



# The Pegasus View

THE WORLD'S BEST CONSOLIDATED VIEW OF THE HOSPITALITY INDUSTRY

## **LEISURE AND CORPORATE TRAVEL GROWTH POINT TO A BRIGHTER HOLIDAY SEASON**

---

### Are You Ready to Shine in the New Year?

This month we can report good news for both leisure and business travel performance. Global leisure-based ADS (alternative distribution system) channel bookings in November not only held the double-digit growth reached in October, but rose further for an increase of +12.8% over prior year - and achieved a new 2010 revenue growth record of +17.3%. This performance, along with forward-looking December data showing continued double-digit reservation and revenue growth, supports a much improved holiday season for this year over last. Equally promising is that corporate travel, the primary force driving industry recovery, also gained renewed strength in November. >>>

NOVEMBER 2010 REPORT

GDS channel bookings and revenue achieved 2010 growth records of +30.6% and +44.2% over prior year, respectively. With recovery forging on into the New Year, it is in your competitive best interest to make certain all of your consumer touch points and system data are not simply updated, but also reflect your property in the best possible light.

2011 is almost here and those best positioned from the start of the year will be the ones to reap the most rewards. That means being prepared regarding all areas of your operations, particularly those that influence consumers' booking decisions such as those related to rates and central reservation system (CRS) utilization, online interfaces and an integrated sales and marketing approach.

When asked about key aspects to consider concerning rate setting, Ges Doran, senior VP of Customer Support and Voice Services at Pegasus Solutions, commented, "Pay special attention to rates and availability during peak periods. Is your property *really* full or do you have rooms which you could still sell at premium prices? What are your competitors doing? Look also at your FIT allocations. Are you maintaining or increasing allocations to drive occupancy when those rooms could be sold more profitably through other channels? Also, make sure to review the content in your CRS. Seamless text and local information are the two areas we receive the most comments from bookers regarding out-dated or inaccurate information. The more current and relevant your content, the better."

The internet is by far the most-used channel for researching, planning and booking a trip. Therefore it is imperative that your website has been developed in accordance with SEO best practices so as to appear readily across the major search engines. Then, once you've brought consumers to your site, are they compelled to book your hotel versus others? Does your site convey the right look and feel, is it easy to navigate, and does it contain current images using up-to-date technology? First impressions are everything. You are defeating yourself if the images don't reflect recent upgrades and if those images are of poor quality.

Equally detrimental is if the descriptions of your facilities, amenities, proximity to attractions or conference centers, etc. are inadequate. Features such as interactive maps/directions have become expected. As Beth Delci, senior director of Product Management at Pegasus Solutions, states, "A comprehensive online marketing strategy is a must-have in our competitive marketplace, not a nice-to-have. Gone are the days when a great-looking website alone may have been enough. If even a top-notch website is not integrated with state-of-the-art search engine optimization, consumers simply won't find it. It is critical to invest in a comprehensive online marketing strategy that optimizes your website for consumers and the search engines that help drive them there."

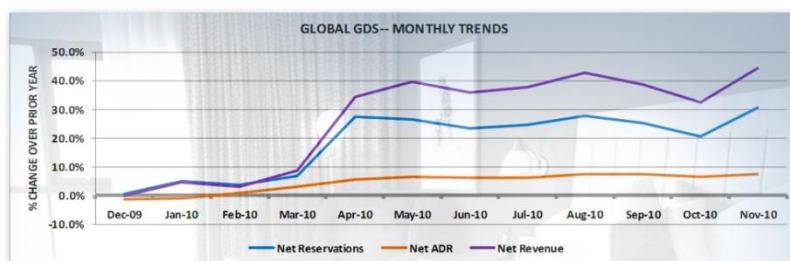
Make certain you're ready to put your best foot forward in 2011 when it comes to all of those consumer touch points as you read *The Pegasus View* November edition's analysis of each distribution channel's performance below.

## GDS CHANNEL (CORPORATE TRAVEL FOCUS)

That corporate travel recovery is underway is undeniable. What comes under closer scrutiny is the sustainability of its strength, and the realignment of group and transient business within this sector. November GDS channel results provided favourable signs with regard to both aspects.

After a slowing in pace for booking growth in September and October from a high hit in August, November responded with a new 2010 record growth of +30.6% over prior year. ADR held strong, matching the record high growth pace of +7.4% over prior year reached in August and September. This reservations and rate performance resulted in a new 2010 revenue growth record in November, with a +44.2% increase over prior year.

