

# UK OFFICE

## AUGUST 2009 REPORT

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### TOUR OPERATORS

#### Virgin Holidays

Meeting with Gill Standeven, Geoff Dobson, Alison Leslie and Adrienne Wandel. Discussed themed packages that Virgin Holidays wish to sell around the Virgin charter flying to Tampa on 22<sup>nd</sup> – 26<sup>th</sup> October. They requested that we contact a number of attractions and golf courses to secure preferential rates that could be packaged with flight, hotel and car for this specific weekend. Have submitted an excellent list of attractions and golf courses that are willing to work on this initiative and Virgin Holidays are in negotiation with these entities direct for contracts, payment terms etc. Packages should be on sale by the last week of August.

#### Thomas Cook Holidays

Meeting held with Christina Hunter-Locke, Product & Purchasing Manager and Diane Lander, Assistant Product & Marketing Manager at Thomas Cook Holidays to discuss product updates and to also discuss any co-op marketing opportunities that may arise in our new fiscal year. We were advised that VSPC were up by +20% year on year with a total of 2,100 room nights having been booked to date – 1,200 to St. Pete's (Tradewinds Island Grand, Tradewinds Sandpiper and the Sirata Beach Resort) and 900 to Clearwater (Sheraton Sand Key Resort). Also forwarded details of the new Hyatt Regency on Clearwater Beach as they are considering adding this to their summer programme for 2010.

### TRADE LIAISON

- Finalised presentations for the TDC and Leisure Travel Forums on 9<sup>th</sup> September to include recaps and examples of activity that has taken place during the current fiscal year and plans for the new fiscal year
- Finalised itinerary for visit to VSPC
- Secured fam seats for 10 agents on the Virgin Atlantic Tampa charter for a fam trip to VSPC to be co-hosted by Virgin Holidays and Busch Gardens. Virgin Holidays have

secured hotel accommodation and we are currently finalising the ground arrangements.

- Submitted 2009/10 advertising plan and finalised all invoices for the current fiscal.
- Registered for booth space at World Travel Market
- Liaised with Florida Beaches partners re a new co-ordinator for the forthcoming shows in Ireland and Scandinavia. Lee County will be the new co-ordinator.
- Submitted a proposed invitation list to Virgin Atlantic for the forthcoming pre-Huddle fam. Virgin Atlantic are providing 8 complimentary seats and invitations will be sent out in early September.
- In the process of finalising the invitation list for the hospitality event at the forthcoming Tampa Bay Buccaneers game at Wembley on 25<sup>th</sup> October.
- Provided Travel Uni with a link to the e-version of our Visitor's Guide for agents to download this and also sent a PDF file for agents to download a copy of our poster should they wish to do so. There are currently 92 agents signed up to our online training programme. We had a response of 22 agents taking part in the recent competition to win an IPOD Shuffle for completing all four training modules during the month of May 2009 and the winners have been notified and prizes have been distributed. We are in the process of looking to offer a similar competition in the coming months to encourage further sign up to this programme. Details TBA.
- VSPC UK have signed up to participate in the forthcoming Travel Counsellors Retail Travel Agent UK Conference which is taking place this year in Manchester from the 4<sup>th</sup> – 6<sup>th</sup> December 2009. The sponsorship package includes attendance at the welcome event, attendance at all conference sessions and luncheons, a shared table at their Gala Dinner and participation at their product workshop which will allow us to have our own stand with pop ups, literature etc. The package also includes our logo on most of the literature relating to the conference.
- VSPC UK has confirmed participation in the annual USA workshop at the Morrison Hotel in Dublin on the 2<sup>nd</sup> October 2009. The event will see over 100 of the best performing Travel Agents from Dublin and the surrounding area's coming to the venue for training.
- VSPC have signed up to attend the Visit Florida tour operator lunches in London and Dublin.
- Visit USA Committee Ireland – We were advised that our recent banner ad on the VUSA Ireland website will be extended and included on the website until the end of the year free of charge.
- The Vacations Group – Florida Vacations distributed the e-newsletter to their consumer database that St. Petersburg/Clearwater are participating in on the 4<sup>th</sup> August. Results TBA.

- UK & Ireland Training Mission – Work continued on the UK & Ireland Training Mission in conjunction with the CVB and area hotel partners.
- TUI UK/Thomson – Discussions are taking place to schedule a meeting with Antonia Bouka, Strategic Purchasing Manager, Shona Swain General Manager, Bobby Riley, Purchasing Manager and Katharine Goring, Product Manager to discuss any joint possible marketing opportunities for our new fiscal year to assist with the recent addition of our area to the Thomson Florida Brochure.
- Selling Long-Haul mentioned the recent accolades from Trip Advisor for Fort De Soto and Honeymoon Island being named some of the best beaches in the USA in the Traveluni.com section of the July/August edition.
- Visit USA Committee Ireland – Provided the Visit USA Committee in Ireland with details of our recent accolades from TripAdvisor as well as an image and our logo to be included in the September e-newsletter. The e-newsletter is distributed among current Visit USA Committee Ireland members, Irish Travel Agents and their consumer database.

