



## Egencia Releases 2009 Global Benchmarking Study and Assessment of Corporate Travel Spend

*Substantial impact on ATPs and ADRs for corporate travel markets worldwide in Q1 '09; Airfares for U.S. corporate travelers could hit low point in Q3*

BELLEVUE, Wash. – (May 14, 2009) – Egencia™, an Expedia, Inc. company, today unveiled its 2009 Global Benchmarking Study, evaluating the current economic climate and its impact on travel management trends and the supply environment for business travel. Focusing on top domestic and international business markets in North America and Europe, Egencia analyzed industry trends, supplier research and capacity implications for the rest of the year. The study builds on themes first addressed in Egencia’s 2009 Forecast and Negotiability Index released last November.

“The impact of an uncertain economy is evident in the corporate travel industry,” said Rob Greyber, president of Egencia. “As companies tighten control over travel spend, the resulting decrease in demand has resulted in significant YOY declines in average daily rates (ADR) and average ticket prices (ATP) for most business markets in the first quarter of 2009.”

### North America

Despite recent capacity cuts and weaker foreign currencies increasing the cost effectiveness of international travel, the combination of declining volumes, macroeconomic conditions and increased competition on numerous business routes has contributed to downward pressure on air pricing in top business travel destinations for North America. Front of cabin seating has been particularly affected as companies alter class of service policy. The lodging industry experienced similar influence with recent cut-backs in corporate meetings and overall decreased demand. However, fueled by the past optimism, hotel supply is still growing which only increases the downward pressure on ADRs.

Charts below illustrate Q1 year-over-year ATP and ADR figures in U.S. dollars in selected business travel destinations for North America.

#### United States

<u>Destination</u>	<u>ATP YoY</u>	<u>ADR YoY</u>
Atlanta	-4%	-6%
Boston	-15%	-10%
Chicago	-8%	-11%
Dallas	3%	-5%
Denver	-7%	-5%
Houston	-4%	-1%
Los Angeles	-9%	-9%
Minneapolis/St. Paul	-5%	-6%

<u>Destination</u>	<u>ATP YoY</u>	<u>ADR YoY</u>
New York	-15%	-20%
Philadelphia	-15%	-8%
Phoenix	-6%	-16%
San Diego	-2%	-9%
San Francisco	-12%	-12%
Seattle	-10%	-8%
Washington, DC	-8%	8%

International

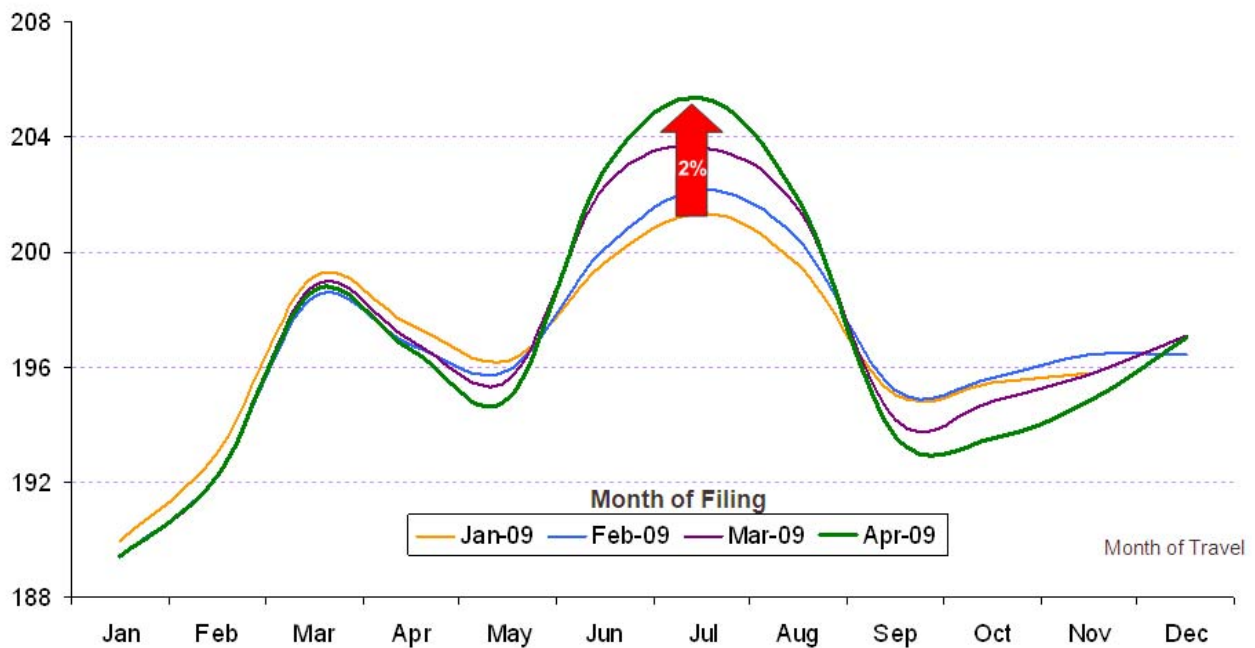
<u>Destination</u>	<u>ATP YoY</u>	<u>ADR YoY</u>
Hong Kong	-2%	-22%
London	-19%	-29%
Paris	-19%	-18%
Tokyo	-2%	-11%
Toronto	-24%	-4%

Conversely, car rental prices for business travelers have been increasing at a rate of 10 to 20 percent. Primary reasons driving this trend include the rising cost of inventory and financing and constricted demand due to the economic environment. Downgrading car class has also become a natural extension for tightening business travel policy.