Demand continues to be the driving force of this recovery, assisted by new room supply growth kept at historically low levels. These trends are laying the foundation for further growth in ADR and RevPAR. The current substantial growth pace seen in ADR reflects on-going confidence in the corporate sector. Full exercise of this market's pricing power still lies in wait, however, of full return to pre-recession profits and spending levels by businesses.



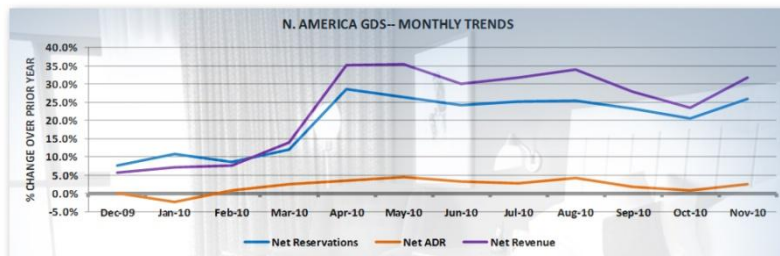
Reflecting greater alignment of group and transient business are the measures of average length of stay (LOS) and average booking lead times, both of which also continued to grow in November. Average LOS globally in November for the GDS channel was 2.12 days versus 2.07 days last year, equalling a +2.9% increase; the global GDS average booking lead time in November was 15.07 versus 14.55 last year. Longer stays booked further ahead of time are key indicators of an increase in group business. Group demand growth is most prevalent in the major cities. Suburban or secondary markets were often turned to for lower-cost stays. A shift back to primary conference destinations is being witnessed by meeting planners, however, as urban markets are posturing to be of significant value.

### Global GDS (Mostly Corporate) - YOY Variances

Month	Net Reservation CHG	Net ADR CHG	Net AVG LOS CHG	Net Revenue CHG
NOV 10 vs 09	30.6%	7.4%	2.9%	44.2%
YTD NOV 10 vs 09	20.1%	5.6%	2.3%	28.9%
NOV 10 vs 08	33.7%	3.5%	4.1%	44.0%
YTD NOV 10 vs 08	21.9%	-4.2%	1.3%	14.8%
NOV 10 vs 07	41.4%	-2.3%	-0.6%	37.0%
YTD NOV 10 vs 07	31.9%	-3.1%	-1.0%	25.7%

## NORTH AMERICAN GDS

The GDS channel for North America also reflects a surge of new strength for the corporate market. The growth pace of booking volumes reached an increase of +25.9% over prior year in November, a level not seen since the more impressive growth accelerations of April and May 2010. Even ADR, which eased to being barely above last year in October, stepped up to a +2.4% increase over last year. Thus, November revenue returned to an increase of over +30% in November.



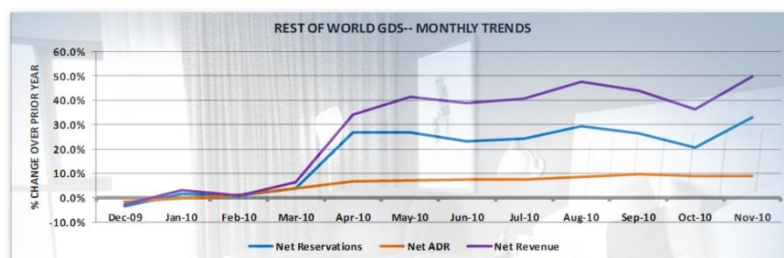
Similar to the global trends, both LOS and booking lead times are increasing for this region. November trips were an average of 2.08 nights in November 2010 versus 2.03 in 2009, showing a +2.2% increase. Trips were booked an average of 14.76 days in advance in November 2010 versus 14.68 in 2009.

### N. America GDS (Mostly Corporate) - YOY Variances

Month	Net Reservation CHG	Net ADR CHG	Net AVG LOS CHG	Net Revenue CHG
NOV 10 vs 09	25.9%	2.4%	2.2%	31.8%
YTD NOV 10 vs 09	21.1%	2.0%	1.4%	25.2%
NOV 10 vs 08	41.5%	2.4%	1.2%	46.5%
YTD NOV 10 vs 08	18.4%	-7.2%	-1.5%	3.7%
NOV 10 vs 07	23.0%	-7.8%	-3.2%	9.5%
YTD NOV 10 vs 07	18.4%	-8.5%	-4.8%	2.2%

## GDS AROUND THE WORLD

Greater strength in growth levels are exhibited from the corporate sector in GDS channel results outside of North America as well. November registered a new 2010 growth record for both reservations and revenue, with increases of +33.0% and +49.7%, respectively. These results not only reverse the ease in pace displayed in September and October, but achieve new levels of growth. ADR displayed tenacity overall as well, holding firm to a growth pace of over +9%.





