

## Expedia Travel

# Trendwatch<sup>™</sup>

**BY CHRIS MCGINNIS**

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

Expedia Travel Trendwatch predicts busy holiday travel season. Finds that despite rising hotel rates, many holiday travelers would prefer the comfort of a hotel to family sofas and guest rooms.



### **TREND #1: NO SURPRISE: HOLIDAY TRAVEL SEASON EXPECTED TO BE AS BUSY AS EVER**

**During the upcoming Thanksgiving/winter holiday season, crowded airlines, airports and freeways will echo this summer's full loads.**

The ongoing trend toward smaller airline fleets and fewer seats, coupled with increasing demand, means holiday flights this year **may be as**

**crowded as those this past summer**, when planes were flying up to 90 to 100 percent full (typical load factors are 65 to 75 percent full). In the coming months, the addition of winter coats, shopping bags and holiday gifts carried on board will make flights feel even tighter.

Despite the recent focus on record summer crowds, plus frustration with recent changes in TSA carry-on rules, **U.S. adults**

**are still planning to travel this fall and winter.** An Expedia.com<sup>®</sup> poll conducted by Harris Interactive<sup>®</sup> in September 2006<sup>1</sup> reveals that of **U.S. adults who plan to travel by air this upcoming holiday season, 80 percent plan to travel as much (45%) or more (35%) than they did last year.** The same poll found that nearly a **quarter (23%) of U.S. adults, about 55 million people, plan to travel by air this holiday season (Thanksgiving/winter).**

Additionally, and as usual, a much larger percentage of Americans travel by car for the holidays, and that number could increase over last year if gasoline prices continue to trend downward. The nationwide average price for a gallon of regular gasoline was \$2.29 on October 5, down 44 cents from a month ago, according to motor club AAA. The U.S. average gasoline price is down nearly 25 percent from a high of \$3.04 in August. This means a high potential for major traffic jams on freeways at the height of the holiday rush (see peak travel day prediction charts on the following page).

### **WHAT TO EXPECT**

During the last two years, travel volume during peak summer and winter holiday periods has met or exceeded previous records set in 2000. Faced with **sold-out flights on key routes and at popular hotels**, travelers should choose to book their trips farther in advance to lock in the deals, dates, destinations and accommodations they really want.

The most crowded destinations for the holidays are typically those that are both large population centers and popular winter vacation destinations such as New York City, Miami, Los Angeles, San Diego, Phoenix, Orlando, Denver, Salt Lake City, San Juan and Honolulu.

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## **TRENDWATCH™ TIPS:**

**Book your holiday travel as early as possible this year** to ensure the best availability of travel dates, flight times, seat assignments, hotel location and room type, and car rental size and model. If you find what feels like a good deal, book it. It is unlikely that there will be much discounting as the holidays approach.

**Determine the least expensive days to travel** with tools such as Expedia's Fare Compare Calendar which displays fare differences for popular routes on a variety of dates around the holidays.

When flying during peak weeks, **opt for early-morning flights** to avoid airport crowds. In addition, those flights are statistically much less likely to be delayed.

The **weather can be a wild card during the holidays**, with the first winter storms rolling in around Thanksgiving. Always travel

prepared for airport delays with reading material, snacks, and fully-charged or extra batteries for portable electronics.

If possible, **book a nonstop flight**. As a second choice, route through **hubs less likely to be affected by winter storms**, such as Atlanta, Charlotte, Dallas, Houston, Phoenix, Las Vegas, Los Angeles or San Francisco.

**Pad your schedule with extra time if checking luggage.** Ongoing changes to carry-on rules regarding liquids and gels mean that **airlines are struggling with more checked luggage**. This means longer check-in lines and longer waits at luggage carousels.

If traveling on specific days around **Thanksgiving, Christmas or New Year's Day is critical, use the charts below to help make the best decision**. Travel during these three "peak weeks" will be much busier than average, even on days listed below as "light."

