

Global Online Hotel Bookings and Rates Experience Highest Year-on-year Growth in Last 12 Months

The second quarter ended on a high note for both the business and leisure travel segments. Global leisure travel booked online yielded impressive reservation and rate growth during the second quarter, growing by +10.2% and +6.5% in June respectively. This represents the highest year-over-year growth for both leisure measures over the last 12 months. Corporate bookings and average daily rates (ADR) through the global distribution systems (GDSs) reached global year-over-year growth of +1.4% and +4.2% by June.

Forward-looking data suggests more growth in store through the beginning of autumn. Pricing remains a powerful influence, but substantial rate growth indicates it is not the only factor driving booking decisions, especially as online channels attract more corporate shoppers. More than ever, an effective online presence (on both the hotel website as well as through online travel agencies and meta search sites) is essential to capturing your fair share of the bookings available.

KEY TAKEAWAYS

- Both transient and group business travel is on the rise, thanks to an increase in client and company meetings, as well as conferences and conventions.
- Tourism is increasing globally, with the number of trips taken and room rates paid for domestic and international travel continuing to grow significantly.
- Global GDS forward-looking data shows corporate booking growth may be put on hold by consumer leisure focus in July and August. The channel will experience moderate volume increases in September and October with steady rate gains.
- Global ADS forward-looking data shows ongoing and late summer travel should sustain elevated hotel revenue at double-digit growth through September, thanks to high volumes and rates.

GLOBAL -- GDS (Mostly Corporate) -- Year-Over-Year % Changes

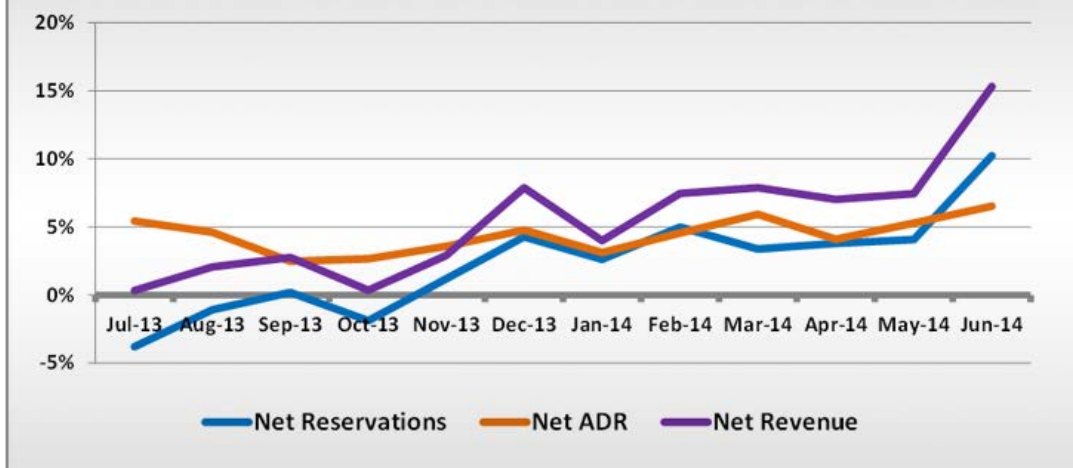
	Net Reservations	Net ADR	Average Length of Stay	Net Revenue
Jun '14 vs '13	1.4%	4.2%	1.1%	6.9%
YTD Jun'14 vs '13	0.8%	2.8%	0.7%	4.4%
Jun'14 vs '12	5.4%	5.1%	0.9%	11.6%
YTD Jun'14 vs '12	5.4%	4.1%	1.0%	10.8%
Jun'14 vs '11	-3.4%	3.7%	-0.7%	-0.8%
YTD Jun'14 vs '11	2.0%	4.3%	-1.0%	5.2%
Jun'14 vs '10	5.6%	8.5%	0.4%	14.8%
YTD Jun'14 vs '10	15.6%	9.7%	0.7%	27.5%
Jun'14 vs '09	20.0%	14.0%	0.2%	11.4%
YTD Jun'14 vs '09	27.4%	13.2%	0.6%	44.8%
Jun'14 vs '08	41.0%	2.4%	0.2%	44.3%
YTD Jun'14 vs '08	40.5%	-0.8%	-1.5%	36.9%
Jun'14 vs '07	51.4%	2.5%	-2.4%	50.8%
YTD Jun'14 vs '07	50.7%	4.5%	-3.2%	52.0%

ADS CHANNEL (LEISURE TRAVEL FOCUS)

Second quarter leisure travel also experienced strong demand, delivering increasing global revenue growth to the delight of hoteliers. Holiday bookings grew over prior year at an increasing pace, from +3.8% in April to +4.1% in May, and finishing up a staggering +10.2% in June. Rate growth also accelerated from +4.1% in April, to +5.3% in May, ending the quarter up +6.5% over prior year in June.