Adding to the overall uplifting picture are the LOS and booking lead times. The average LOS in November 2010 outside North America was 2.15 nights as opposed to 2.08 nights in 2009, for a +3.2% increase. On average, November trips were booked 15.22 days ahead of time in 2010 versus 14.48 days in 2009. These give further support of a sustained and growing recovery for the corporate sector.

### Rest of World GDS (Mostly Corporate) - YOY Variances

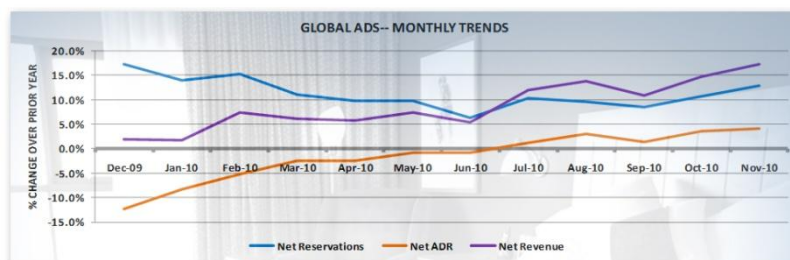
Month	Net Reservation CHG	Net ADR CHG	Net AVG LOS CHG	Net Revenue CHG
NOV 10 vs 09	33.0%	9.1%	3.2%	49.7%
YTD NOV 10 vs 09	19.5%	7.1%	2.8%	30.6%
NOV 10 vs 08	30.1%	4.2%	5.6%	43.0%
YTD NOV 10 vs 08	24.0%	-3.2%	2.9%	20.5%
NOV 10 vs 07	52.7%	-1.3%	0.8%	51.8%
YTD NOV 10 vs 07	41.2%	-1.8%	1.2%	39.8%

### ADS CHANNEL (LEISURE TRAVEL FOCUS)

With the holiday season now upon us, the anxiously awaited November leisure results indicate a brighter holiday season than for 2009. Global ADS channel November bookings continue the upward trend observed in October. Bookings grew by +12.8% over prior year, surpassing October's double-digit growth mark of +10.6%. ADR growth rate crept up overall from +3.5% in October to +4.0% in November. The rise in reservations and steady ADR growth pushed revenue to a new 2010 growth record of +17.3% over prior year.

Coinciding evidence of increased leisure travel over the holidays is visible in recent airline industry forecasts of increased holiday air travel. The ATA (Air Transport Association) forecasts higher passenger volumes over the 21-day holiday period than last year, as well as many international carriers who expect their trends of increased traffic to continue. While some airline travel is for staying with family and friends, much involves hotel stays as well and serves as a secondary indicator of lodging activity.

Similar to the business hotel sector, this improved leisure market performance is being driven by demand growth out-pacing room supply growth. In accordance with the classic recovery model, occupancies are thus leading the way and ADR recovery arrives last. In common recovery style, too, is that rate rebound is most evident in the luxury segment, signaling a top-down recovery. Rates as a whole, nonetheless, have turned the corner and are staying above last year's level while not counteracting the significant rise in reservations.



Average LOS serves as a reminder that consumer confidence and disposable income are still fragile in the midst of persistent high unemployment rates. Businesses are becoming more profitable and beginning to fill vacant positions, but not yet hiring at a pace to make up for the number of total jobs lost. Therefore even though more trips are being taken, they remain short in duration as one way to help contain costs. The average LOS in November 2010 was 1.96 days versus 1.95 days in November 2009, a +0.4% increase.

Encouraging, however, is that average booking lead times, which speak to consumer confidence, are staying ahead of last year overall at 16.62 days November 2010 versus 16.16 days in November 2009. Also heading back in the right direction were look-to-book ratios in November. Although still undesirably high at an average increase of over +50% from last year, the average declined from the over +60% increase over prior year reached in October due to a greater desire to book.

