351k	13.95%
Loadfactor	81.1%	80.4%	-0.70 pts	14	Long Beach, CA	1,103k	78.50%
Air Cargo ⁴	20m	24m	18.67%	14	Other	8,521k	1.38%
Markets Served	45	51	13.33%				
Share ⁵	3.98%	4.17%	0.19 pts	8			



* Based on total enplaned passengers at all airports in a city.

** The table shows the carrier's share in each of the markets.

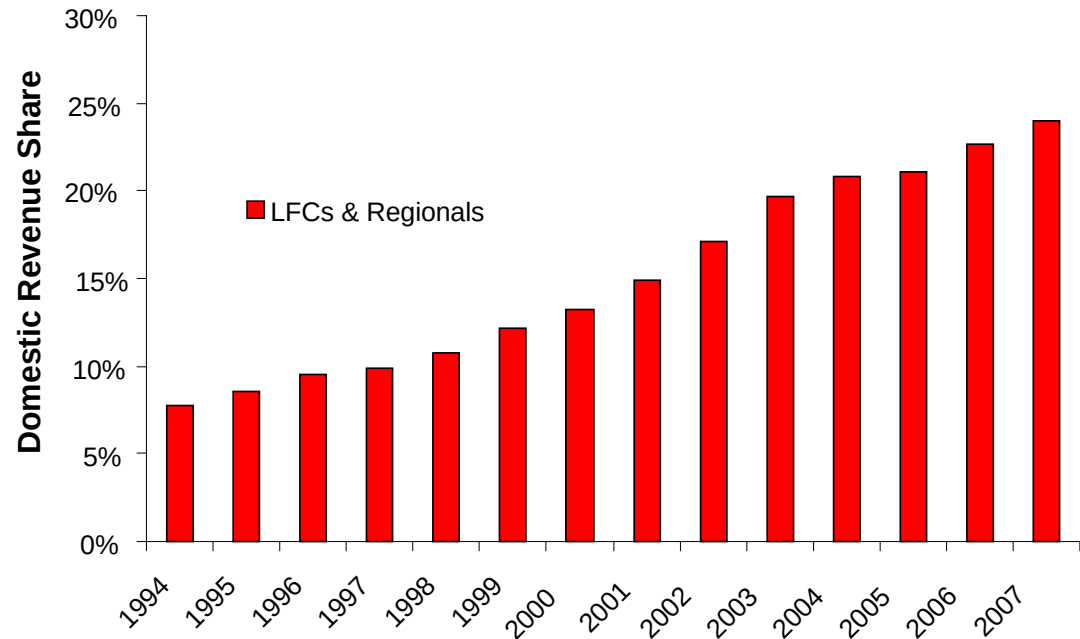
The pie chart shows each market's share in the carrier's total enplanement.

