

## Travel industry shaken by economic downturn

2008-10-09

---

Airlines reported sharp declines in passenger traffic for September. Hotel occupancy rates are down, and corporate travel managers are demanding new concessions on previously negotiated deals. Cancellations are starting to rise even at four- and five-star hotels, which previously seemed immune to the economy's travails.

Months ago, the nation's airlines, which are grounding some of their older jets, announced plans to cut 8 to 10 percent of their domestic flights after Labor Day, so traffic was expected to be down. At the same time, the airlines planned to raise fares on their remaining flights.

But passenger traffic is down beyond the cuts already planned. To be sure, fall is usually a slower season for air travel than spring and summer. Until the holiday season begins at Thanksgiving, flights are dominated by business travelers. So the slower traffic reflects the impact the business crisis is having on the airlines. In September, the top seven airlines averaged a 9.47 drop in domestic passenger miles traveled compared with September 2007. Domestically and internationally, the major airlines carried 9.2 percent fewer passengers than in September 2007.

Fares are 15 to 25 percent higher on many routes than they were a year ago. But that portion of the strategy seems to have stalled.

"After 21 increases, almost one a week for the last year, we didn't see any after July 4," said Rick Seaney, whose booking site, Farecompare.com, closely tracks airfares. "There is a consensus in the industry that they pretty much have hit the end of the rope on fare increases."

Hotels are also feeling the slowdown. In September, domestic hotel occupancy was down 5 percent from the previous September, according to Smith Travel Research. And the higher-price segment of the hotel industry, which had been holding its own, now also seems to be feeling the pain.

"For the last two weeks, cancellations of existing reservations are running about 50 percent above normal" at full-service hotels, said Bjorn Hanson, an associate professor at the Tisch Center for Hospitality, Tourism and Sports Management at New York University.

[External Source - For the complete article click here](#)

*Source - Herald Tribune*

This article comes from Hotel News Resource

<http://www.hotelnewsresource.com>

The URL for this story is:

<http://www.hotelnewsresource.com/article35033.html>

© 1998 - 2008 Nevistas and the author.

Brought to you by Hotel News Resource

*Distribute your news on our Network*

See what all the buzz is about at:

[http://www.hotelnewsresource.com/Info-news\\_account\\_info.html](http://www.hotelnewsresource.com/Info-news_account_info.html)