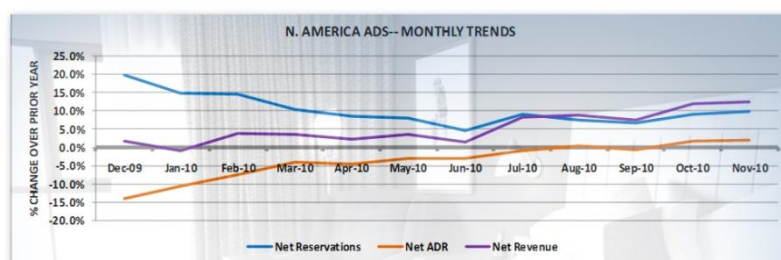
### Global ADS (Mostly Leisure) - YOY Variances

Month	Net Reservation CHG	Net ADR CHG	Net AVG LOS CHG	Net Revenue CHG
NOV 10 vs 09	12.8%	4.0%	0.4%	17.3%
YTD NOV 10 vs 09	10.5%	0.5%	-0.2%	9.2%
NOV 10 vs 08	33.2%	-13.0%	-0.8%	14.6%
YTD NOV 10 vs 08	15.2%	-19.1%	-4.4%	-15.1%
NOV 10 vs 07	18.9%	-22.9%	-6.1%	-15.1%
YTD NOV 10 vs 07	25.9%	-20.5%	-7.5%	-8.1%

### NORTH AMERICAN ADS

November ADS channel results for North America built on last month's performance as well. Booking volumes edged up from the +9.1% increase over prior year in October to the +9.8% increase over prior year in November. November also managed to overtake October's +12.0% increase in revenue over prior year and etched out a new 2010 revenue growth record of +12.6%. Even total ADR for the region improved, albeit fractionally, from an increase of +1.8% over prior year last month to an increase of +2.0% in November.

These increases may be small, but they pack a lot of significance for this region. November contained the United States holiday of Thanksgiving, a popular travel holiday - but one involving a higher percentage of stays with family and friends than the holiday stretch of Christmas and New Year's. Therefore it is a positive sign that November bookings, which wouldn't be fully reflecting Christmas vacation plans yet, still increased over prior year.



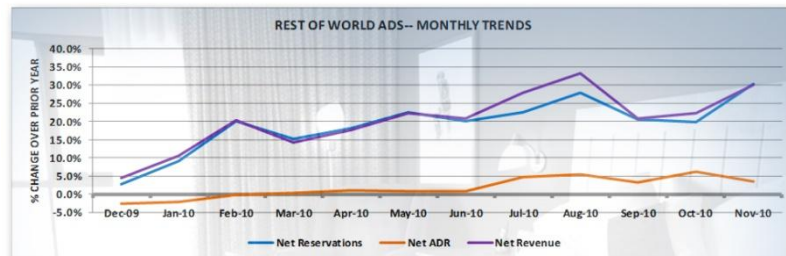
Average LOS in November improved marginally, at 1.96 nights in November 2010 versus 1.94 or +1.1%. Most glaringly evident from the chart below, however, is how much catch-up ADR must play in this region to be back to levels experienced in 2008 and 2007. Average booking lead times, though, reflected some improvement. In November 2010, trips on average were booked 14.62 days in advance versus 14.38 days in November 2009.

### N. America ADS (Mostly Leisure) - YOY Variances

Month	Net Reservation CHG	Net ADR CHG	Net AVG LOS CHG	Net Revenue CHG
NOV 10 vs 09	9.8%	2.0%	1.1%	12.6%
YTD NOV 10 vs 09	9.0%	-1.6%	0.0%	5.6%
NOV 10 vs 08	36.4%	-15.8%	-1.5%	13.1%
YTD NOV 10 vs 08	20.1%	-21.5%	-5.4%	-14.8%
NOV 10 vs 07	30.3%	-24.8%	-7.8%	-10.2%
YTD NOV 10 vs 07	36.2%	-21.0%	-9.4%	-2.2%

### ADS AROUND THE WORLD

ADS channel results outside North America displayed more dramatic booking gains as leisure reservations ramp-up for the up-coming holidays around the world. November bookings jumped to a 2010 record increase of +30.4% over prior year from an increase of +19.9% over prior year in October. This volume drove November revenue to a near-record growth rate of +30.0% over prior year, a strong burst from the +22.3% increase over prior year in October. Revenue would have reached even stronger growth except there was an easing up of ADR contribution. November's ADR increased by +3.5% over prior year as opposed to October's increase of +6.2%. Even so, rate growth remains in keeping with the elevated growth pace established since July.



Average LOS and booking lead times outside North America both decreased against prior year, a continued reflection of the economic challenges faced by the consumer around the world. November LOS slipped -3.4% under prior year, from an average of 2.01 nights in 2009 to 1.94 nights in 2010. November booking lead times shrank as well, with travel booked 25.61 days in advance in 2009 and now 25.41 days in advance in 2010. Shorter trips are often accompanied by shorter booking lead times, however, in that they require less planning and preparation.