Product Differentiation

Market Conditions

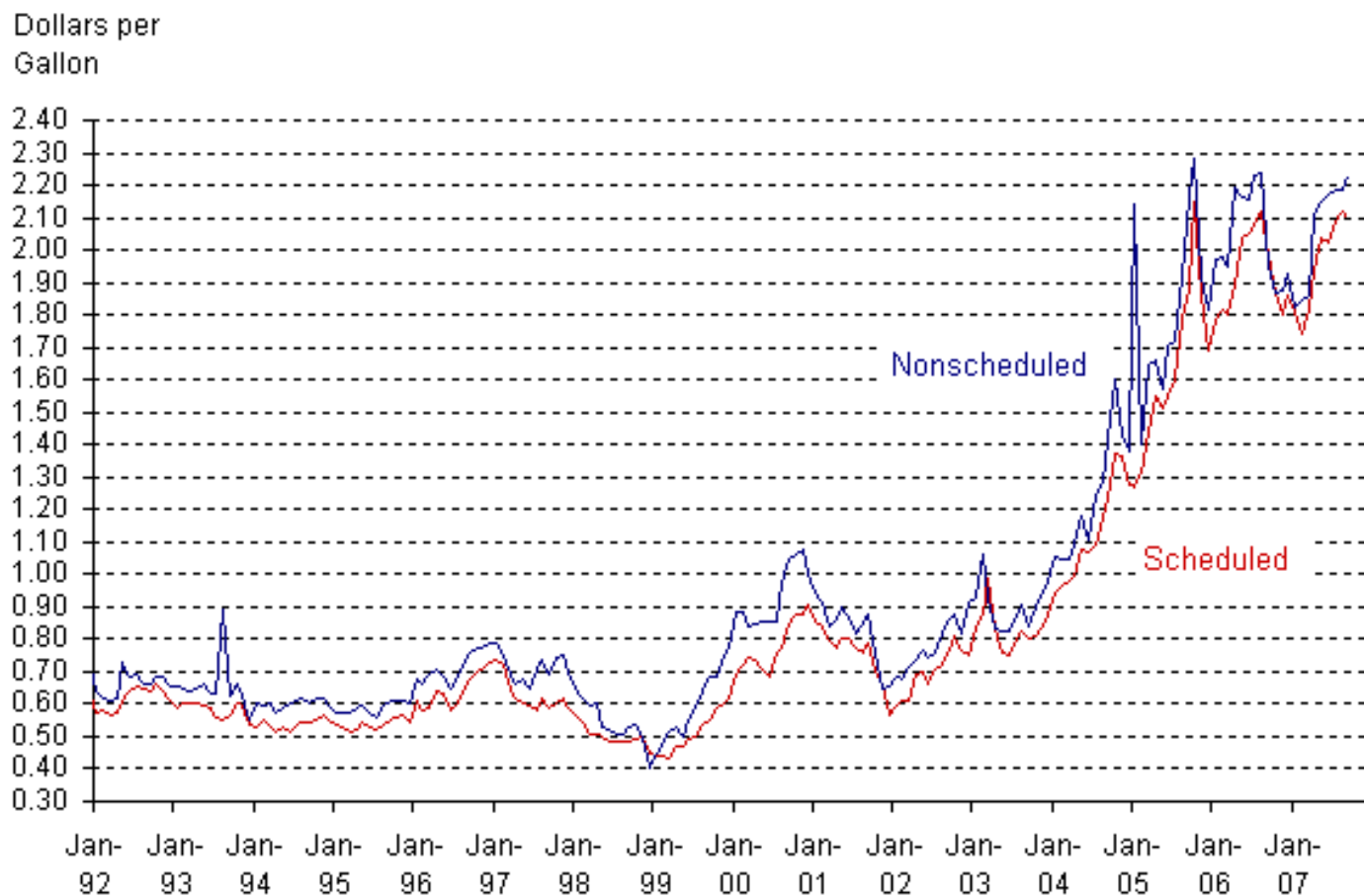


- \$77BN annual revenues
- Load factor at all-time high, over 80%
- Flat Capacity Growth (domestic ASMs)
- Low Fare Carriers share doubled since 2000



Source: Based on data from Form 41

Jet Fuel \$/gal



\$/bbl Impact On Losses

■ AIRLINE LOSSES GROW WITH RISING OIL PRICES | [Story](#)

Airlines' 2008 estimated net income or loss (▼), in millions, if crude oil prices average these amounts per barrel for the year:

Airline	\$75	\$95	\$100	\$110
Alaska	\$104	\$14	▼ \$9	▼ \$54
American	\$797	▼ \$538	▼ \$872	▼ \$1,539
Continental	\$444	▼ \$12	▼ \$126	▼ \$354
Delta	\$538	▼ \$100	▼ \$260	▼ \$579
Northwest	\$488	\$43	▼ \$69	▼ \$291
United	\$540	▼ \$116	▼ \$280	▼ \$609
Total majors	\$2,913	▼ \$709	▼ \$1,615	▼ \$3,426
AirTran	\$87	▼ \$27	▼ \$56	\$0
Allegiant	\$47	\$22	\$15	\$3
Frontier	\$9	▼ \$48	▼ \$63	▼ \$91
JetBlue	\$66	▼ \$45	▼ \$72	▼ \$91
Southwest	\$495	\$467	\$460	\$445
US Airways	\$259	\$19	▼ \$41	▼ \$160
Total industry	\$3,877	▼ \$322	▼ \$1,371	▼ \$3,321

Source: Merrill Lynch Airline Research

April Showers



Uncrowded. Uncompromising.

