

**Arnie Weissmann:**  
In this summer of discontent, it's crucial to not  
confuse individuals with their countries. 12



**IN OTHER NEWS:**  
Tourist-dependent Napa assesses quake damage 6  
Government asks court for time to fix no-fly issues 7  
Hotel costs could force value-based commissions 8



**Richard Turen:**  
Despite their booming popularity, river cruises  
are hard to explain to clients. 36

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# TRAVEL WEEKLY

THE TRAVELER'S TRUSTED VOICE

Airlines are exploring multiple ways to improve fuel efficiency and adopting ecofriendly strategies to reduce their carbon footprint.

BY KATE RICE PAGE 16

## Clearing the air

### Royal's preview of Quantum draws praise

By Tom Stieghorst

PAPENBURG, Germany — A little more than two months from completion, the Quantum of the Seas looms large over the flat north German countryside at the Meyer Werft shipyard here.

The powder-blue-and-white ship now has

its basic structure but awaits all of its interior appointments plus a few special features such as the North Star observation arm, which has yet to be installed.

But the ship was complete enough last week for Royal Caribbean International to open it to a small group of reporters and about 50 travel agents for a sneak peek at the next big thing to sail the high seas.

Royal officials are increasingly confident that in the Quantum, they have a ship that

will give the groundbreaking Oasis-class vessels, which the line introduced in 2009, a run for their money.

"I think you're going to have two reactions," Royal Caribbean Cruises Ltd. Chairman and CEO Richard Fain told agents a day before the three-hour tour of the 167,800-ton work in progress. "You're going to think the ship is magnificent, and you're going to say, 'It will never be done on time.'"

See **QUANTUM** on Page 40

#### IN THE HOT SEAT

Richard Fain discusses progress on the construction of Royal's Quantum of the Seas. 4

#### FAMILIARIZATION TRIPS

Tara Tours is offering a seven-night Guatemala itinerary in December. 33

#### DESTINATION: MEXICO

Resist the temptation to bask in all-inclusive heaven, and get a taste of the real Cancun. 30

#### EDITORIAL

The AA-Orbitz war poses the risk of inflicting more collateral than direct damages. 36

[ A MESSAGE AIMED AT OTHER OTAS ]

## AA raises ante in Orbitz feud, pulls all listings

By Danny King and Kate Rice

American Airlines has removed its fare listings from Orbitz for the second time in less than four years as part of its continuing efforts to lower distribution costs while pushing third-party bookers to sell high-margin ancillary products and services.

American Airlines, which merged with US Airways last year to become the world's largest carrier, pulled its fare listings off all of Orbitz's sites last week and said it planned to remove US Airways fares on Sept. 1. Corporate clients that use Orbitz for Business will still be able to book American flights.

**'They chose Orbitz to make a statement. It's a headline, not a business decision.'**

— Lorraine Sileo, PhoCusWright

"We have worked tirelessly with Orbitz to reach a deal with the economics that allow us to keep costs low and compete with low-cost carriers," American Airlines President Scott Kirby said in a statement last week.

For its part, Orbitz issued a statement saying, "Our sites offer hundreds of airlines, which are eager to capture the revenue American is choosing to forgo."

While both companies declined to comment further, the impetus for American's decision appears to be an effort to both reduce third-party digital-distribution costs and increase revenue from higher-margin sales of ancillary services such as onboard meals, preferred seating and prepaid baggage fees.

"This integration [of ancillary service sales] or lack thereof on the part of Orbitz is

See **ORBITZ** on Page 38

# Celebrity launching Explorations high-end cruise tours in 2015

By Tom Stieghorst

Celebrity Cruises plans to launch regular high-end cruise tours to enhance its Modern Luxury market position, with three to be offered in 2015 and more to follow.

The product will be known as Celebrity Explorations. Travel agents will be able to earn commission on the land portion at the same rate as their cruise commission, said Dondra Ritzenthaler, Celebrity's senior vice president of sales and trade support and services.

"We are always trying to think of things that our travel partners will like and embrace," Ritzenthaler said, while at the same time being popular with cruise customers.

A pilot cruise tour this year that included an African safari followed by a Black Sea cruise sold out three or four weeks after sales opened, Ritzenthaler said. "We were very motivated," she said. "The consumer clearly likes this idea."

Cruise tours, which package a cruise with a pre- or post-cruise tour, have been popular for years in Alaska, where Princess Cruises and Holland America Line have built lodging and transportation infrastructure to support them.

