

# Expedia Travel Trendwatch™

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Online at [www.expediatraveltrendwatch.com](http://www.expediatraveltrendwatch.com)

Travelers are rolling with the punches this summer.



- **Air Travel:** Silver lining for a challenging summer: fares are lower year-over-year
- **International Travel:** Americans are not so “ugly” after all
- **Hotels:** Full houses despite record-setting rates
- **Cruises:** Air travel system stress affecting cruise plans
- **Car Rental:** Rates flat year-over-year

U.S. adults are taking this summer’s travel hassles in stride. Their desire to take relaxing and restorative vacations remains strong despite obstacles such as higher hotel rates, steep gasoline prices, weak currency, and poor airline on-time performance.

In fact, the recent spate of negative news about airport/airline disruptions has had a minimal impact on travel plans, according to a July Expedia.com® poll<sup>1</sup> of U.S. adults who have taken or plan to take a trip this summer. The large majority (68 percent) has not modified their vacation plans at all because of the negative media attention; 16 percent have slightly

modified their plans, and only 5 percent have canceled their summer vacations.

## Top U.S. Destinations

Summer 2007

1. Las Vegas
2. Orlando
3. New York
4. Chicago
5. Los Angeles
6. Denver
7. San Francisco
8. Seattle
9. Boston
10. Washington

Source: Expedia.com.

As more evidence of the resilience of the American traveler, U.S. airlines will fly 209 million passengers in June, July and August of this year. That’s two million more than the same period last year according to the Air Transport Association. Hotels and resorts report full houses despite higher rates. Interest in overseas travel remains strong while the dollar continues to decline in value against many world currencies.

## SUMMER AIR TRAVEL TRENDS

**A silver lining for a challenging summer: fares are lower year-over-year**

**Airfares are down compared to last year.** Fares paid to Expedia’s top 10 summer destinations are actually experiencing some year-over-year declines. Airlines have only been able to push through four across-the-board fare increases this year, compared to 15 general increases in 2006. (See chart: “You’re Most Likely to Find a Deal When Flying to ...”)

**Tighter airline capacity growth domestically could mean fewer discounts in the near term, but capacity growth on international routes bodes well for shoulder-season or off-peak discounting this fall or winter.** While low cost carriers are adding new aircraft at a rapid clip, the decline in domestic capacity by major carriers is keeping growth at just one percent according to Expedia.com data. But with major carriers deploying larger aircraft to international markets, international capacity seems poised to

“Americans believe that Europeans perceive them as spoiled, self-centered, and loud when traveling abroad.”

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## Most Punctual Airports

Destination	On Time
1. Oakland	80%
2. Salt Lake City	80%
3. San Diego	79%
4. Chicago-Midway	78%
5. Los Angeles-LAX	78%
6. Phoenix	77%
7. Houston-IAH	77%
8. Baltimore	77%
9. Atlanta	77%
10. Las Vegas	77%

On-time arrival performance score from January 1 - June 30, 2007.

Source: Bureau of Transportation Statistics

increase 4-5 percent this fall, which could lead to discounts.

**Airline on-time performance is suffering this summer, but there are some bright spots.** While travelers at high visibility airports in and around New York City have experienced a recent spike of delays and disruptions, it's important to note that other major airports, notably the **world's busiest in Atlanta, are experiencing improved on-time performance.** For example, Hartsfield-Jackson Atlanta Airport reports

that 23 percent of its flights were delayed for the first six months of 2007, versus 25 percent delayed in 2006. Other airports that report on-time performance improvements over last year include: Oakland, San Diego, Houston, Los Angeles, Las Vegas and San Francisco. (See "Most Punctual Airports" Chart)

### Arrival Times Most Highly Correlated with Delayed Arrivals

When it comes to arriving on time, travelers should avoid flights scheduled to land between the hours of 7 and 10 pm, according to air traffic controllers.

- Atlanta: 8-9 PM
- Baltimore: 9-10 PM
- Chicago Midway: 9-10 PM
- Chicago O'Hare: 10-11 PM
- New York JFK: 10-11 PM
- Newark: 8-9 PM
- Philadelphia: 7-8 PM
- Seattle: 7-8 PM
- Washington: 9-10 PM

Source: [avoiddelays.com](http://avoiddelays.com)

## INTERNATIONAL TRAVEL TRENDS

### Americans are not so "ugly" after all

**Most Americans believe they are perceived negatively abroad.** According to a July Expedia.com poll<sup>2</sup>, nearly two-thirds (64 percent) of U.S. adults think that American tourists traveling abroad are perceived more negatively than they were five years ago. Only seven percent believe there is a more positive perception, while 29 percent think the perception of Americans is about the same. The poll found that Americans believe that Europeans perceive them as spoiled, self-centered, and loud when traveling abroad. However...

