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PRACTICAL TRAVELER

## Even a Weak Dollar Can Be Stretched

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As strong euros and pounds continue to push the price of European vacations higher for Americans, the best strategy to keep travel costs down may be to hedge.

Like portfolio managers who carefully balance out their riskiest investments with safe bets to minimize their exposure to swings in the market, Americans planning trips to [Europe](#) this summer can minimize the cost of their vacations, should the dollar drop further, through careful planning now.

One of the most common ways is to buy an all-inclusive vacation like a [cruise](#) or packaged tour. Prices of such trips are typically set as much as 18 months in advance so they can be printed in brochures. Travelers who buy these trips lock in the price of their vacations, essentially shielding themselves from any price increases caused by currency fluctuations.

European cruises similarly stretch the dollar, and you can also pay for onboard purchases like [spa](#) treatments and shore excursions in dollars.

"If anything, the decline of the dollar has strengthened the attractiveness of an all-inclusive cruise product such as ours," Ana Figueroa, director of business development for Amadeus Waterways, wrote in an e-mail message. Already, she added, the company's summer river cruises in Europe are full.

Uniworld, which owns or operates nine river cruise ships in Europe, said business was up 30 percent. Cruise Holidays, a travel agency franchise that specializes in cruises, said its European bookings were up about 14 percent through March this year compared with the comparable period last year.

It's possible to hedge without going the all-inclusive route, simply by prepaying as much as you can — for things like hotel rooms, airfare and car rentals — before leaving the [United States](#).

“The more you can buy in advance, the better,” said Assen Vassilev, co-founder of [Lessno.com](http://Lessno.com), an online travel agency that specializes in discount trips to Europe. By prepaying in dollars, he said, “you’re not exposed to fluctuations in the euro” and travelers can also “avoid international fees from credit cards or having to pay exchange fees.”

Over the last year, Lessno.com has begun to offer travelers booking intra-Europe flights the option of viewing and paying for airfare in dollars at the prevailing exchange rate, so that American customers aren’t hit with fees for international purchases or penalized with higher exchange rates. This even applies to tickets on Lessno.com from low-cost carriers like Ryanair and easyJet, which typically price flights in euros or pounds. Another site, [Europebyair.com](http://Europebyair.com) offers a similar option. And hotels and tour operators with large American customer bases are rolling out guaranteed dollar rates to help keep costs down.

The Leading Hotels of the World, a luxury hotel marketing group, recently introduced guaranteed dollar rates at nearly 60 hotels throughout Europe to help address the ailing dollar. The Hotel Raphael in Paris is offering guaranteed dollar rates starting at \$490 a night this summer for a “superior queen,” compared with its listed rates starting at 440 euros, or around \$700 at \$1.60 to the euro. To get the rates, customers must call the Leading Hotels at (800) 223-6800 and ask for discount code L09, and pay in full when booking.

Worldhotels, a marketing and distribution group for independent hotels, is offering a Stay in Europe, Pay in Dollars deal at more than 50 of its hotels that allows travelers to pay the listed euro rate in dollars. For example, an American traveler booking a stay for 150 euros a night would only pay \$150. Bookings must be made from the United States by calling (800) 223-5652.

Because airfare can be as erratic as the stock market, knowing when to pull the trigger can mean the difference between a bargain and an overpriced fare. Increasingly, Web sites are offering tools for deciding the best time to book.

To help evaluate prices, [Kayak.com](http://Kayak.com) offers its Trend graph, which shows whether prices for a particular flight have been going up, down or holding steady. [FareCompare.com](http://FareCompare.com) displays the lowest prices over the next 11 months for flights to more than 200,000 destinations, including much of Europe.

ANOTHER site, [Farecast.com](http://Farecast.com), now offers airfare predictions for over 87 European markets, including London, Rome and [Amsterdam](#). In a recent search for flights between New York and London over the Fourth of July weekend, Farecast predicted prices would be likely to rise within the next seven days of the search, while flights from [Atlanta](#) to [Frankfurt](#) were likely to drop or stay about the same. Over all, fares to Europe this summer are expected to be 10 percent higher than last summer's and cost about \$350 more than in May or September, Farecast says. Flying midweek can bring down costs an average of about \$55, according to the site.

Holding out for sales that sometimes crop up in July or August can also pay off. In 2007, this strategy worked well for flights to London. For example, a plane ticket from [Seattle](#) to London last July was about \$1,100, according to Farecast, but travelers who waited until late May to buy a ticket saved \$200.

To hedge against a further decline in the dollar's value, consider buying foreign currency today for your summer vacation. In the coming weeks, Travelex, a foreign exchange company based in London, plans to roll out a prepaid foreign currency card for the American market that can be loaded with euros or pounds and used for purchases and A.T.M. withdrawals. The card, called Cash Passport, will be available at Travelex branches and allows travelers to lock in the exchange rate at the time the card is loaded. While there is a \$2 fee for A.T.M. withdrawals, the card doesn't charge currency conversion fees for foreign purchases (typically 1 to 3 percent) as so many credit cards do.

Travelex and other foreign exchange companies like International Currency Express also let travelers buy a stack of actual euros before their trips. Orders can be placed through their Web sites, with shipping charges of \$10 to \$15.

Of course, if the dollar surges, Americans would do better to wait. However, "if you like certainty," said Jay Bryson, global economist at [Wachovia](#), "you probably want to buy today. That way, you'll know exactly how much the foreign currency will cost you."