U N A I R L I N E . SM



Hotel

- Policy
- Compliance
 - Channel
 - Rate
 - Room Type
- Per Diems
- Value-Add Services
- Live Directory



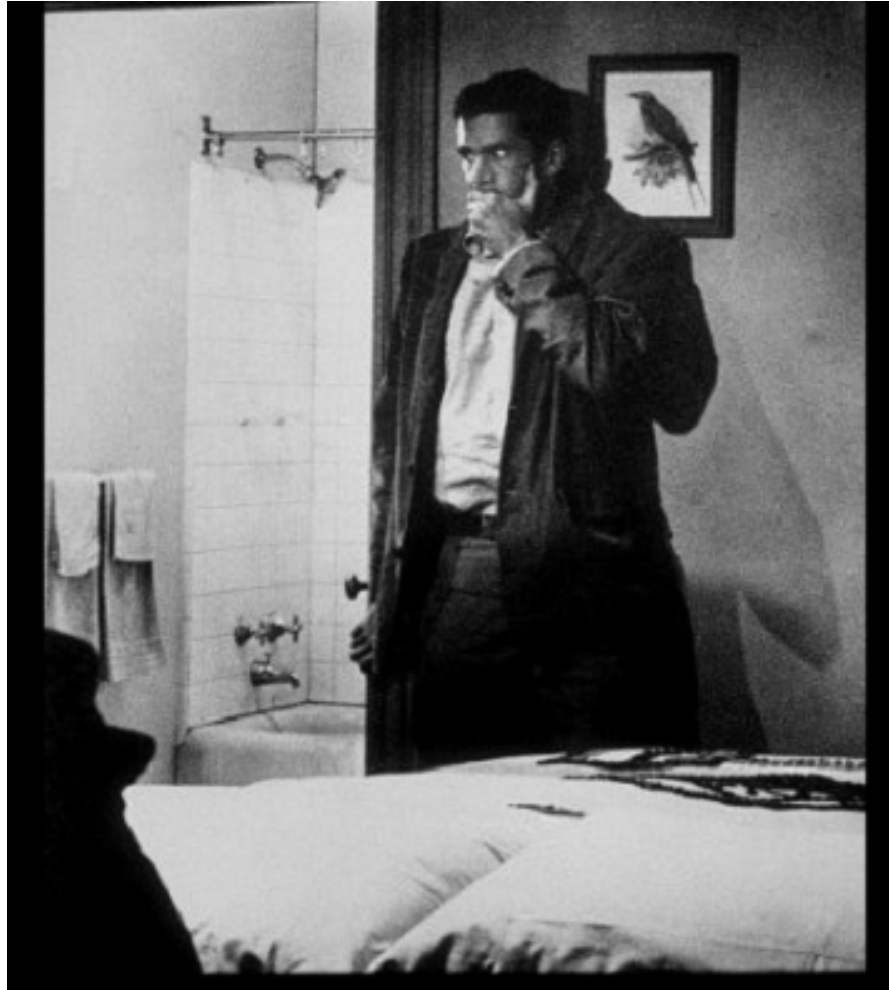
Intimate Motel In Quiet Neighborhood



Intimate Motel In Quiet Neighborhood



24 Hour Room Service Owner-Manager on Premise



Boutique Chains

KIMPTON

Languages: ▼

Kimpton InTouch Loyalty

Home

Hotels ▶

Reservations ▶

Meetings & Events ▶

Restaurants ▶

Virtual Tours ▶

Services & Amenities ▶

Kimpton Programs ▶

Women InTouch ▶

Media Buzz & Awards ▶

Kimpton InTouch ▶

Choose a City or Hotel ▼

Arrival:

Departure:

Nights: Adults: Child:

Rate Code: Corporate ID:



Alexis Ho

©2008Partnership Travel Consulting, LLC



Ground Transportation

- Limos
- “Black Car”
- Yellow Cab



Car Rental

- Refueling
- City Surcharges
- Minimum Rentals
- Fleet Age
- Compliance Metrics



Car Rental Companies Vary As Well



1-800-944-7501

Don't Let The Name Fool You!™

Sunday February 24th, 2008

HOME ABOUT US SPECIALS FRANCHISE RACING

Ready to Rent? STEP 1 ▼

And more money left in your pocket!



Search by location
for rental cars, trucks and vans:

City State

OR Postal Code

Search options
Nearest 5 Locations ▼

Search Clear

Who's going to win?



Competitive Pressures



Heavyweight Arsenal

- Route Network
- Alliances
- GDS Technology
- Frequent Flier Award Programs
- Incentives
- Back-End Incentives
- Leveraging Routes
- Pricing Initiatives

Travel Agency Options

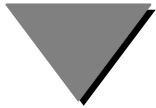
- Point Of Sale Commissions
- Back End Incentives
- Market Share Commitments
- Soft Dollar Production

- Provide what client wants
- Offer what's best for client
- Identify and present options
- Provide unbiased advice

Defining Social Media

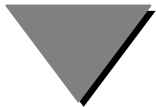
**Broadcast
Media**

“We tell you.”