**A separate poll of European hotel managers taken last April placed Americans second behind the Japanese in an overall ranking of the world's "best tourists."** Managers ranked Americans third when it comes to "best behaved" and "most polite." They lauded Americans as most likely to try to speak or learn the local language and most interested in trying local cuisine. And when it comes to tipping, Americans ranked far ahead of all other nationalities as the most generous. On the down side, Americans are considered the least fashionable and also noisy-- but not as loud as Italians. (See chart: "European Hotel Managers Rank Tourists," conducted by Expedia.de)

**Interest in international air travel among Expedia.com travelers continues to grow** despite the weak U.S. dollar, with significant year-over-year increases in bookings from the U.S. to the U.K., Costa Rica and Ireland. Americans purchased \$3.8 billion worth of travel-related services from European countries in the first

## You're Most Likely to Find a Deal When Flying to ...

Destination	Fare Reduction
1. Charleston, South Carolina	-23%
2. Savannah, Georgia	-15%
3. Pittsburgh, Pennsylvania	-12%
4. Dallas, Texas	-11%
5. St. Petersburg, Florida	-11%
6. Raleigh, North Carolina	-11%
7. Jacksonville, Florida	-11%
8. Columbus, Ohio	-11%
9. Orlando, Florida	-9%
10. Ft. Lauderdale, Florida	-9%

Destinations with the biggest declines in airfare this summer compared to last summer.

Source: Expedia.com

“ Summer vacationers are grappling with some of the highest hotel rates on record this year. ”

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quarter of this year, a 5 and a half percent increase from the same quarter last year, and 10 percent more than in 2002, according to the Bureau of Economic Analysis.

**The weak dollar in Europe has driven up interest in nearby international destinations such as Mexico, Canada and Puerto Rico.** While the U.S. dollar has lost value and is approaching par with the Canadian dollar, our northern neighbor is still considered a relative bargain due to the low cost of getting there. The dollar has neither gained nor lost much ground to the Mexican peso in recent years and remains between 10 and 11 pesos per dollar. Interest in travel to Puerto Rico is up since Americans do not need U.S. passports to travel to and from this U.S. Commonwealth (a savings of the approximate \$100 passport fee). On the other hand, travel to the Bahamas and Jamaica has suffered this year, possibly affected by new passport regulations. (See chart: “Most Frequently Booked International Destinations”)

## WHO'S YOUR BUDDY?

Roughly one-third of U.S. adults (34 percent) believe that the U.K. is the most welcoming European country for Americans. Other countries that rank high for offering a warm welcome to Yanks include Italy, Ireland and Germany.

Source: Expedia.com survey conducted by Harris Interactive in July 2007

## Most Frequently Booked International Destinations

### Summer 2007

1. Mexico
  2. Canada
  3. United Kingdom (up 14 percent despite weak dollar)
  4. Puerto Rico (biggest gainer, up 18 percent)
  5. Dominican Republic
  6. Bahamas
  7. Jamaica
  8. Italy
  9. France
  10. Germany
- (note: Costa Rica and Ireland are increasingly popular this year, but still not yet ranked in the top 10 for volume)

Source: Expedia.com

## European Hotel Managers Rank Tourists:

- **Most Polite:** Japanese, British, Americans
- **Least Polite:** Russians, Israelis, French
- **Most Generous Tippers:** Americans (by far), Russians, Japanese
- **Least Generous Tippers:** Germans, French, Israelis
- **Best Dressed:** Italians (by far), French, Spanish
- **Worst Dressed:** Americans (by far), British, Germans.

Source: April 2007 Expedia.de poll of 1500 European hotel managers.





“ More cruise lines are offering Caribbean cruises that start and end in the middle of the week. ”

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## SUMMER HOTEL TRENDS

### Full houses despite record-setting rates

**Summer vacationers are grappling with some of the highest hotel prices on record this year.**

Average hotel rates are up 19.2 percent since the end of 2004, and are projected to rise another 6 percent this year according to Smith Travel Research. This means that an average hotel bill for a typical five-night vacation now runs about \$500, up about \$100 compared to the average \$400 bill in 2004.