## **TREND #2: HOLIDAY HOTEL RATES RISING WITH DEMAND, BUT TRAVELERS WILLING TO PAY FOR COMFORT**

**With heavy traffic in the skyways and on the highways this fall and winter, hotels will also be full. In fact, many adults said they would prefer to stay in a hotel if they were visiting family out of town for the holidays, suggesting travelers would likely trade family members' sofas and guest beds for the space and comfort of hotels.**

Despite higher rates, more holiday travelers are bedding down in hotels. A recent Expedia.com survey<sup>2</sup> found that 42 percent of those traveling home for the holidays this year said that **they would prefer to stay at a hotel if they were visiting family out of town for the holidays.**

Thanksgiving Week						
Tues 21 Moderate	Weds 22 Heavy	Thanksgiving Day Light	Fri 24 Light	Sat 25 Moderate	Sun 26 Heavy	Mon 27 Heavy

Christmas Week						
Thurs 21 Heavy	Fri 22 Heavy	Sat 23 Moderate	Sun 24 Light	Christmas Day Light	Tues 26 Heavy	Wed 27 Moderate

New Year's Week						
Thurs 28 Moderate	Fri 29 Heavy	Sat 30 Heavy	New Year's Eve Light	New Year's Day Light	Tues 2 Heavy	Wed 3 Moderate

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Those who preferred to stay in a hotel explained:

- They prefer to have their own space (79%);
- They enjoy staying at hotels when given the opportunity (40%);
- Staying with family would be stressful (29%); and
- There simply is not enough room in the family home (23%).

The survey also determined that some adults would prefer out of town guests stay at a hotel, including parents (15%) and other family members (22%).

The hotel industry has seen one of its best years on record in 2006, with occupancy and room rates soaring to record levels. **According to PricewaterhouseCoopers, hotel rates will likely be 6.9 percent higher in 2006, for the full year, than they were in 2005.** This is the largest one-year increase since 1996, and the largest one-year dollar increase ever. PricewaterhouseCoopers also says that the **average room rate nationwide is expected to jump another 5.2 percent next year, to \$101.75.**

Smith Travel Research reports that the luxury hotel segment had the largest rate increases — up nearly 10 percent to \$271.68 on average, from \$249.28 in 2005. There is some good news. Higher rates are translating into a better hotel room. According to the American Hotel and Lodging Association, hotels are spending about \$5 billion on upgrades and improvements this year.

Travelers headed to **New York City** this fall or winter should brace for

much higher hotel rates. According to Smith Travel Research, the **average hotel rate in the Big Apple stood at a steep \$215.05 for the first half of 2006** — a 12.6 percent increase over last year. Despite this increase, the city's hotels report average occupancy rates of 80 percent or higher this year. For those planning to visit **Manhattan for a shopping spree** in mid-December or to **watch the ball drop on New Year's Eve**, now is the time to make a hotel reservation. Many midtown hotels are already sold out, and those that aren't are priced in the stratosphere. If you really want a deal, consider staying in a hotel on Christmas night, December 25, when rates plummet.

### **TRENDWATCH™ TIPS:**

By booking early, knowing which dates and destinations are likely to be least expensive, and **remaining flexible and open to money-saving options like package deals**, you're more likely to get a reasonable hotel rate during the holidays.

Using online tools like Expedia.com's Flexible Rate Calendar can help identify the least expensive days to stay at a specific property.

Seek out hotels that offer **complimentary amenities like breakfast, parking or Internet access**. For example, **a family of four could start off the day saving \$40** by staying at a hotel with complimentary breakfast.

Booking a hotel outside main urban centers can net savings for **bargain hunters**. Hotel room supply is growing and rates remain competitive in suburban areas. Book a suburban hotel on or near a subway or rail stop to save on cab fares or rental cars.

### **TREND #3: FINDING FALL/WINTER TRAVEL DEALS**

**While traveling during autumn's shoulder and low seasons can yield significant discounts in certain seasonal destinations, year-round peak pricing is emerging in popular destinations such as New York City, Boston, Las Vegas, Orlando, Honolulu, Miami, San Francisco and Washington, D.C.**

The trend toward higher prices for air, hotel and rental car (during the first half of the year) should likely continue, and therefore would peak around Thanksgiving, and again in late December and the first few days of January. But travelers with the flexibility to **travel from mid-September to mid-November the "shoulder season," or in the mid-January low season, should find some attractive discounts.** Some examples:

#### **Cruises**

This fall, cruises offer a particularly good value for two reasons. First, fall is historically the slowest time of the year for cruises, so fares are already at a low point. Second, this is the time of year when cruise lines "reposition" ships from popular summer regions, such as Alaska and Europe, to warmer climes like the Caribbean, and fares on these cruises are discounted significantly.