**Looking Ahead**

A consensus view of filed capacity shows airlines increasing flights per week by 2 percent in summer of 2009. While this is still down from previous years, the increased capacity combined with recent drop in oil prices could provide cushion for a decrease in corporate travel ATP in Q3.

Changes in U.S. airline capacity filed in first four months of 2009



*Source: OAG - capacity filed by airlines between US and all destinations in the first week of each respective month*

Based on airline forecasted capacity increases in Q3 and the drop in oil prices, Egencia expects the biggest decline year-over-year to occur in Q3 2009 when corporate travel ATPs will reach their lowest levels.

“While capacity is still down year-over-year, we’ve seen some recent movement from the airlines to add capacity back in the summer months,” said Greyber. “This could provide the buffer we need for a further drop in corporate travel ATP in the third quarter. Travel buyers should leverage this data for planning travel spend and preferred supplier strategy now and leading into next year.”

## Travel Management Trends

Egencia also surveyed more than 100 travel buyers on actions companies are taking to control travel spend and how expectations have changed in the last several months. According to survey respondents, 64 percent of travel managers have slightly or significantly reduced their amount of business travel, up from 48 percent in November 2008. Surprisingly, 13 percent of respondents said they have slightly increased business travel, versus three percent six months ago.

The top practices travel managers are using to save on travel costs include:

- Advanced booking of airline tickets (58%, up from 55% in fall 2008)
- Active tracking of unused tickets (57%, up from 44%)
- Enforcing travel policy more rigorously (53%, up from 43%)

There has also been a notable increase in renegotiation of supply contracts (19% up from 11%) and in mandating the use of a corporate travel provider (19% up from 9%) to better manage travel expenditures.

“We’ve seen corporate travel buyers trending toward more active spend management,” said Pam Keenan Fritz, senior vice president of Egencia North America. “Our clients are controlling spend through the greater use of advanced booking, unused ticket tracking and more rigorous policy enforcement.”

## Europe

Like in North America, Europe has pulled airline capacity, most recently with long haul flights from U.S. carriers. Consolidation/alliance coordination is a factor driving corporate travel pricing upwards. However, declining demand for premium travel, passenger load factors and a sustained decline in oil prices have contributed downward pressure on European air pricing in top business travel destinations; increased competition from low-cost carriers has also affected the European market. Similarly, decreased demand, corporate cut-backs on meetings and lower air capacity have contributed downward pressure on lodging pricing for business travelers.

The chart below illustrates Q1 year-over-year ATP and ADR figures, adjusted for the FX rate of exchange, in top business destinations for Europe.

### Europe

<u>Destination</u>	<u>ATP YoY</u>	<u>ADR YoY</u>	<u>Destination</u>	<u>ATP YoY</u>	<u>ADR YoY</u>
Amsterdam	-14%	-7%	Madrid	-6%	-8%
Barcelona	-10%	-14%	Manchester	-20%	-23%
Berlin	-3%	-5%	Marseille	-0%	-3%
Brussels	-5%	-12%	Milan	-17%	-9%
Chicago	-16%	-13%	Moscow	-20%	-23%
Dublin	-15%	-17%	Munich	-7%	-1%
Frankfurt	-11%	2%	New York	-20%	-7%
Glasgow	-25%	-19%	Paris	-7%	-3%
London	-21%	-18%	San Francisco	-21%	0%
Lyon	1%	10%	Stockholm	-18%	-7%

Note: Egencia completed an in-depth review of APAC markets as well. Details available upon request.

## Research Methodology

Forecast and projections are based on the statistical analysis of the past and present industry trends, macroeconomic factors, market research and vendors’ capacity forecasts for 2009. Smith Travel Research (STR) and OAG filings were leveraged for a market-level analysis of both Lodging and Air capacity. ARC, BSP, STR and Expedia Internal Data were used for market-level analysis of pricing.

As indicated above, the projections are based on information gathered from various internal and external sources. The forecast represents an opinion based on current market factors and is not a representation or

warranty as to the accuracy of the forecasts or projections made herein. Actual changes in ticket prices and hotel rates could vary significantly from forecasted numbers, impacted by unforeseen future economic and political factors.

**About Egencia, an Expedia, Inc. Company**

Egencia is the fifth largest travel management company in the world. As part of Expedia, Inc., (NASDAQ: EXPE), the world's largest travel marketplace, Egencia helps businesses get ahead by offering the only truly integrated corporate travel service. Egencia's industry expertise helps drive results that matter, delivering meaningful advancements that have a real impact. By combining a powerful offline and online service, Egencia delivers a complete corporate travel offering supported by global market expertise and a best-in-class technology platform.

For more information, go to [www.egencia.com](http://www.egencia.com)

This press release contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are not guarantees of future performance. These forward-looking statements are based on management's expectations as of the date of this press release and assumptions which are inherently subject to uncertainties, risks and changes in circumstances that are difficult to predict. Actual results and the outcome of events may differ materially from those expressed or implied in the forward-looking statements for a variety of reasons, including declines or disruptions in the travel industry caused by, among others, prolonged adverse economic conditions, health risks, increased adverse weather, war and/or terrorism and bankruptcies.

Egencia and the Egencia logo are either registered trademarks or trademarks of Expedia, Inc. in the U.S. and/or other countries. Other logos or product and company names mentioned herein may be the property of their respective owners.

© 2009 Egencia, LLC. All rights reserved. CST #: 2083922-50/

###

**For more information, press only:**

Lauren Berg  
Edelman  
(312) 233-1390  
lauren.berg@edelman.com