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Pegasus Solutions Launches Industry Data Reports Derived from More Than 40 Billion Annual Electronic Hotel Transactions

The world's largest single processor of electronic hotel transactions introduces "The Pegasus View," opening the vault with free monthly hospitality industry trend reports

DALLAS (August 24, 2009) – [Pegasus Solutions](#), the world's largest single processor of electronic hotel transactions, has introduced a monthly hospitality industry trends report called "The Pegasus View" currently available [online](#).

With a 20-year history operating the Pegasus UltraSwitch, and its role today processing more than 40 billion annual electronic hotel transactions, Pegasus houses the industry's broadest view of global hospitality industry data. Pegasus connects more than 90,000 hotels to each of the four global distribution systems (GDSs), as well as the majority of corporate travel agencies and thousands of alternative distribution systems (ADSs). The company is now trending the data with analysis on both corporate and leisure travel, and making it public for the first time in its 20-year history, according to Mike Kistner, chief executive officer of Pegasus Solutions.

"We're finally opening the vault. Pegasus sits in a unique position that allows us to track trends and forecast net reservations, length of stay, average daily rates and net revenues from both a global and regional perspective. Our first report, based on data from July 2009, shows the overall pace of decline has slowed somewhat since early 2009, but that the industry is still in a difficult position compared to the same period in 2008. This tells us, we aren't out of the woods yet, but the forward-looking data allows us all to plan accordingly," said Kistner.

The Pegasus View for July 2009 shows year-to-date (YTD), there has been a global decline in net reservations, length of stay (LOS), average daily rates (ADR) and net revenues, with the most dramatic declines occurring in January and February. Hardest hit has been the GDS channel, which consists mainly of corporate and business travel. Through July, YTD global GDS net reservations are down 8.43%, ADR has declined from \$187.19 to \$148.76 (20.53%), and, as a result, GDS net revenues are down 28.62%. Length of stay was off just slightly from 2.22 to 2.18 nights from a year ago.

The Pegasus View, July 2009: Global GDS (Mostly Corporate) - YTD Variances*

	Net Reservation			
Month	CHG	Net ADR CHG	NetAvg LOS CHG	Net Revenue CHG
Jan 09 vs 08	(10.75%)	(17.85%)	(3.69%)	(29.47%)
Feb 09 vs 08	(12.29%)	(20.33%)	(1.30%)	(31.10%)
Mar 09 vs 08	(2.32%)	(21.95%)	(0.97%)	(24.57%)
Apr 09 vs 08	(12.94%)	(25.36%)	(0.77%)	(35.58%)
May 09 vs 08	(12.80%)	(20.37%)	(1.70%)	(31.82%)
Jun 09 vs 08	0.09%	(18.27%)	(2.16%)	(20.06%)
Jul 09 vs 08	(6.97%)	(18.26%)	(1.99%)	(25.54%)
YTD	(8.43%)	(20.53%)	(1.81%)	(28.62%)

* For a complete breakdown, including North American and European GDS YTD variances, view [The Pegasus View, July 2009](#).

"These numbers, along with feedback from our customers, evidence that globally, corporations have significantly curbed travel and entertainment spending in recessionary cost-cutting efforts. The GDS declines have also been steeper in Europe than North America," added Kistner.

In the ADS channel, which is comprised mostly of leisure-based online travel distributors, 2009 started poorly, but has fared better since Q2. Through July, YTD global ADS net reservations are essentially flat, but have seen positive growth in four of the last five months. However, ADR associated with these reservations is down at a greater rate than the GDS channel, going from \$119.48 YTD July 2008 to \$83.86 YTD July 2009, a 29.81% drop. This affects ADS net revenues, which are down 33.26% with LOS dropping from 1.85 to 1.76 nights. Ric Leutwyler, chief marketing officer of Pegasus Solutions, and president of Pegasus' powerful representation arm [Utell® Hotels & Resorts](#), said this creates a good news/bad news scenario for the industry.

"The good news is ADS leisure traffic has not declined as much as corporate travel, and may actually be increasing. The bad news, at least from the hotel's perspective, is the majority of these leisure travelers are motivated by aggressive pricing and deals, as indicated by the steep decline in ADR and net revenues from the ADS channel. Consumers are shopping multiple online sites looking for the best deal, while online distributors are also shopping more rate/availability combinations," said Leutwyler.

Due to this scenario, there has been an exponential growth in the number of transactions processed versus the number of reservations received, or the look-to book ratio. Availability requests processed by the Pegasus UltraSwitch in July 2009 increased by 45% over the same period last year to a record 2.8 billion transactions, whereas the number of net reservations only increased by 7.2%.