#### **Europe**

A summer of extremely high transatlantic airfares and a weak dollar made Europe cost-prohibitive to many travelers. However, demand for air travel to Europe typically slows during the fall and winter months, and airfares are often discounted heavily compared to summer (see airfare comparison

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chart). Additionally, airlines have recently started discounting business-class transatlantic fares at certain times of the year, putting those big sleeper seats in a price range more palatable to leisure travelers – with some fares around 50 percent less at \$2,000 to \$3,000 round trip instead of the standard \$6,000 to \$8,000 range.

## Dead weeks

For the lowest prices of the year, bargain hunters with schedule flexibility should consider trips during so-called “**dead weeks**” **immediately following Thanksgiving and New Year’s Day weekends** (roughly Nov. 30 to Dec. 15, and then again Jan. 5 to Jan. 17). Cruise ships, hotels, airlines and even ski resorts are usually very slow during this time, and deep discounting and a higher incidence of last-minute travel deals are common.

Despite softer off-season pricing, bargain hunters accustomed to finding those “too-good-to-pass-up” travel deals prevalent in the years following 9/11 are now finding that those deals are generally “too good to be true” in many destinations. A combination of factors is pushing up demand and prices in key areas. These factors include **more international visitors, a relatively strong economy fueling growth in business travel, and an increased willingness among consumers to spend money on leisure travel.**

According to a research report from PricewaterhouseCoopers, international visitors to the U.S. increased by 6.7 percent in 2005. In 2004 and 2005, **international visitors to America increased by 20.3 percent, the largest two-year increase since 1996.** With their stronger currencies (in relation to

Average Ticket Prices from the U.S. to Top European Cities			
Location	June - Aug. 2006	Dec. 2005 - Feb. 2006	
1. Paris	\$1,217	\$709	
2. Rome	\$1,321	\$747	
3. Amsterdam	\$1,212	\$728	
4. Barcelona	\$1,281	\$744	
5. London	\$991	\$617	

Averages from Expedia.com

the dollar), international visitors are helping drive up demand and prices in many East Coast gateway cities like Boston, New York, Washington, D.C. and Miami. More demand from business travelers is also putting upward pressure on prices. A recent survey of National Business Travel Association members indicates an increase in most corporate travel budgets for 2006, and as the 2007 budget season approaches, the association expects to see that trend continue.

## **TRENDWATCH™ TIPS:**

For those planning travel during peak holiday weeks, NOW is the time to make reservations — **if you see a decent fare, book it** because it may not get any lower as the holidays approach.

Use online search tools such as

Expedia’s Fare Alert ([www.expedia.com/farealert](http://www.expedia.com/farealert)), which monitors fares on routes you choose, and then alerts you when a fare appears within the set price range.

To save money during peak season, or in cities experiencing year-round peak season pricing, consider booking an air+hotel package. Those **booking air+hotel on Expedia.com save \$220 on average.**

Consider the Caribbean this winter. Fares to Caribbean destinations are at a low point this fall due to recent entry by discount carriers. Smart travelers have taken note of this, and at Expedia.com, the most popular Caribbean destinations for flight+hotel packages are Jamaica, the Dominican Republic, Puerto Rico, the U.S. Virgin Islands and Aruba. In addition, Caribbean destinations that have seen the greatest growth in

## Ask the Air Specialist

### What’s the best day of the week to book a flight?

According to John Morrey, vice president of retail air and resident airfare expert at Expedia.com, **Tuesday evening** is the best time to book. Morrey says airlines tend to release fare sales on Tuesday mornings, and other carriers will tend to match the sale by Tuesday evening. He adds that fare sales generally end on Fridays and that airlines typically raise fares on the weekends, so Saturdays and Sundays are less attractive times to book.