**Destinations experiencing the largest hotel average daily rate (ADR) increases** over last year are: New York +11%, Denver +10%, Nashville +10%, Houston +9%, Seattle +8%. **Cities with the smallest increases are:** Orlando +2%, Detroit +2%, Atlanta +3%, Washington DC +4%. New Orleans was the only city in the country to experience a decline in ADR, -3%. (Source: Smith

### **Hotel price? Yeah! Brand? Nah...**

Hotel choice is primarily driven by price and location.

Among those who stay in hotels while on vacation, about two-thirds (66 percent) selected price and 61 percent selected location as their top two primary considerations. Surprisingly, brand is relatively unimportant -- only 6 percent cite it among the two most important factors they consider.

Source: Expedia.com survey conducted by Harris Interactive in July 2007

## The World's Best Hotels and Resorts

1. Cozumel Palace All Inclusive
2. Ponte Vedra Inn & Club (Florida)
3. Langham Place Hotel Mongkok, Hong Kong
4. The Ritz-Carlton, Key Biscayne
5. Las Brisas Acapulco
6. The Davenport Hotel and Tower (Spokane, WA)
7. The Peninsula Beijing
8. Secrets Capri Riviera Cancun All Inclusive
9. Hyatt Regency Kyoto
10. Sofitel New York

Source: Expedia Insiders' Select

Travel Research Quarterly Lodging Review, July 2007)

**Extremely high hotels rates in New York City continue to strain vacation travel budgets.** Nonetheless, the Big Apple still ranks near the top of the list of summer travel destinations among Expedia.com travelers. The average daily room rate in NYC was \$300 in May, a 13 percent increase over May 2006, according to PKF Consulting. Business travelers typically fill hotels on Tuesdays and Wednesdays making Thursday through Sunday nights the best nights for finding discounts. Hotels located on the Upper West Side generally deliver lower prices and are an easy subway ride to mid-town or downtown.

**Travelers increasingly rely on user-generated content sites** such as TripAdvisor.com to help make summer vacation hotel choices. To help travelers make better decisions, Expedia.com recently introduced the Insiders' Select list of the world's top hotels as rated by Expedia.com travelers, combined with input from the company's own in-house destination experts ([www.expedia.com/insidersselect](http://www.expedia.com/insidersselect)).

## CRUISE INDUSTRY TRENDS

### Air travel system stress affects cruise travel

With fewer flights and the air travel system under stress, more **cruisers are wisely opting to arrive at the port a day before the ship's departure and spending the night in a hotel** according to Expedia.com data.

**Caribbean cruises departing "home port" cities** like New York City, Bayonne, New Jersey and Baltimore are increasingly popular among those who want to avoid dealing with air travel hassles when traveling to distant points of embarkation.

### **More cruise lines are offering Caribbean cruises that start and end in the middle of the week.**

While mid-week departures are more difficult for vacationers to work into busy summer schedules, the timing helps avoid weekend bottlenecks and allows ships greater access to more popular ports on less crowded days.

### **Confusion around evolving (and still uncertain) passport rules for travelers entering or re-entering**

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**the U.S. by ship could be hampering early bookings for 2008, especially among large groups.**

**The lowest cruise prices of the year for voyages in Mexico, Hawaii and Canada/New England come in September, October and November, which is toward the end of the hurricane season.**

## CAR RENTAL TRENDS

**Rates remain flat year over year while gas price increases level out**

According to Expedia.com data, **car rental rates are flat to slightly up year-over-year.**

**Gasoline prices, which hit a record of \$3.23 in late May, fell steadily in June.** The government reported that pump prices were down 1.1 percent in June, the first drop since a 3 percent fall in January.

<sup>1</sup> Harris Interactive® fielded the online survey on behalf of Expedia.com between July 10th and July 12th, 2007, among a nationwide sample of 2,273 U.S. adults 18 years of age or older. Sampling error of the overall results is plus or minus 3 percentage points. Sampling error for results based on sub-samples may be higher and would vary. This online survey is not based on a probability sample.

<sup>2</sup> Expedia.com survey conducted by Harris Interactive in July 2007.



## INSIGHT AND EXPERTISE

Chris McGinnis, a 20-year travel industry veteran most recently serving as a travel correspondent on CNN Headline News, is the editor of the Expedia Travel Trendwatch™. Each report provides travelers with a treasure trove of trends, data and advice designed to help people make better travel decisions.

McGinnis's travel industry insight and expertise, coupled with the unparalleled travel intelligence of Expedia®, can be found throughout this report, arming travelers with an invaluable source of insider knowledge on travel trends.