

Business Travel Industry Reacts to Delta-Northwest Merger

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The National Business Travel Association (NBTA) recently surveyed its travel manager members to gauge the business travel industry's reaction to potential airline consolidation. NBTA member travel buyers control \$170 billion in travel expenditures each year and manage travel on behalf of companies with more than 7 million business travelers.

The projection of the vast majority of those travel managers was born out yesterday by the announcement of a merger of Delta Air Lines and Northwest Airlines. Eighty percent of respondents to the survey, conducted prior to the official Delta-Northwest announcement, indicated that further consolidation of the U.S. airline industry by 2009 was 'inevitable.' Only twenty-two percent saw such consolidation of the domestic airline industry as a positive development for the business travel community.

Respondents were asked about the impact of two potential mergers on key aspects of airline service. A majority or plurality projected that a merger of Delta and Northwest would create an improved international route structure (53%), a more financially stable airline (46%), and a stronger, more convenient U.S. route structure (35%) than either of the two carriers on its own. However, they expressed concern that the merger would negatively affect customer service (54%), access to smaller U.S. markets (46%), flight schedules/frequencies (41%) and corporate account management (40%).

Respondents' expectations of an often-discussed merger of Continental Airlines and United Airlines merger are similar, though they would anticipate changes in fewer service areas:

EXPECTATIONS OF TRAVEL BUYERS FOR POSSIBLE U.S. AIRLINES MERGERS	Delta - Northwest			Continental - United		
	Better	Same	Worse	Better	Same	Worse
International route structure	53%	32%	8%	56%	29%	8%
Strength/convenience of U.S. route structure	35%	32%	30%	34%	42%	19%
Access to smaller U.S. markets	19%	28%	46%	17%	37%	35%
Flight schedule/frequencies	16%	38%	41%	15%	42%	36%
Availability of nonstop flights	24%	43%	25%	18%	52%	21%
Customer service	6%	29%	54%	9%	29%	50%
Corporate account management	10%	34%	40%	8%	37%	38%
On-time performance	5%	46%	32%	5%	51%	26%
Airline's financial stability	46%	31%	7%	37%	33%	10%

NBTA President & CEO, Kevin Maguire, CTE, said, 'Travel buyers know that airline consolidation, such as the Delta-Northwest merger, can create more financially stable airlines with stronger networks, but they are concerned about the prospects of declining customer service and changes in their travel management relationships with new, merged airlines.'

Looking ahead, 56 percent of respondents agree that there will be consolidation between U.S. airlines and foreign carriers in the next 5 years. Forty-three percent foresee such international consolidation as being positive for the business travel industry.

The National Business Travel Association (NBTA) is the world's premier business travel organization. U.S.-based NBTA and its regional subsidiaries - NBTA Asia Pacific, NBTA Canada and NBTA Mexico - serve more than 3,200 members in 30 nations around the globe. NBTA has 41 U.S. Chapters with more than 5,000 members. NBTA members are corporate and government travel and meetings managers, as well as travel service providers, who collectively manage and direct more than US\$170 billion of global business travel expenditures annually. The association provides industry-leading networking, education & professional development, research, news & information, and advocacy. For more information, visit www.nbta.org.

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