Luxury lines such as Crystal Cruises and Regent Seven Seas Cruises more recently have expanded their cruise tour lineup.

At Celebrity, the three launch tours will



Celebrity will combine an Amazon river cruise aboard the Aria Amazon, pictured, with Argentina-Chile or Antarctic sailings.

be on different continents, starting in Australia, where the land portion will include a three-night stay in Sydney and a guided city tour, Sydney Harbor dinner cruise and koala encounter.

Ritzenthaler said the packages can be coupled with several other itineraries, including the South Pacific and New Zealand.

The first cruise tour open for booking is Jan. 15 on the Celebrity Solstice.

In August, Celebrity will reprise the five-night African safari cruise tour, this time paired with several itineraries from South-

ampton, England, on the Celebrity Eclipse, including Spain and the Canary Islands.

The package includes meals, a stay at a hotel in Nairobi, Kenya, and airline tickets for internal flights, all commissionable, Ritzenthaler emphasized.

A third cruise tour, starting in December 2015, will combine an Amazon river cruise with a 14-night voyage on the Celebrity Infinity either between Argentina and Chile or to the Antarctic.

The four-night river cruise will be provided by Aqua Expeditions on its Aria Am-

azon vessel, which has 16 staterooms.

All of the cruise tours will have limited capacity, although the other two will accommodate more guests than the Amazon expedition, Ritzenthaler said. "Every one will be slightly different — bold and big enough to get the travel partners' attention, but it won't be 400 or 500 [people]," she said.

Unlike the pilot cruise tour, where past Celebrity guests got early booking access, the new cruise tours will open to all guests on the same date.

Ritzenthaler said Celebrity's expedition ship in the Galapagos, which operates under the name Celebrity Xpedition, will continue to be independent of the Celebrity Explorations product.

Celebrity Explorations will also be distinct from the stand-alone tour operator called TourTrek that parent company Royal Caribbean Cruises Ltd. is developing, Ritzenthaler said.

Prices for the African safari/Iberian cruise package begin at \$7,999, while prices for the Amazon river cruise packaged with a 14-night cruise between Argentina and Chile start at \$10,599.

Prices for the Sydney and South Pacific cruise tour start at \$2,149 and are lower because the land program is shorter and doesn't involve internal flights, a Celebrity spokeswoman said.

## HomeAway acquires stake in tax-remittance service

By Danny King

HomeAway acquired a stake in short-term rental tax-remittance service HotSpot Tax, signaling an effort by the home-rental service to get more of its host customers to comply with occupancy-tax laws.

Colorado-based HotSpot Tax maintains a database on tax rates for thousands of locales in 43 U.S. states and charges its home-rental customers about \$130 a year to calculate and accurately remit taxes to local and state authorities. The privately held company has filed tax returns for 350,000 customers who've remitted \$80 million in tax payments to state and local agencies

since being founded in 2002.

The acquisition signals HomeAway's efforts to address allegations from the hotel industry and municipalities that accommodations owners don't pay their fair share of occupancy taxes. Home-rental service Airbnb addressed such concerns earlier this year by vowing to collect and remit taxes on behalf of hosts in cities such as San Francisco and Portland, Ore.

"Tax compliance is an important issue in our growing industry, and we believe most municipalities see it as the emblem of a level playing field among local lodging providers," HomeAway co-founder Carl Shepherd said in a statement last week.

Still, Airbnb and HomeAway differ in that Airbnb collects rental payments on behalf of its hosts and takes its cut before

paying the host, making it easier to collect occupancy taxes, as well. HomeAway merely charges an annual fee for listing its accommodations and doesn't process the payments, making a tax-paying service such as HotSpot Tax an opt-in process instead of a mandatory one.

Either way, the issue of occupancy-tax compliance has grown more relevant as

homeowners take what appears to be an increasingly large chunk of the lodging business. While privately held Airbnb doesn't disclose annual revenue, the company offers more than 800,000 listings across 190 countries.

**HotSpot Tax charges its customers about \$130 a year to calculate and accurately remit taxes.**

Meanwhile, HomeAway, which was founded in 2005 and went public in 2011, boosted its paid listings total by 25% last year, to 890,000, and surpassed 1 million listings in June. HomeAway's revenue rose 24% last year, to \$346.5 million.

HomeAway didn't disclose what percentage of HotSpot Tax it acquired or how much it paid for it.

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