

# Expedia Travel Trendwatch™

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## Summer Travelers Gear Up to Hit the Roads and the Skies



### SUMMER TRAVEL OUTLOOK

The search for value will define the summer travel season more than in recent years. Americans will tend to be more cautious with their vacation budgets by shortening trips, staying at less expensive hotels, having more picnics instead of expensive restaurant meals, or driving instead of flying, but they are still going to take their cherished summer vacation.

### HOTEL TRENDS

**Hotel rates increase and decrease in most popular destinations.** Hotel rates in the U.S. are declining in several top leisure travel destinations but increasing in some business

travel destinations. For example, among the top ten destinations booked on Expedia® for summer stays, hotel rates are down an average of five percent, with rates decreasing most dramatically in Maui, Oahu and Las Vegas. However, rates in Chicago, New York, San Francisco and Seattle are up due to their popularity with currency-flush Europeans as well as business travelers.

Major destinations where rates have decreased since last summer include Los Angeles, Denver, Myrtle Beach and New Orleans. According to Smith Travel Research, the average North American hotel rate during the first quarter of 2008 was \$109, up \$6 from the first quarter of 2007

when the average daily rate was \$103.

### **TRENDWATCH TIP:**

Hotel rates are down significantly in popular summer vacation destinations like Las Vegas, Orlando, Hawaii and Anaheim, so if you've put off travel to these areas in the past due to cost, this might be the right summer to go. Your savings on hotel rate may make up for the increase in airfare or gasoline to get there.

**Budget conscious travelers seeking better deals.** The percentage of consumers booking hotel rooms that are available on a promotional basis is increasing.

### **TRENDWATCH TIP:**

If you are headed to major cities where rates are rising like New York, Chicago, San Francisco or Seattle, you'll likely find weekend deals at big downtown hotels that are typically filled with business travelers during the week, but are relatively empty (and more willing to discount) on weekends. Families might consider weekend stays at "extended stay" hotels such as Staybridge Suites, Springhill Suites or Homewood Suites and keep costs down by cooking meals in the in-suite kitchens.

**More Hotel Promotions.** As hotel occupancy and rates flatten, more hotels are willing to offer deals to maintain demand.

“ During summer months, it pays off to book flights scheduled as early in the day as possible... ”



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## **TRENDWATCH TIP:**

In addition to discounts, bargain hunters should seek hotels that bundle extras like free breakfast, internet access, or parking into the base rate. For example, a family of four can start out the day saving about \$40 by choosing a hotel that includes breakfast in the rate.

## **AIR TRAVEL TRENDS**

**Fees Explode.** In addition to fare increases, airlines are imposing (and enforcing) a variety of new “a la carte” fees that can drive up the cost of air travel. This means that value-focused travelers must look beyond fare and prepare for additional fees for items such as: excess/overweight/oversize luggage, advance or “premium” coach seat assignments, changing/canceling flights, inflight food/beverage/entertainment, and curbside check-in. (See “Bag Fees Add Up Fast”)

## **TRENDWATCH TIP:**

In most cases, elite level members of frequent flier programs and those on full fare, first or business class tickets are exempt from such fees. Consider a higher priced ticket that exempts you from fees if you plan on adding several extras. Also, weigh your bag before departing for the airport.

**On-time performance** bottomed out last summer, but airlines and the federal government teamed up during the peak Thanksgiving and holiday travel period which was generally considered an operational success with few widespread delays reported. This summer, a combination of peak hour flight caps in New York, the possibility of the opening of military airspace to civilian flights (as was accomplished during peak

holiday travel periods), and recent capacity cuts by airlines could help the system avoid a repeat of last summer’s poor showing. However, weather remains a factor beyond the control of airlines or government.

## **TRENDWATCH TIP:**

During summer months, it pays off to book flights scheduled as early in the day as possible which reduces the chances of delays brought on by frequent afternoon thunderstorms or the ripple effect of delays at distant airports. If possible, avoid connecting flights in New York airports, where a third of all delays occurred last summer. Keep in mind that airports in the eastern half of the U.S. are much more likely to experience severe delays than those in the west.

**Crowded flights** are likely to remain that way. With major airlines reducing the number of seats available by 5-10 percent according to Aviation Week and Space Technology, travelers should always expect that the seat next to them and the overhead bin above them may be full.