## **ENQUIRIES:**

Telephone/website enquiries for information and/or literature

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## **MARKET INTELLIGENCE:**

### **Some stability on horizon for BA**

British Airways made a pre-tax loss of £148 million in the three months to the end of June, against a profit of £37 million in the same period last year. The operating loss of came in at £94 million compared with a profit of £35 million a year earlier. Revenue dropped by almost 17% in the three months, with “no visible signs of improvement,” according to chief executive Willie Walsh. Looking forward, BA said the industry continued to face “very difficult” trading conditions, with “considerable uncertainty over the likely timeframe of the recovery from the global economic downturn”. However, the airline said underlying volumes and seat factors stabilised during the quarter and are expected to improve in the peak summer months, but yields remain “volatile”. The airline lost 1,450 jobs since March 31 through voluntary redundancies, reduced overtime and increased part time working. The overall workforce has been cut by 4,000 in the last 12 months. Around 7,000 employees have volunteered for schemes in support of the airline's cost reduction programme, BA said. “We continue to work towards a permanent structural change to our employee cost base, which is essential to our short term survival and long term viability,” said Walsh, who added that talks with unions were continuing. Describing trading conditions as continuing to be “very challenging,” he said traffic volumes were down considerably compared to last year. “Our work to reduce costs, which started last October, is beginning to bear fruit as they are down 6.6 per cent but with revenue still weak, there is much more to be done,” added Walsh. “In

light of that, we have revised our business plan to address the current situation. "Further capacity has been taken out of our flying schedule and, during winter 2010, a total of 22 aircraft will be parked. "The delivery schedule for our first six A380 aircraft has been extended by an average of five months with the second six aircraft delayed by an average of two years." The airline is confident of achieving previously indicated targeted reductions by March 2010, said Walsh. "Our engineers and pilots have voted for permanent change. This is a great step forward. Talks with other union groups continue "We're cutting forecast capital expenditure by 20% this year, from £725 million to £580 million, and it's likely to remain at the same level next year." Walsh said punctuality continued to improve with BA's best ever first quarter performance. "This is not only at Terminal 5, but also at Gatwick where no other major European carrier at any major European airport can match our team's record," he said. "The strong operational performance is reflected in our customer satisfaction ratings which remain at record levels with more than 75% of customers saying they are extremely or very satisfied with the airline".

31<sup>st</sup> July 2009 – Source Travelmole

### **Stella UK to stand alone**

The UK operations of the Stella Group will be run separately from the rest of the business under a major restructuring and recapitalisation plan announced today, which also leaves the UK company debt-free apart from existing bonding. The UK brands include Travel 2, Travelbag and the Global Travel Group, and the company will continue to be majority owned by private equity firm CVC. Stella Travel Services UK CEO, Andrew Botterill, told *TD* this morning that the restructure was "very positive all around. "It puts an end to any unfounded speculation and lets us get on with what we do best, and that's run a travel company." He said the move would allow Stella as a "focused UK travel business" to manage its operations according to the needs of its customers, suppliers and members. "Importantly, this restructure and recapitalisation has a significant positive impact on our balance sheet, and has been welcomed by regulators, industry bodies and key trading partners. "It will also provide certainty and confidence for the individual businesses who are connected to Stella Travel Services through our various retail networks and to the many independent agency groups that continue to support Travel2." The head of Stella Travel in Australia, Peter Lacaze, will be taking equity in the UK company and it's expected that senior managers will also be offered shareholdings. Botterill said plans weren't finalised at this stage but said it was likely that management would be keen to "participate in the success of the company."

3<sup>rd</sup> August 2009 – Source Travel Daily

### **'Only the well off will be able to fly'**

ABTA has warned that only the well off will be able to afford to fly if the government goes ahead with plans to raise Air Passenger Duty. The association called on travellers to write to their MPs and sign up to an online petition to stop the government increasing the tax burden on families as they head off for their summer holidays. APD is due to go up on November 1 so that a family of four flying to Florida will pay £180 in tax and £240 next year when the aviation tax is set to rise again. The UK is the only government in the world to tax air passengers in this way and these rises will hit families particularly

hard as they struggle with the impact of the recession, ABTA argued. The Dominican Republic and other Caribbean destinations will see a family of four having their bill increase to £200 from November and £300 a year later. Those families flying to Australia and New Zealand will pay £220 this year and £300 in 2010. The tax increases will all double for those opting to travel in premium economy class. ABTA chief executive Mark Tanzer said: “One of the great successes of the travel industry has been that we have made it possible for families on a budget to head overseas for holidays or to visit loved ones. “These steep rises in taxation at a time when families are already feeling the pinch will only help to take us back to the days when only the well off could afford to fly.”