### Rest of World ADS (Mostly Leisure) - YOY Variances

Month	Net Reservation CHG	Net ADR CHG	Net AVG LOS CHG	Net Revenue CHG
NOV 10 vs 09	30.4%	3.5%	-3.4%	30.0%
YTD NOV 10 vs 09	20.4%	2.8%	-1.8%	21.5%
NOV 10 vs 08	19.3%	-1.7%	2.0%	18.4%
YTD NOV 10 vs 08	-8.1%	-5.6%	1.0%	-16.0%
NOV 10 vs 07	-16.4%	-6.1%	-0.9%	-24.8%
YTD NOV 10 vs 07	-14.4%	-6.7%	0.7%	-21.8%

### GDS & ADS CHANNEL PERFORMANCE BY REGION

Overall, corporate business is still fueling the recovery fire around the globe. As can be seen below, GDS booking volume and ADR growth over prior year is consistently stronger than the leisure-based ADS channel counterpart. Regionally, however, there is vast difference within each channel as to the degree and pace of growth being experienced. Aside from varying ratios of room supply and demand and various other factors, economic and political issues also play a role. For instance, the year-end often brings with it change in government leaders and/or policy and laws around the globe that impact hard-hitting aspects such as austerity measures, labor unions, social, healthcare and educational programs, and their related cost structures. Even when changes in these areas are made in the name of restoring economic stability and growth in the long-run, they no doubt affect business and consumer budgets alike, including that for travel.

Looking at November GDS channel performance at a regional level, Africa/Asia/Oceania continues to lead corporate recovery with a +61.3% revenue increase over prior year. This lead is being driven by Asia's growth, fuelled in particular by the fast return of business demand in China and India. Europe barely takes over the second rank in revenue growth this month with a revenue increase of +59.8% over prior year; South America closely follows with a +59.3% revenue increase. All regions continue to experience strong and growing volume increases, although there was a slight easing of the ADR growth pace in all regions except for North America.

With regard to November regional ADS channel performance, Europe secures top ranking with leisure-based revenue growth over prior year at +38.3%. Results vary drastically by both country and city. London, for example, displays exceptional RevPAR growth, while markets such as Spain, Portugal, Greece and Ireland suffer weaker RevPARs as a result of economic hardship. Africa/Asia/Oceania ranks second with an increase of +15.3% over prior year. North America's revenue growth maintained double-digits while South America's revenue remained below prior year by -8.4% -- improving, however, by a few percentage points due to increased volume. Heading into the holidays, all but the Africa/Asia/Oceania region experienced an improved pace in leisure revenue growth during November versus October.



## REGIONAL -- % CHG OVER PY

		GDS			ADS		
		Net Reservation CHG	Net ADR CHG	Net Revenue CHG	Net Reservation CHG	Net ADR CHG	Net Revenue CHG
	NOV	25.9%	2.4%	31.8%	9.8%	2.0%	12.6%
<b>NORTH AMERICA</b>	YTD NOV	21.1%	2.1%	25.2%	9.0%	-2.7%	5.6%
	NOV	42.0%	6.3%	59.3%	-2.6%	-2.4%	-8.4%
<b>SOUTH AMERICA</b>	YTD NOV	40.8%	6.1%	50.5%	10.8%	3.3%	10.9%
	NOV	43.8%	8.5%	59.8%	38.9%	1.9%	38.3%
<b>EUROPE</b>	YTD NOV	22.5%	7.4%	37.5%	21.6%	2.4%	23.2%
	NOV	39.6%	11.0%	61.3%	9.4%	6.5%	15.3%
<b>AFRICA/ASIA/OCEANIA</b>	YTD NOV	37.6%	7.5%	53.7%	18.0%	1.0%	19.0%
	NOV	30.6%	7.4%	44.2%	12.8%	4.0%	17.3%
<b>GLOBAL</b>	YTD NOV	20.1%	5.6%	28.9%	10.5%	0.5%	9.2%

### FORWARD-LOOKING INDUSTRY TRENDS

GDS forward-looking global data continues to suggest assured recovery in the corporate travel sector. Bookings are displaying an average growth pace of +30% over prior year through the first quarter of 2011. ADR exudes stability as well, displaying growth close to +10% over prior year through March. Increases in average LOS further supports this positive outlook for a sustained and welcome return of business travel – that includes group as well as transient business.

