



Market Intelligence for 2010: Ringing in the New Year for hoteliers

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Without question, 2009 has been a year of considerable challenge for practically every travel service provider. So, as the year comes to a close, our thoughts turn to the year ahead with the hope that market conditions will improve. And for some in the industry, just “stabilize” would come as welcomed relief. The results of our most recent *travelhorizons™* survey (which Ypartnership co-authors every 90 days with the U.S. Travel Association) suggest we’re not out of the woods yet, however. And, not surprisingly, value will be in vogue once again.

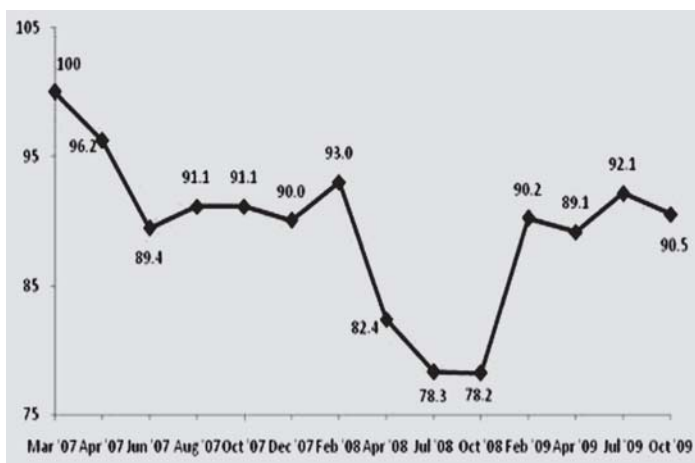
According to our October 2009 survey, 53% of all U.S. households are planning at least one leisure trip between now and April 2010, down slightly from the 56% who stated the same intention in October 2008. Concerns about “the household budget” remain the primary deterrent to future leisure travel (cited by 39% of those not planning a trip), yet the incidence of this concern is now at the lowest level we have observed since we began to include this question in the survey. The most significant decline in expected trips is among younger members of our population (Gen X and Gen Y), while the incidence of leisure trips taken by Boomers is expected to increase. On an even more positive note, among those planning to travel, the expected average number of leisure trips that will be taken during the next six months is up to 3.0 from 2.8 in October 2008.

The outlook for business travel remains mixed, with only 18% of adults planning at least one business trip (including to attend business meetings and conventions) between now and April of 2010, essentially unchanged from the number we recorded last July (17%). Expectations with respect to the average number of business trips provide some encouragement, however, as this number has increased steadily throughout the year, rising from an average of 3.3 in April to 4.8 in October. This average is being driven up by a relatively small percentage of the overall population of business travelers though; only 6% intend to take “more business trips” during the next six months while 24% expect to take “fewer”.



<i>travelhorizons</i> TM VITAL SIGNS		
	For Leisure	For Business
% U.S. Adults Planning At Least 1 Leisure Trip During Next 6 Months	53%	18%
Average Number of Overnight Trips Planned	3.0	4.8
% Planning "More" Overnight Trips During Next 6 Months	48%	76%*
% Planning "Fewer" Overnight Trips During Next 6 Months	52%	24%
*6% of this total say "More" trips		

**Ypartnership/U.S. Travel Association
Traveler Sentiment IndexSM**



These industry “vitals” are summarized in the table left:

Finally, the overall *Traveler Sentiment Index*SM (a derivative of six different variables measured in the survey) suggests that demand for travel services is likely to remain flat during the next six months as revealed right:

Among the six variables from which the Index is derived, only one is currently moving in a positive direction: “personal finances available for travel.” The other five variables have declined from the levels recorded in July 2009, with the expected “quality of travel services,” “affordability of travel,” and “time available for travel” declining the most.

In summary, the horizon line for the next 6 months doesn’t reveal any significant change in the complexion of demand for travel services. Demand for leisure travel services will continue to fill the majority of occupied seats and rooms, with demand for business travel services remaining essentially flat. And lingering concerns about household finances underscore the need for all travel service marketers to ensure they continue to offer good value in order to capture their fair share.

(Dr. Peter C. Yesawich is Chairman and Chief Executive Officer of Ypartnership, America’s leading marketing, advertising and public relations agency serving travel, leisure and lifestyle clients. The agency represents clients in every category of the travel industry through eight offices across North America and Europe. Ypartnership is an integrated marketing communications company that is known for its strategic thinking, breakthrough creativity, and innovation in marketing practice. The firm’s Research and Brand Strategy Group is also regarded as one of the most respected sources of insights on the emerging travel habits, preferences and intentions of Americans, and co-authors the widely-acclaimed National Leisure Travel MonitorTM survey with Yankelovich Inc. Ypartnership has conducted research and published analyses on affluent travelers, meeting planners, American gamblers, family travelers, and more. For further information on the results of the October 2009 travelhorizonsTM survey please visit www.ypartnership.com.)

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