5<sup>th</sup> August 2009 – Source Travelmole

### **AITO poll defies ‘doom and gloom’**

More than three quarters of people intend to travel at least as much in 2009 as they did last year, a new study shows. A consumer poll of more than 2,000 people backed by the Association of Independent Tour Operators found that 77% intend to travel at least as much as they did last year, with 72% expecting to spend at least as much money. Bookings are down by an average of 12% on last year (January-March), according to operators. This has not destroyed expectations for the second quarter of the year, however, as 44% of operators believe their bookings will recover to at least the same levels as April to June of last year. Sixty per cent of the 50 operators quizzed reported that their lead period had shortened, confirming – as said – that consumers are “still cautious” about booking holidays but have “growing confidence”. Consumers in the poll, conducted in conjunction with Wanderlust magazine, consider destination to be a more important factor than price when booking trips abroad, suggesting that price-led offers are not the main influence on where consumers decide to travel. Only half of those questioned were planning a one- or two-week holiday in the UK, compared with more than 70% planning to travel to Europe. Longer domestic holidays were also less popular. Less than 10% of consumers were planning a domestic holiday that lasted more than two weeks, compared with more than 60% for the rest of the world. Travellers also reported that responsible tourism was high on their list of priorities when booking a holiday, ahead even of customer service. “Overall, the message is very encouraging and highlights the importance for everyone in the travel industry to ensure they continue promoting their services to consumers who are still looking to travel as much as ever in 2009,” said an AITO spokesman. 5<sup>th</sup> August 2009 – Source Travelmole

5<sup>th</sup> August 2009 – Source Travelmole

### **Venture capital returns to the travel industry**

The first half of this year saw at least 10 investments in travel companies after an initial slowdown last year. The investments ranged from companies providing online reviews, recommendations and bookings to rental management software. Venture capitalists are being attracted by the billions spent on travel each year with Forrester Research predicting online travel alone will grow from \$115.6 billion to \$157.8 billion by 2013. Jim Armstrong, a venture investor at Clearstone Venture Partners, notes his firm tries “to stay around the money on the web”. “We’re excited about categories with a lot of money around them and there’s a lot of money in travel,” he

said. Investors and entrepreneurs are excited about travel and believe it is once again ripe for innovation. The 1990s saw the pioneers launch travel online, this ended in the early 2000s with a wave of acquisitions and mergers. The industry is beginning its next wave, partly created by social networking and mobile presenting new opportunities. While large travel companies such as Expedia and Lastminute.com have been massively successful offering a one-stop shop for booking travel, there is criticism from some sectors that they now lack innovation. The new crop of start-ups are looking to take their models to the next level by adding video tours, price tracking and exploiting niche travel products. One of the aspects online travel entrepreneurs are seeking to improve on is the information available to consumers with user-generated guides. Complementing these initiatives is a range of quality, rich media which offers customers improved insight and an immersive experience for travel bookers. Henry Hardeveldt, a travel analyst with Forrester Research, also pointed to niche travel businesses, saying that sites don't have to provide the round-the-world trip of a lifetime; some people just want a better road trip. Investors see one of the most attractive aspects of travel companies as the potential for multiple revenue streams. For example, a travel review website can generate revenue from advertising as well as referrals for the destinations it features. There are also opportunities to license out their technology as a white label to other sites. Hardeveldt said it is not just consumer acquisition and booking, many investors see more opportunity in the technology infrastructure. There is opportunity for innovation – and to make money – between the actual booking agent and service provider. “What you see are these small, cost-efficient companies – well-managed businesses looking to fill the gaps,” Hardeveldt said. “It’s a very rich pool they can participate in.” But, as Hardeveldt cautioned, not all travel start ups will thrive. Many offer services that don't differentiate themselves from the competition. “I think there are a lot of these players where there's too much overlap,” he said. Still new innovation is there in an expanding market. Entrepreneurs are saying travel is an industry that hasn't changed enough and investors agree. Both seek lucrative consolidation and exits when market conditions improve. “When market conditions allow, a lot of companies will be attractive candidates for mergers or public offerings at very attractive multiples or valuations,” Hardeveldt said. “It's not unlike seeing the caterpillar morph into the butterfly. We're in the caterpillar stage. “Sometime between 2010 and 2012 I would expect to see the next wave of consolidation.” With online travel-related spending expected to boom in the next few years, VCs are eyeing the latest start ups in the travel space as well as established players with high-growth potential.