A combination of pent-up demand, increasing financial stability and travelers making vacations a priority contributed to the increases in leisure volumes and rates. Even as Baby Boomers drive strong leisure demand, Millennials (aged 18 to 35) are expected to spend incrementally more on travel services than any other age group over the next 12 months.

GLOBAL -- ADS (Mostly Leisure) -- % Change Over Prior Year



Travelers have shortened trips to allow greater spend on room rates and services by limiting room nights. Year-to-date through June, the average length of stay (LOS) shrank by -1.4%, from 2.01 nights in 2013 to 1.98 nights in 2014. June's average LOS shortened from 1.97 nights in 2013 to 1.94 nights in 2014. Shorter trips lend themselves to shorter planning and booking lead times, reinforcing the importance of a strong online and mobile presence. By allotting budget for extras, smart hotels will also ensure extra services are offered in any online booking experiences. Year-to-date for June, trips were booked an average of 20.86 days ahead of check-in, as opposed to an average of 20.73 days ahead year-to-date in June 2013.

GLOBAL -- ADS (Mostly Leisure) -- Year-Over-Year % Changes				
	Net Reservations	Net ADR	Average Length of Stay	Net Revenue
Jun '14 vs '13	10.2%	6.5%	-1.5%	15.3%
YTD Jun'14 vs '13	4.9%	5.0%	-1.4%	8.3%
Jun '14 vs '12	6.0%	11.8%	-2.4%	14.6%
YTD Jun'14 vs '12	7.2%	7.4%	-1.0%	13.1%
Jun'14 vs '11	14.9%	12.5%	-2.3%	25.1%
YTD Jun'14 vs '11	16.9%	12.4%	-1.5%	28.4%
Jun'14 vs '10	21.1%	19.4%	-1.3%	41.1%
YTD Jun'14 vs '10	23.9%	17.2%	0.0%	43.6%
Jun'14 vs '09	28.7%	18.4%	-1.1%	48.6%
YTD Jun'14 vs '09	37.9%	13.5%	-1.4%	52.8%
Jun'14 vs '08	40.9%	-12.8%	-7.6%	11.8%
YTD Jun'14 vs '08	33.6%	-12.2%	-7.2%	7.2%
Jun '14 vs '07	54.9%	-2.0%	-8.4%	36.0%
YTD Jun '14 vs '07	61.4%	-5.7%	-8.5%	36.0%

GDS & ADS CHANNEL PERFORMANCE BY REGION

Because business travel performed well over the second quarter, most regions experienced positive revenue growth. Booking growth eased in North America as rate gains reaching +7.7% in June pushed revenue to grow +5.6%. Europe and Africa/Asia/Oceania experienced a boost in business bookings of +7.0% and +6.2% by June. With rates nearing prior year levels, this drove revenue growth of +4.6% in Europe and +6.5% in Africa/Asia/Oceania.

While South America saw business travelers diverted thanks to the FIFA World Cup in Brazil, the region also experienced a drop in online leisure bookings and rates in June. During times of high demand, savvy hoteliers will strategically limit room inventory available to more costly third party sites to drive more profitable direct bookings through the hotel website or call center. Rates will also fluctuate as booking patterns, media hype and room availability adjust throughout the event. As reported in the industry, high room rates at the start of the year priced many Brazilians and nearby regional fans out of the market, causing many hotel companies and intermediaries to readjust rates downward.

Leisure rates clearly played a major role in driving revenue across all other regions. In North America, double-digit booking growth of +11.9% in June, boosted by high rate growth of +8.1%, drove revenue growth to a remarkable +18.7%. Africa/Asia/Oceania's ADR has also been consistently bolstered by strong reservation increases, keeping revenue +7.6% ahead of 2013 year-to-date. Europe's substantial ADR growth of +6.3% in June overcompensated for a dip in bookings compared to 2013, salvaging revenue growth at +1.2%. Consistent year-over-year rate growth can be attributed to increasing demand that is still outpacing overall supply as hotels apply continually improved rate and distribution strategies.