### Forward-Looking - Global GDS

Bookings Made As of November for Arrivals December to March

	Net Reservation CHG	Net ADR CHG	Net AVG LOS CHG	Net Revenue CHG
DEC 10 vs 09	27.9%	9.2%	5.5%	47.3%
JAN 11 vs 10	34.0%	13.1%	6.0%	60.3%
FEB 11 vs 10	30.6%	15.3%	6.3%	60.4%
MAR 11 vs 10	34.7%	13.7%	6.4%	62.2%

ADS channel forward-looking global data points to a happier holiday season than last by showing bookings at an increase of approximately +10% for December, accompanied by ADR growth potential of close to +4%. Reservations growth appears to possibly ease up in January and February, typically slower leisure months where year-over-year margins can narrow, and then rebound in March. The ADR growth pace looks to similarly fluctuate, as LOS hovers at last year levels.

### Forward-Looking - Global ADS

Bookings Made As of November for Arrivals December to March

	Net Reservation CHG	Net ADR CHG	Net AVG LOS CHG	Net Revenue CHG
DEC 10 vs 09	13.5%	4.1%	-1.6%	15.7%
JAN 11 vs 10	8.6%	0.0%	0.7%	8.7%
FEB 11 vs 10	2.1%	-1.4%	-1.5%	-1.3%
MAR 11 vs 10	17.0%	3.6%	-1.0%	18.6%

## KEY TAKEAWAYS

- Corporate travel shows renewed strength. After a slowing in pace for GDS bookings growth over prior year in September and October, November reached a new 2010 record global GDS channel growth rate of +30.6% over prior year. ADR matched the record growth pace of +7.4% globally, and both LOS and average booking lead times grew.
- Leisure travel gained further ground as the holidays draw near. Global ADS booking volumes rose above the double-digit increase over prior year of +10.6% reached in October with an increase of +12.8% in November. ADRs essentially held steady, with little improvement overall. Booking lead times improved globally and LOS remained flat against prior year.
- GDS forward-looking data assures continued growth in the corporate sector with booking volumes, ADR and LOS showing average monthly growth rates of approximately +30%, +10% and +5%, respectively, through March 2011.
- ADS forward-looking data points to a brighter holiday season for leisure markets than last, with reservations growth potential of approximately +10% in December. After a possible slow-down in growth pace for bookings and ADR in January and February, both appear to rebound in March. LOS looks to remain stagnate.

In summary, November brought good cheer for the upcoming holiday season with regard to both the corporate and leisure markets. Corporate travel achieved new growth levels in an already strong recovery mode. The leisure sector made further strides of its own despite economic challenges that remain. As such an anticipated leisure travel period draws near, trends analyzed in *The Pegasus View* and reported by other industry sources point to an improved holiday season over last. Right on its heels, of course, is a new year with the promise of new opportunity. Now is the perfect time to ensure you are best prepared and positioned to capture that opportunity by turning the next online consumer into your next hotel guest.

We look forward to continuing to sharing more about industry trends, developments and projections in the next edition of *The Pegasus View*.



Mike Kistner  
President and CEO, Pegasus Solutions



Ric Leutwyler, COO, Pegasus Solutions  
President, Utell Hotels & Resorts

*Note: All data is on a date of booking basis unless otherwise stated. ADR and revenue percentage changes are calculated from values using a single constant exchange rate to eliminate the effects of currency exchange rate movements.*

## ABOUT PEGASUS - – Proud honoree of the 2010 InformationWeek 500, CIO 100 and InfoWorld Top 100

Pegasus Solutions is the world's leading provider of technology and services to hotels and travel distributors, supplying state-of-the-art central reservation systems and electronic distribution services, advanced agency commission processing and payment services, and hotel marketing representation services. Founded in 1989, Pegasus created and launched the

hotel switch, and today its customers include more than 95,000 properties around the globe as well as a majority of the world's travel agencies. Additionally, Pegasus' powerful representation arm incorporates Utell® Hotels & Resorts and Utell Connect, services that have been chosen by more than 9,000 member hotels in more than 130 countries, making Pegasus the hotel industry's largest third-party marketing, sales and reservations specialist. Pegasus also powers the niche consumer Web site [www.hotelbook.com](http://www.hotelbook.com)™, dedicated to promoting independent and boutique hotels throughout the world. Headquartered in Dallas, Pegasus has 18 offices in 11 countries, including regional hubs in London, Singapore and Scottsdale, Arizona. For more information, please visit [www.pegas.com](http://www.pegas.com) or [www.utell.com](http://www.utell.com).