"Aggressive shopping from merchant and opaque distributors, who shop more aggressively for inventory and the lowest possible rates, has hotels currently taking in 60% of the revenue they received last year for the same room this year. These declines are again more defined in Europe than North America, which has seen double digit reservation growth over the last two months," added Leutwyler.

The Pegasus View, July 2009: Global ADS (Mostly Leisure) - YTD Variances*

	Net Reservation			
Month	CHG	Net ADR CHG	NetAvg LOS CHG	Net Revenue CHG
Jan 09 vs 08	(4.46%)	(25.92%)	(3.18%)	(31.92%)
Feb 09 vs 08	(13.59%)	(27.68%)	(3.53%)	(40.05%)
Mar 09 vs 08	1.48%	(32.04%)	(4.28%)	(34.29%)
Apr 09 vs 08	(1.07%)	(32.71%)	(5.78%)	(37.61%)
May 09 vs 08	0.67%	(29.21%)	(6.48%)	(33.58%)
Jun 09 vs 08	8.32%	(30.97%)	(4.57%)	(28.69%)
Jul 09 vs 08	7.22%	(29.69%)	(3.34%)	(27.09%)
YTD	(0.09%)	(29.81%)	(4.50%)	(33.26%)

* For a complete breakdown, including North American and European ADS YTD variances, view [The Pegasus View, July 2009](#).

Forward-looking data from August to December, compared with the same view from 2008, shows there will not be a dramatic improvement in ADR, LOS or net revenues from either the GDS or ADS channels, or from any specific region through the end of the year.

“The outlook shows we still have a long road ahead before a robust recovery. However, we anticipate continued growth in ADS leisure net reservations, which will likely continue to be fueled by aggressive shopping and catering to merchant, opaque and other discount-focused online distributors. Hotels will need to be vigilant about their pricing strategies to make this growth work for them,” concluded Leutwyler.

The Pegasus View, July 2009: Forward-looking Global GDS Variances (Aug. through Dec.)

Month	Net Reservation CHG	Net ADR CHG	NetAvg LOS CHG	Net Revenue CHG
Aug 09 v 08	(29.43%)	(16.56%)	(2.53%)	(42.78%)
Sep 09 v 08	(33.86%)	(18.69%)	(0.70%)	(46.75%)
Oct 09 v 08	27.40%	(31.73%)	62.66%	40.36%
Nov 09 v 08	(43.64%)	(22.45%)	(1.42%)	(57.09%)
Dec 09 v 08	(47.97%)	(23.72%)	(5.63%)	(62.72%)
Aug-Dec CHG	(26.44%)	(19.61%)	9.11%	(35.72%)

The Pegasus View, July 2009: Forward-looking Global ADS Variances (Aug. through Dec.)

Month	Net Reservation CHG	Net ADR CHG	NetAvg LOS CHG	Net Revenue CHG
Aug 09 v 08	3.94%	(30.68%)	(1.96%)	(29.49%)
Sep 09 v 08	26.75%	(37.01%)	(6.55%)	(25.95%)
Oct 09 v 08	34.15%	(39.37%)	(11.88%)	(29.10%)
Nov 09 v 08	66.65%	(54.93%)	(12.81%)	(35.34%)
Dec 09 v 08	26.52%	(52.09%)	(4.45%)	(42.49%)
Aug-Dec CHG	15.60%	(35.73%)	(4.99%)	(29.77%)

* For a complete breakdown, including North American and European forward-looking variances, view [The Pegasus View, July 2009](#).

The Pegasus View will be issued monthly to customers and made available to those that subscribe [online](#).

About Pegasus

Pegasus Solutions, Inc. introduced the hotel switch 20 years ago, and has since maintained a solid position as the global leader in providing technology and services to hotels and travel distributors. Founded in 1989, Pegasus’ customers include a majority of the world’s travel agencies and more than 90,000 hotel properties around the globe. The company provides central reservation systems, electronic distribution services, commission processing and payment services, and marketing representation services, including the consumer Web site, [www.hotelbook.com](#)TM. Its representation services, including Utell® Hotels & Resorts and Unirez by PegasusTM, are used by nearly 11,000 member hotels in more than 130 countries, making Pegasus the hotel industry’s largest third-party marketing, sales and reservations provider.

Pegasus has 18 offices in 11 countries, including regional hubs in London, Singapore and Scottsdale, Arizona. For more information, please visit [www.pegs.com](#) or [www.utell.com](#).

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