REGIONAL -- % Change Over Prior Year							
GDS (Mostly Corporate)				ADS (Mostly Leisure)			
		Net Reservations	Net ADR	Net Revenue	Net Reservations	Net ADR	Net Revenue
	Jun'14	-3.7%	7.7%	5.6%	11.9%	8.1%	18.7%
North America	YTD Jun'14	-4.3%	4.5%	1.1%	6.0%	6.6%	11.1%
	Jun'14	-17.2%	-6.7%	-23.7%	-19.0%	-9.6%	-33.5%
South America	YTD Jun'14	-7.7%	-2.1%	-9.9%	0.6%	3.0%	-6.8%
	Jun'14	7.0%	-1.5%	4.6%	-5.3%	6.3%	1.2%
Europe	YTD Jun'14	2.9%	-0.7%	0.7%	-5.4%	2.1%	-3.9%
	Jun'14	6.2%	-0.1%	6.5%	9.7%	2.7%	7.0%
Africa/Asia/Oceania	YTD Jun'14	-2.3%	-0.1%	-1.2%	9.3%	2.5%	7.6%
	Jun'14	1.4%	4.2%	6.9%	10.2%	6.5%	15.3%
Global	YTD Jun'14	0.8%	2.8%	4.4%	4.9%	5.0%	8.3%

FORWARD-LOOKING INDUSTRY TRENDS

Global GDS forward-looking data shows an ease in business bookings compared to prior year during July and August, months that are prime leisure travel periods. The channel will pick up again in September and October with strong rate growth, increasing at an average pace of +5% over prior year for bookings made for stays through October to-date.

Organizations such as the Global Business Travel Association (GBTA) continue to confirm a positive outlook for 2014 business travel. GBTA estimates U.S. business travelers alone will spend \$292.3 billion this year, +6.8% more than 2013. Group meeting and/or convention travel spend is expected to increase by +7.1%. Business trips abroad are also predicted to grow by +6.6% this year, with the amount spent greater than 2013 by +10.3%.

Forward-Looking -- GLOBAL GDS (Mostly Corporate)				
Bookings as of Jun 2014 -- for Arrivals Jul 2014 to Oct 2014				
% Change Over Prior Year				
	Net Reservations	Net ADR	Average Length of Stay	Net Revenue
Jul'14 vs '13	-2.8%	4.5%	0.0%	1.5%
Aug'14 vs '13	-2.2%	6.1%	3.4%	7.3%
Sept'14 vs '13	3.0%	3.0%	1.2%	7.4%
Oct'14 vs '13	2.3%	7.0%	0.1%	9.3%

ADS channel forward-looking global data indicates robust leisure travel through summer. Bookings made thus far for arrivals July through September are averaging +8% over prior year as room rates average almost +8% higher as well. Even with the average number of room nights per stay curtailed, these gains in reservations and rates look to keep revenue growth in the double-digits into September.

In fact, forward-looking data suggests the highest booking gains may be realized in August and September. Summer travelers are booking later in the season as many have yet to book their holidays. This creates real and immediate opportunity for hotels to fine tune their rate and distribution strategies, especially online, to win this year's summer traveler.

Forward-Looking -- GLOBAL ADS (Mostly Leisure)				
Bookings as of Jun 2014 -- for Arrivals Jul 2014 to Oct 2014				
% Change Over Prior Year				
	Net Reservations	Net ADR	Average Length of Stay	Net Revenue
Jul '14 vs '13	7.6%	8.1%	-1.6%	13.9%
Aug '14 vs '13	8.3%	7.7%	-2.0%	13.6%
Sept '14 vs '13	11.3%	6.9%	0.0%	18.1%
Oct '14 vs '13	-19.7%	10.4%	-0.6%	-12.8%

ABOUT THE PEGASUS VIEW

The Pegasus View is a quarterly analysis of global booking trends available online at www.pegas.com. Data reported in *The Pegasus View* comes from billions of transactions processed monthly by Pegasus Solutions, the world's single largest global processor of hotel transactions. It is the only industry report to reflect data drawn from both global distribution system (GDS) and alternative distribution system (ADS) transactions, representing the business and leisure markets respectively for approximately 100,000 hotels worldwide. All data is on a date-of-booking basis unless otherwise stated. Average daily rate (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 SOLUTIONS

is the single largest processor of electronic hotel transactions, delivering advanced and affordable connectivity and distribution solutions to nearly 100,000 hotels worldwide. Connecting hotels to crucial sources of business, Pegasus processes transactions valued at 14 billion USD annually. In addition to foundational global distribution system (GDS) access and online connectivity, Pegasus delivers online, social marketing and booking solutions through its division, and powerful reservation tools to convert and capture bookings. As a trusted partner in generating guest room demand and sales, Pegasus also offers hotels actionable business intelligence through its PegasusView Market Performance reports to help hotels understand and respond to changing market conditions.

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