**Interactive
Media**

“Tell us what you think
about what we tell you.”



**Social
Media**

“Tell each other.”

Who's In Control?

- Carriers with market share requirements
- Carriers with domestic and international routes
- Carriers with alliances to leverage market share
- Suppliers with lucrative frequent traveler programs (air, hotel, car)

Who Should Be In Control?

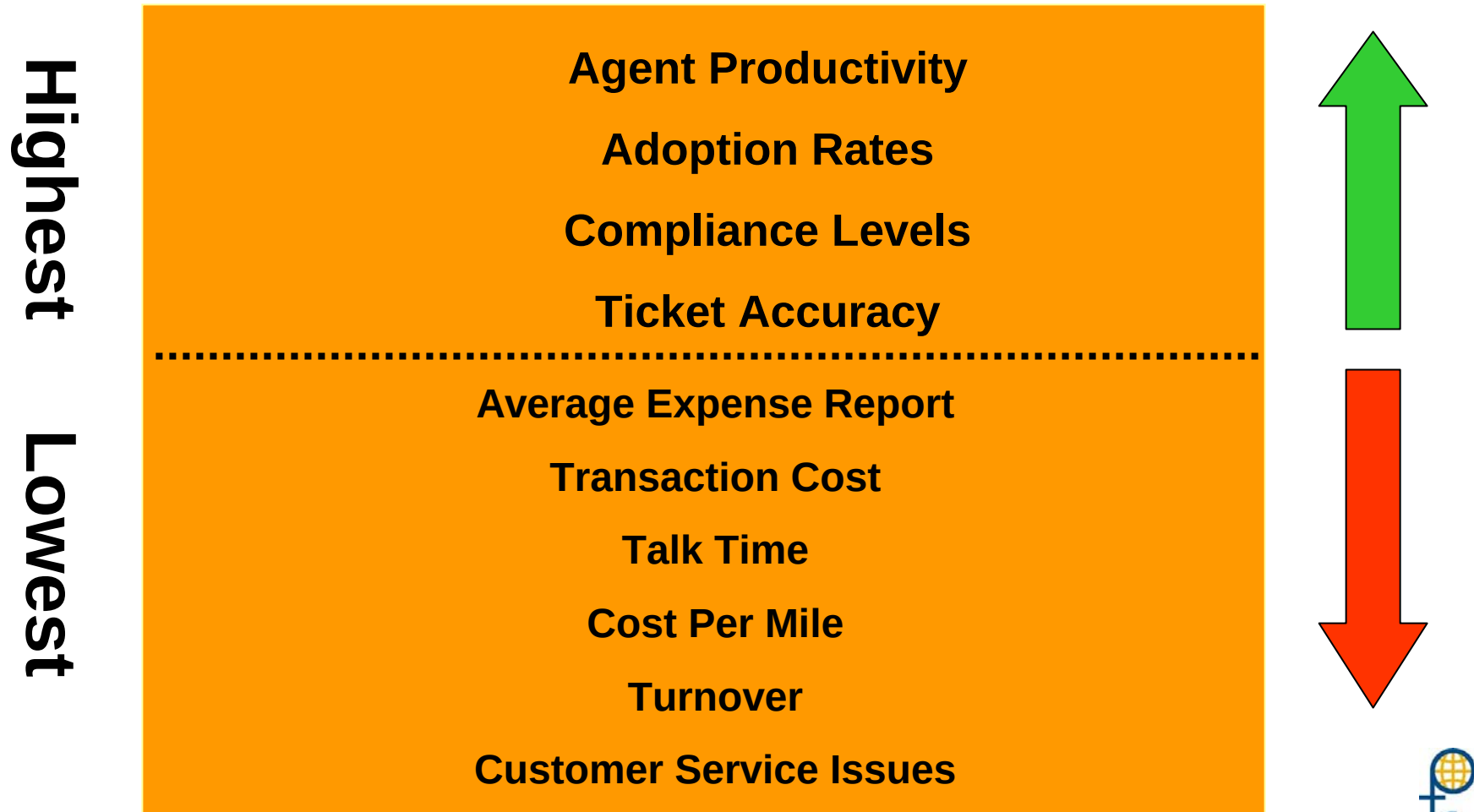


The Buyer

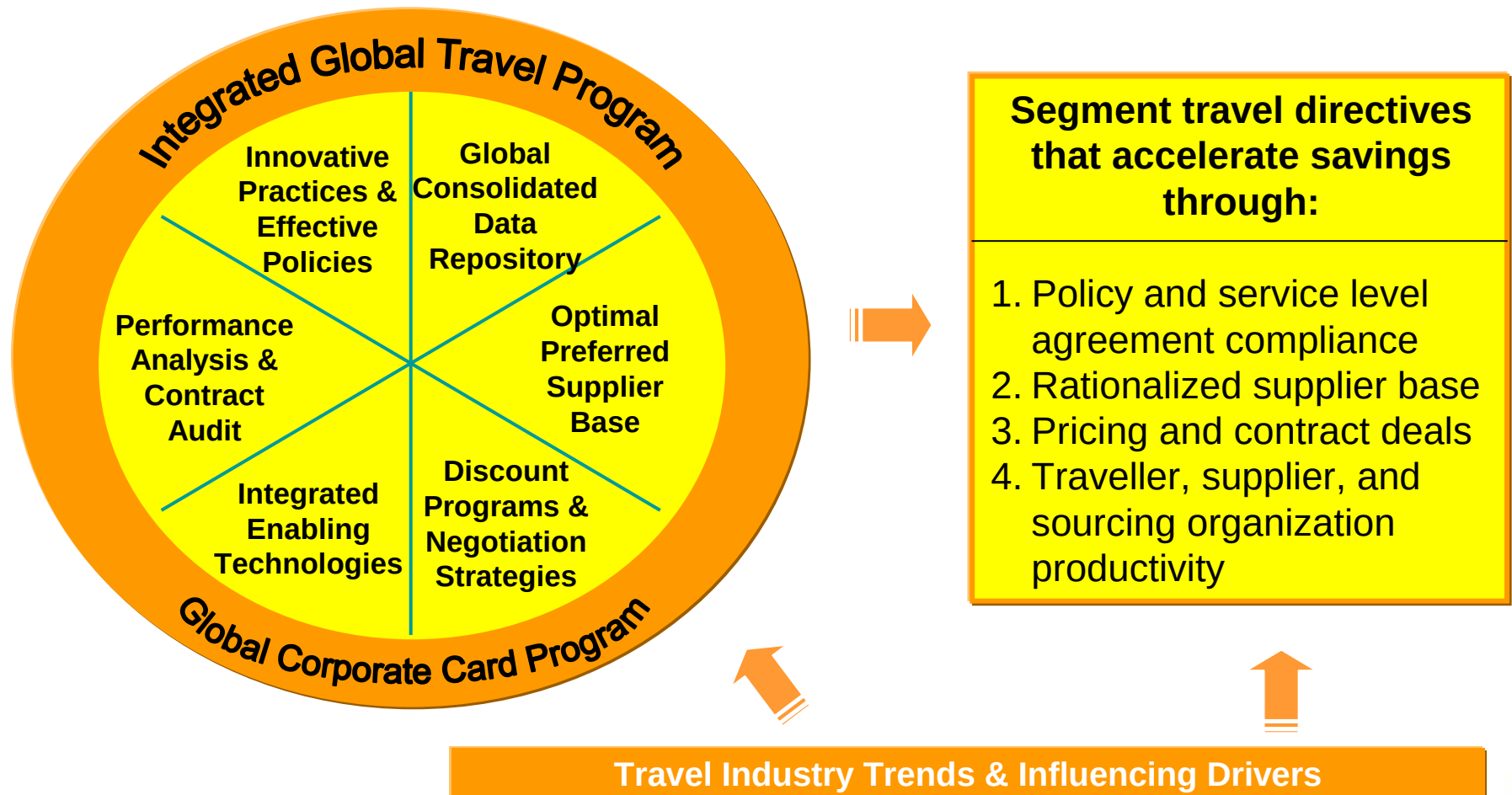
How Do You Do It?

- Resist Market Share Agreements
- Listen to your travelers
- Build a network program, don't simply accept one.
- Blend hotels based on local requirements
- Select the best TMC in each major market

How do we measure the “best in class” travel portfolio?



Components of an Integrated Global Travel Program Strategy



Global Corporate Travel Trends

Andrew W. Menkes, CTC
Partnership Travel Consulting, LLC
www.partnershiptc.com



PHILADELPHIA AREA CHAPTER

MEETING PROFESSIONALS INTERNATIONAL