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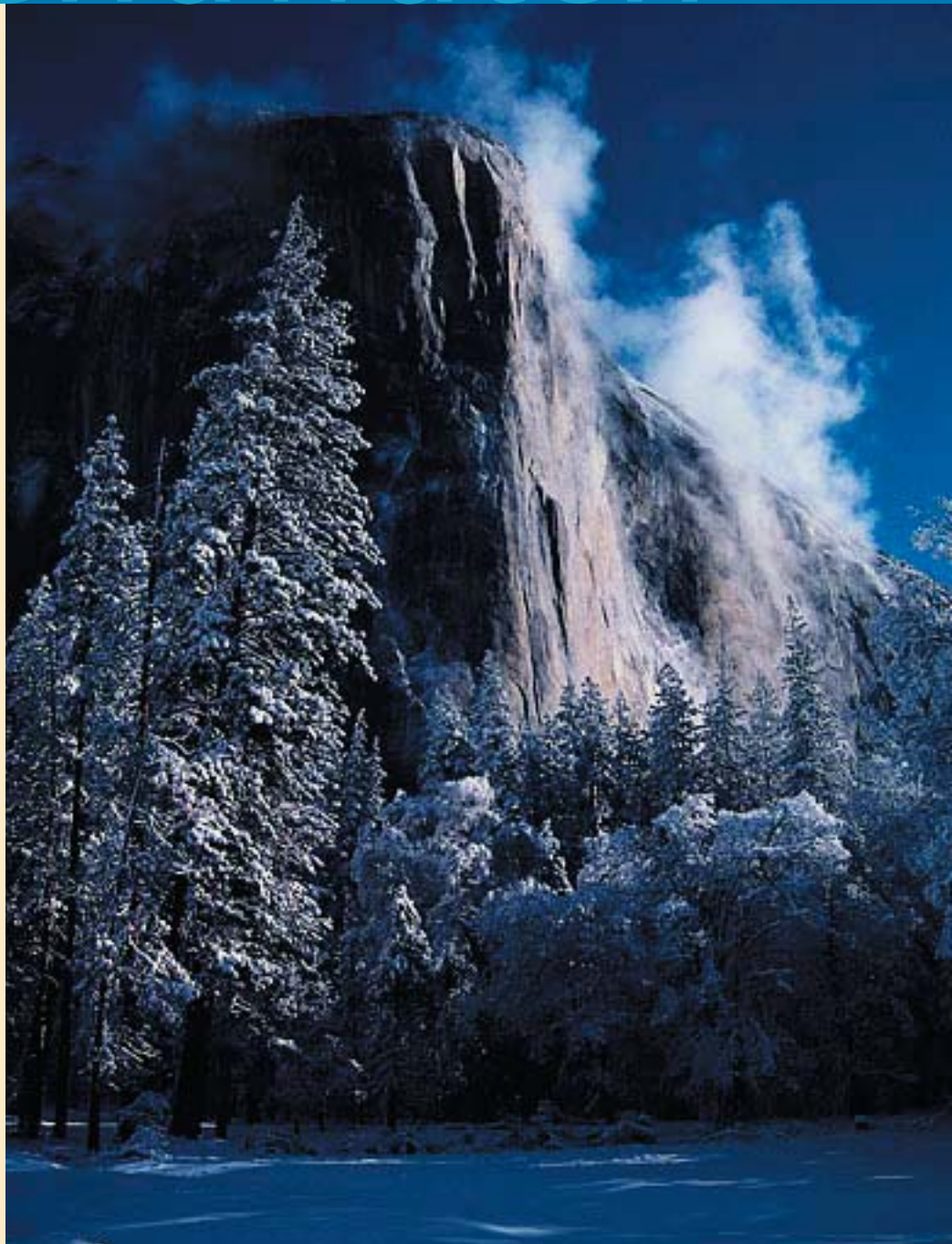
number of packages booked by Expedia.com customers in 2005 vs. 2006 are St. Lucia, the Cayman Islands, the Dominican Republic and Jamaica.

Get a passport. Starting Jan. 8, 2007, if returning to the U.S. by air from the Caribbean, Mexico or Canada (or anywhere else in the world), **you must have a passport to re-enter the country.** New passports for U.S. citizens cost \$97. See [www.travel.state.gov](http://www.travel.state.gov) for more information.

Many **national parks** that were overcrowded or sold out during the summer are very quiet and more affordable during the fall. But act fast. Many close for the winter in October or November. However, the Great Smoky Mountains, Grand Canyon, Yosemite, Olympic National Park and Yellowstone stay open all winter.

<sup>1</sup> Harris Interactive® fielded the online survey on behalf of Expedia.com between September 14 and 18, 2006, among a nationwide sample of 2,932 U.S. adults 18 years of age or older. Sampling error for the overall results is plus or minus 3 percentage points. Sampling error for those who plan to travel by air this holiday season (n=673) and those who would prefer to stay in a hotel if visiting family out of town for the holidays (n=1,158) is higher and varies. This online sample is not a probability sample.

<sup>2</sup> Expedia.com survey conducted by Harris Interactive in September 2006.



## 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 Expedia®'s unparalleled travel intelligence can be found throughout this report, arming travelers with an invaluable source of insider knowledge on fall/winter holiday travel trends.