## **TRENDWATCH TIP:**

Some airlines now allow passengers to book premium coach seats (such as exit rows, bulkheads, windows or aisles near the front of the plane) for fees ranging from \$10 to \$25 per flight. Depending on your circumstances, this might be well worth the extra cost.

**Security related delays** are becoming less frequent as the TSA and travelers have grown accustomed to

## **Bag Fees Add Up Fast**

### **Consider this scenario before over-packing:**

A vacationer packs a single carry-on bag, plus two larger bags to check at the curb for a two week trip. One bag weighs 30 pounds, the other weighs 60 pounds. Here’s how the fees add up:

#### **Bag #1 (30 lbs):**

Curbside check fee: \$3  
Skycap tip: \$2

#### **Bag #2 (60 lbs):**

Curbside check fee: \$3  
Skycap tip: \$2  
Second bag fee: \$25  
Overweight bag fee: \$50

#### **Bad News:**

#### **Worse News:**

#### **More worse News:**

#### **Staggering News:**

**\$85 total in baggage fees**

**\$170 total for a round trip**

**\$340 total for a couple**

**\$680 total for a family of four**

NOTES: Most carriers impose fees on bags weighing more than 50 lbs. Strollers don’t count as second bags, however, sporting goods do. So if you want to check your bike, skis or surfboard, which are oversized, it will cost an extra \$100—each way.

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new systems and procedures. For example, during last year's Thanksgiving peak, wait times at the nation's airports averaged 12 minutes, according to the TSA, however, travelers should still be prepared for security checkpoint backups before and after key summer holiday week-ends such as Memorial Day (May 24, 25, 26), July the 4, 5, and 6 and Labor Day (August 29-September 1.)

## TRENDWATCH TIP:

Anticipate delays at security checkpoints at times when business and leisure travelers mix, such as Friday afternoon, Sunday evening and Monday morning.

## INTERNATIONAL TRAVEL TRENDS

While European destinations will, as always, remain very popular among Americans, Asian and Latin American destinations are increasingly popular. Some of the fastest growing international destinations among Expedia.com travelers include: Argentina, Dubai, Egypt, India, Indonesia, Jordan, Mexico, and Thailand. This is due to the relative strength of the U.S. dollar in most of these destinations along with some year-over-year decreases in airline ticket prices.

**Currency Exchange.** Currently, it costs Americans about \$2 to buy a pound in Great Britain and about \$1.60 to buy a euro. The Canadian and Australian dollars are roughly at par with the U.S. dollar, which may surprise some travelers accustomed to low prices previously enjoyed in those countries. Compared to last summer, travel in the UK will feel about as expensive for Americans as last summer since dollar/pound exchange rates have not changed much. However, euro-zone travel will feel 15-20 percent more expensive to Americans than last summer when it only cost about \$1.35 to buy a euro. The euro has also gained significantly on the British pound, which is forcing budget conscious Brits to non-eurozone countries like the U.S. and Eastern Europe.

### Top European Destinations

#### Summer

1. Rome
2. London
3. Paris
4. Venice
5. Barcelona
6. Athens/Greek Isles
7. Florence
8. Dublin
9. Copenhagen
10. Amsterdam

Source: Expedia.com

**Latin America Getting Hot.** Due to the weak U.S. dollar, there is growing interest among Americans in western hemisphere vacations. The most popular destinations in the region among Expedia.com travelers are Mexico (by far), Puerto Rico and the Dominican Republic. But year over year data show that the fastest growing Latin American destinations are more exotic, including Paraguay, Argentina and Peru. According to the Argentina Tourism Office, the number of U.S. visitors to Argentina grew by 35 percent between 2005 and 2007.

## IMPORTANT SUMMER TRAVEL DATES

**Memorial Day:** Monday, May 26 (a bit earlier than normal this year)

**Independence Day:** Friday, July 4 (long weekend means peak travel on Thurs and Sun compared to summer 2007 when it fell midweek and crowds were split between the weekend before and the weekend after.)

**Labor Day:** Monday, Sept 1

**Democratic Convention:** Denver August 25-28

**Republican Convention:** Minneapolis Sept 1-4



## 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 advice and insider knowledge on travel trends.

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