

TIA Sees Flat Vacation Travel in '09

BY NICK VERRASTRO

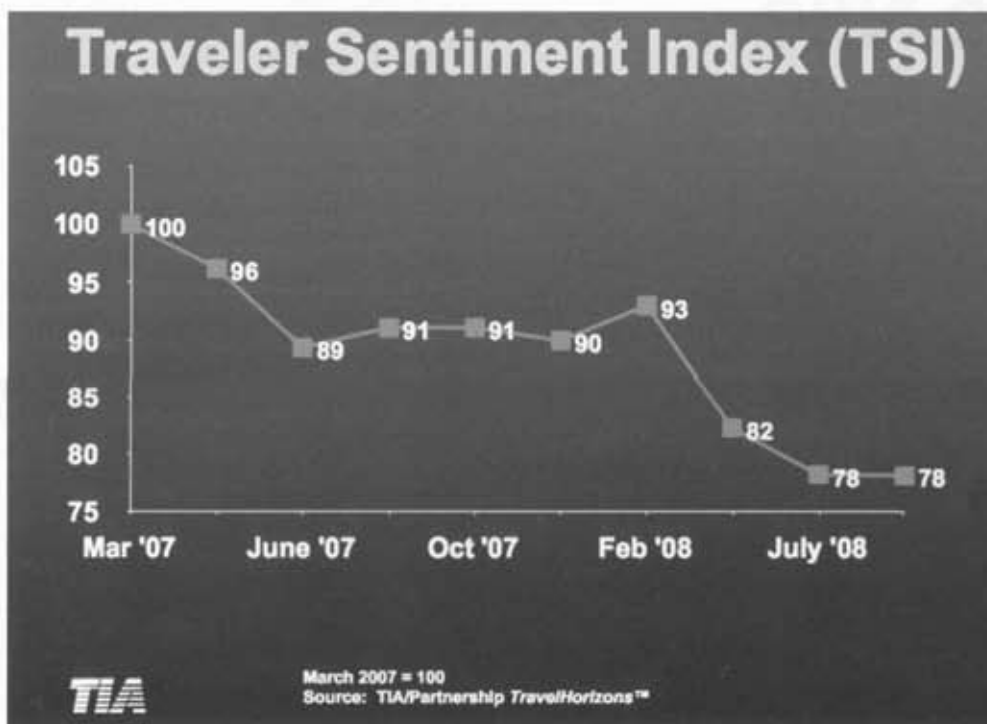
Leisure travel will be flat next year with consumers looking for value, especially with packaged travel where they know the cost before they go, according to the Travel Industry Association's 2009 Travel Forecast.

"To Americans, a vacation is a birthright as demonstrated by their sustained interest in travel, but the mantra going forward is that the American traveler will be trading down in terms of budget and length of stay," said Peter Yesawich, chairman and CEO, of the Ypartnership, which works with TIA on market research.

"But the good news is that few of them will be trading out, in our opinion."

While leisure travel will hold up, the TIA predicts that business travel will decline 4% in 2009 and rebound in 2010, and international travel, which has buoyed the US travel industry for the past few years, is expected to decline next year as well, according to Dr. Suzanne Cook, the TIA's senior vice president of research.

"It is not surprising that the travel industry is certainly in challenging times and those will continue," she said. "The good news is leisure travel is proving its resilience once again —



more so than business travel."

That's because Americans are adjusting their leisure travel plans to the economy, so TIA ex-

pects leisure travel to either hold at 2008 levels or decline slightly by about 1.3%.

So value is king to travel consumers and that

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Cruises Inc., CruiseOne In Growth Mode

BY NICK VERRASTRO

The Home Based business model is where the future of the US economy is going and Cruises Inc./CruiseOne are well-positioned to capitalize on the trend, actively seeking expansion opportunities via organic growth and acquisitions going forward, senior vice president Dwain Wall told Travel Trade.



Dwain Wall

Wall said the Host agency Cruises Inc. and franchiser CruiseOne anticipate increasing their new locations by 20% net in the next year and the companies, owned by \$1-billion World Travel Holdings, are recruiting travel entrepreneurs among sales executives from mortgage companies, Wall Street firms and banks displaced in the credit crisis.

Recently, about 30 new agents, many from those industries, were undergoing training at Cruises Inc./CruiseOne headquarters in Ft. Lauderdale and they were all smiles, said Wall, adding, "This is a fun business and you could see the relief on their faces."

"We are targeting these people because they are excellent sales people — great candidates for the travel business — and we believe there is an opportunity here. It will be very interesting to see how these people transition into the travel industry."

After a week of meetings with cruise line partners at the highest levels, Wall said Cruises Inc./CruiseOne executives are very bullish about cruise vacations going forward, because the cruise lines believe they are well-positioned for this economy.

"We in the travel industry have taught

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Royal Has Record Quarter but Sees Booking Drop

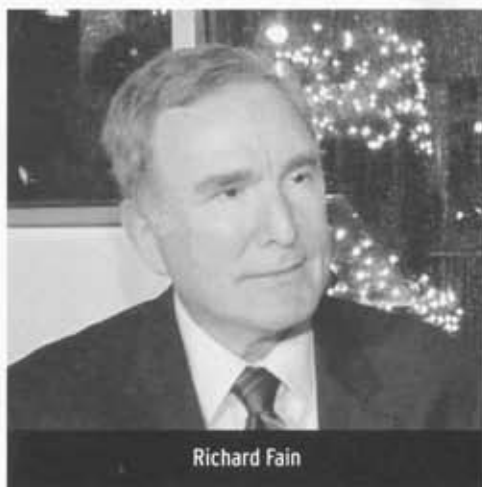
Royal Caribbean Cruises last week reported record third quarter 2008 net income but warned that fourth quarter bookings are off, on steep declines in consumer confidence and spending amid the continuing financial crisis.

But the line's executives told financial analysts that the agency distribution channel is resilient and well-positioned to weather an economic downturn.

Royal's third quarter net rose to a record \$411.9 million, or \$1.92 per share, compared to \$395 million, or \$1.84 per share in 2007.

However, as RCCL chairman and CEO Richard D. Fain said in a conference call, "the operating environment has changed dramatically in recent weeks. We are focused on responding to this challenge, but it is reassuring to know that our liquidity is good, that we entered this period with a solid order book, and that we have a business model that has proven resilient during tough times."

Fain told financial analysts that that "until very recently, it mostly was good news: bookings remained strong and operating costs were coming down with fuel falling sharply. The brands were performing extremely well. But the



Richard Fain

historic changes in the financial markets and the resulting deterioration of consumer confidence and spending present us with a new picture."

He said that Royal Caribbean is well-positioned to weather the current climate and that its cruise brands have not experienced spikes in cancellations so far.

In summarizing the company's third quarter 2008 results and forward outlook, Fain added, "The company's performance, during a period of such economic uncertainty and unprece-

ded market volatility, is a testament to our business model. Nonetheless, we are taking proactive steps to respond to these challenges. Our strong brand positioning, a management team focused on cost improvement and the most innovative fleet in the industry provide a strong and stable platform from which to weather a difficult 2009 and to capture the eventual benefit of a rebounding economy and a more optimistic consumer."

RCI Results and Outlook

Royal Caribbean International president Adam Goldstein said RCI is pleased with its record third-quarter results but is concerned about the current economic situation. He said

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See page 35 for details.