6<sup>th</sup> August 2009 – Source Travelmole

### **TUI reports strong result**

**TUI** Travel this morning reported a 57% increase in underlying operating profits to £102m for the quarter to 30 Jun. CEO Peter Long said the UK Summer 2010 programme was trading well, with bookings in line with the prior year despite launching two months later. The company said the Q3 result included an incremental £21m in synergy benefits, with good trading in the UK, Nordics and Germany despite an adverse impact from the swine flu outbreak in Mexico and “continued elimination of losses in the scheduled flying operations in Germany and the UK. “Now, more than ever, customers are choosing to book their holidays with our high quality, trustworthy brands,” Long said. TUI said it continues to expect challenging market

conditions, with the later booking pattern to continue into 2009/10.

12<sup>th</sup> August 2009 – Source Travel Daily

### **Almost half of Brits to miss out on holidays**

Nearly half of UK consumers are to forgo a holiday in the next 12 months, a new study has revealed. The research into public habits and how they have changed due to the recession by management consultancy Accenture show that 45% of people are not planning to take a holiday within the next year. While 55% of respondents plan to take a holiday, 21% of travellers will be compromising their plans by staying closer to home, and 19% will be staying at less expensive hotels. The poll found that 38% believe cost is the most important criteria when it comes to choosing a hotel. But value for money (at 26%) and location (at 22%) are creeping up in importance for travellers. Unsurprisingly, price is by far the most important factor for 67% of respondents in choosing an inexpensive air fare. Only 16% of British travellers use social networking sites when planning a holiday, according to the survey. Hotel reviews are used most (72%) and tourist site reviews second most frequently (57%)

Accenture travel practice head Alex Christou said: “It is understandable that the current economic situation has changed the way that people spend on big ticket items, and that includes holidays. “Low cost options will remain the winners as consumers look for inexpensive flights, hotels and location. “Operators can look to differentiate themselves by extending their value-based offering to include customer service and sales process in order to reach a wider audience and succeed in a difficult market.”

13<sup>th</sup> August 2009 – Source Travelmole

### **Trips abroad down by 10%**

The number of British people travelling abroad slumped by ten per cent in the 12 months to June, new figures show. The reduction from 70.9 million to 63.5 million included a ten per cent drop to Europe (down to 50.4 million), a 15% decline to North America (down to four million) and a nine per cent decrease to the rest of the world (down to 9.1 million). Figures from the Office for National Statistics show that for the three months to the end of June the number of visits abroad remained broadly the same as the previous three months at 15.2 million. But spending fell by eight per cent to £7.6 billion.

13<sup>th</sup> August 2009 – Source Travelmole

### **Hitwise top 50 shows travel winners and losers**

Thomas Cook and First Choice were among the biggest climbers in the latest IMRG-Hitwise Hot Shops List. Based on their online traffic figures in July, Thomas Cook moved up 14 positions to 16 in the list, while First Choice climbed 13 spots to 37. Meanwhile, Thomson and EasyJet joined the top 10 for the first time, coming in at number eight and number 10 respectively. But Hitwise director of research, Robin Goad, warned that traffic to travel websites is declining overall. "Most of the travel companies moved up the rankings this quarter, but this seasonal

increase masks an annual decline in traffic to most of the sites,” he said. “The notable exception was The Train line, which is benefiting from the boom in domestic travel and 'staycations'.” The three leading three brands in the list retained their dominance of the UK online shopping scene. Amazon.co.uk (1), Argos (2), and Play (3) each keep their regular spots, as did Marks and Spencer (6). But Amazon.com (5) fell one place, Tesco (7) dropped two places, while Expedia (9) slid one place too.

26<sup>th</sup> August 2009 – Source Travelmole

### **ABTA and FTO launch Travelife directory**

ABTA and the Federation of Tour Operators have launched an online directory of environmentally sound hotels. The website features hotels which have been audited under the Travelife Sustainability System. The top performers are accredited with a Gold, Silver or Bronze Travelife award. Tour operators supporting the scheme promote these achievements through brochures and websites, allowing the consumer to factor it into their travel plans. Jonathon Porritt, founder director of Forum for the Future, is also backing the initiative. He said: “Increasingly, holiday makers are seeking some reliable assurance rather than relying on instinct to confirm that we are choosing truly responsible places to stay. “That is the aim of this directory, and I've no doubt that there are more and more people who will be keen to take advantage of it. “By selecting hotels involved with the Travelife Sustainability System, we can feel confident that we are making some kind of a positive difference when booking a holiday.”

26<sup>th</sup> August 2009 – Source Travelmole