

2005 Domestic and International Hotel, International Air, and Car Rental Prices Rise - Travel Monitor

Q4 2005

2006-03-15

According to the Business Travel Monitor released today by American Express Business Travel the annual Average Fare Paid for U.S. domestic airfares dropped to a six-year low at the close of 2005. Conversely, domestic and international hotel, as well as international air, and car rental prices reached new six-year highs.

'Despite rising fuel costs, U.S. domestic airfares for business travel settled at a six-year low in 2005, due in part to the introduction of simplified fares and more low fare competition," said Andy McGraw, Senior Vice President and General Manager of American Express Business Travel North America. 'For 2006, however, the pricing trend lines indicate that corporate travel buyers will face a tough negotiating environment across the board - whether sourcing air, hotel or car-rental inventory. The hotel industry, in particular, is already proving to be a true seller's market.'

Domestic Air Average Fare Paid Settles at Six-Year Low, Though Rates Are Rising

According to the Business Travel Monitor, which tracks 329 domestic city pairs, the annual U.S. air domestic Average Fare Paid for business travel has steadily declined since year-end 2000, and marked a six-year low of \$216 at year-end 2005:

œ 2000 - \$259

œ 2001 - \$259

œ 2002 - \$243

œ 2003 - \$243

œ 2004 - \$225

œ 2005 - \$216

In the fourth quarter of 2005, the U.S. air domestic Average Fare Paid edged up three percent to \$223 one-way compared to \$215 one-way for the same period in 2004. Over the course of 2005, the quarterly Average Fare Paid rose ten percent as follows:

œ Q1 2005 - \$202

œ Q2 2005 - \$218

œ Q3 2005 - \$219

œ Q4 2005 - \$223

The Average Fare Paid reflects the price paid by American Express Business Travel clients and includes a variety of fare types actually booked by business travelers including first class, unrestricted and discount air fares. The American Express Business Travel's Average Fare Paid continues to be lower than published business airfares.

International Air Travel Rates Increase Steadily

Across the Business Travel Monitor's 160 international city pairs, the international Average Fare Paid grew seven percent to \$1,666 one-way, with First Class increasing four percent to \$5,805 one-way; Business Class increasing five percent to \$3,927 one-way; and Discount Economy international airfares increasing nine percent to \$1,113 one-way, as compared to the fourth quarter of 2004.

Comparing the fourth quarter to the third quarter of 2005, the international Average Fare Paid increased two percent one-way; First Class one-way fare increased less than one percent; Business Class one-way fare increased one percent; and Discount Economy one-way fare rose by three percent.

'International route capacity is being consumed by strong demand,' said McGraw. 'As demand grows and capacity shrinks, the airlines have grown stricter on sticker prices. However, clients who maintain large preferred supplier volumes will continue to benefit from better deals down the road.'

Year-Over-Year Domestic and International Hotel Rates Climb

Based on the Monitor's findings, Average Booked Rates increased for domestic hotels in the fourth quarter of 2005 when compared to the same period in 2004. The 2005 domestic Booked Rate increased six percent to \$144 from \$136 the previous year. Although the international Booked Rate decreased slightly from \$217 in the third quarter of 2005 to \$210 in the fourth quarter, it increased by one percent compared to the \$207 rate in the fourth quarter of 2004.

Increasing three percent during 2005, the annual domestic Booked Rate has risen since year-end 2000, also marking a six-year high:

2000 - \$131

2001 - \$133

2002 - \$129

2003 - \$127

2004 - \$ 132

2005 - \$ 137

Increasing seven percent during 2005, the annual international Booked Rate has increased since year-end 2000, marking a six-year high:

2000 - \$190

2001 - \$192

2002 - \$188

2003 - \$195

2004 - \$197

2005 - \$212

Booked Rates, both international and domestic, represent the total spending of all American Express Business Travel clients divided by the total number of room nights confirmed.

'As room prices top out at new highs, the corporate discount is disappearing-making the job of corporate travel buyers even harder,' said McGraw. 'The jury's still out on how long the hotel industry can maintain these increased rates.'

Car Rental Costs Increase as Volume Remains Strong

The Monitor also noted that the Average Daily Cost per car rental grew by three percent to \$67 in the fourth quarter of 2005 when compared to the same period in 2004.

During the same time, there was a three percent increase in the average Length of Rental and a six percent rise in Average Cost Per Rental for car rentals paid for with the American Express(R) Corporate Card, which includes all charges incurred (mileage, gas, tax and insurance).

'Last year, the rental car industry experienced its best year, in terms of volume, since 2001,' said McGraw. 'Business and leisure travelers returning to the road in record numbers are literally driving demand, and prices. It will be interesting to see if the suppliers can maintain this sales momentum through the year.'

Increasing nearly two percent during 2005, the annual Average Daily Cost for car rentals has steadily increased since year-end 2000, marking a six-year high:

2000 - \$61

2001 - \$63

2002 - \$64

2003 - \$65

2004 - \$65

2005 - \$66

About the American Express Business Travel Monitor

eCLIPSE Advisors, the global travel procurement subsidiary of American Express, creates the American Express Business Travel Monitor, a benchmarking service that offers corporations a comprehensive collection of pricing data across major travel and entertainment (T&E) expenses, by accessing American Express' extensive global database of purchase information. The American Express Business Travel Monitor tracks a variety of travel expense categories, including published and purchased pricing for airfares, hotels and car rentals made from a United States point of sale.

About American Express Business Travel

American Express Business Travel, a division of the American Express Company, is dedicated to helping its clients realize the greatest possible value from their investment in travel through increased cost savings, outstanding customer service and greater spend control. For small businesses, medium-sized enterprises and multinational corporations, American Express Business Travel provides a combination of industry-leading booking technology, travel management consulting expertise, strategic sourcing and supplier negotiation support and customer service available around the world, around the clock, online and offline.

American Express operates the world's largest travel agency network with over 2,200 travel service locations in over 140 countries and territories worldwide. The Company processed nearly \$19 billion in global travel sales in 2005.

American Express Company (www.americanexpress.com) is a diversified worldwide travel, financial and network services company founded in 1850. It is a world leader in charge and credit cards, Travelers Cheques, travel, business services and international banking.

This article comes from Hotel News Resource

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