

UK OFFICE

OCTOBER 2009 REPORT

Prepared by: Venessa Alexander
UK Director

TOUR OPERATORS

Virgin Holidays

Accompanied Nancy Cimney from the Sandpearl to a meeting with Alison Leslie from Virgin Holidays. Nancy provided update on the Sandpearl which is selling very well for Virgin Holidays. Virgin are reporting that Winter 09/10 is looking very slow although Summer 2010 is looking good with forward bookings for VSPC being up on the same period last year.

TRADE LIAISON

- UK Training Mission – This month saw the training roadshow take place in Ireland and the United Kingdom over a five day period. Hoteliers from The Sandpearl Resort, The Sheraton Sand Key Resort, The Sirata Beach Resort, Sunset Vistas Beachfront Suites Resort and the Tradewinds Island Grand and Sandpiper Resorts joined the UK office for the road show which visited some of the largest tour operators/travel agencies in Ireland and the UK.

We saw a total of 100 key reservations staff at call centres including Gold Medal Travel, Premier Holidays, Tour America and Travel Republic, the UK's largest online travel agency. We conducted scheduled training sessions, lunchtime promotions and call centre drops as part of the activity throughout the week. We also provided a prize draw to Gold Medal Travel which incorporated stays at the hotels provided to by our partners on the trip. During our visit to Ireland, we also hosted an Irish Tour Operator/Travel Agent Luncheon at the Shelbourne Hotel in Dublin. The luncheon was a great success and included tour operators such as American Holidays, Sunway Holidays and Tour America as well as key travel agents from Sunway Travel and American Holidays Travel coming from as far afield as Belfast. The feedback from the call centres and the agents has been very positive and all have commented that it will assist them in their future efforts to send customers travelling to Florida to our destination.

- Hospitality hosted in conjunction with Tampa Bay & Co at the recent Bucs game held in Wembley, London. In attendance were Virgin Holidays, Travel City Direct, Premier Holidays, Funway Holidays, Cosmos, Bon Voyage, Holiday Genie, Sports Tours and Busch Entertainment.
- Sunway Holidays, Ireland – The joint co-op activity with Sunway Holidays in Ireland continued into this month. The campaign included us appearing on the home page as a featured resort as well as a dedicated landing page advertising the area and special

offers, colour advertisements with offers to our area in the Sunday Tribune and the Irish Mail on Sunday, faxes to the trade database as well as coverage in the monthly consumer e-newsletter. Results TBA.

- Visit USA Association, UK - Attended the Visit USA General Meeting held in London. The meeting covered the Visit USA progress report, future plans, a public affairs update as well as information regarding the 2010 Independence Day Ball and the 2009 Road show due to take place in December.
- Participation at a promotional event for BA Holidays in conjunction with Visit Florida, Tampa Bay & Co and Lee Island. Approx 150 staff visited us in their lunch break, collected collateral and entered a prize draw to win holidays to Florida. VSPC donated stays at Tradewinds, Sirata Beach and the Sandpearl.
- World Travel Market – Preparations on-going with appointment schedules for the show which is taking place at the Excel Centre in London from 9th – 12th November 2009. Currently appointments have been scheduled with 19 major UK and Irish tour operators. Liaison with Fleishmann-Hillard re media interviews. Also finalising shipment of collateral and booth graphics.
- Direct Holidays – Discussions taking place with Direct Holidays to try to secure training at their call centre in Falkirk, Scotland.
- TUI/Thomson – A request has been sent to TUI/Thomson to provide us with a marketing proposal including retail activity to discuss during our meeting scheduled at World Travel Market.
- Travel Counsellors Conference – Preparations starting to be made with regards to the forthcoming Travel Counsellors conference being held in Manchester in the UK in December. Provided Travel Counsellors with our up to date logo, copy etc for inclusion in conference information that is being sent onto the agents attending.
- Premier Holidays – Discussions taking place with Premier Holidays to schedule the dinner for the travel agent branch winners of our recent ‘shop window display’ competition as part of our joint promotional activity.
- Visit USA Committee, Ireland – Provided the Visit USA committee, Ireland with details of the new Hyatt Regency Resort that is due to open on Clearwater Beach in December for inclusion in the November issue of their consumer and trade e-newsletters.
- Virgin Holidays – Virgin Holidays October monthly consumer e-newsletter featured an image and a lead in price of a holiday starting from £669 per person in St. Pete’s.
- Visit USA Travel Planner – offered a full-page advert in this publication for the price of 1/8th page. Ad will be one of the recent adverts featured in Selling Long Haul Magazine.

- Consumer promotion recently finished with Prezzybox. Prezzybox have a VSPC homepage banner on their site for a month linking to a dedicated landing page featuring information on VSPC and a prize giveaway from Bon Voyage. We are also featured in 2 newsletters being e-mailed to 170,000 subscribers each time. Final opt-in was just over 11,500 consumers. Bon Voyage who were the partner on this promotion are mailing this database with general VSPC copy and special offers.
- Thomas Cook fam – itinerary for this group visiting VSPC in November has now been finalised.
- Visit USA Ireland fam – request received from the Visit USA Committee to host a fam for Irish tour operators and agents for 3 nights from 16th – 19th November. Itinerary currently being finalised.
- Bon Voyage fam – request received to arrange a mini fam for Bon Voyage reservations staff to include site inspections at the 4 area properties that they feature. Itinerary currently being finalised.

ENQUIRIES:

Telephone/website enquiries for information and/or literature

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MARKET INTELLIGENCE:

01 October 2009 – Source Travel Weekly

Face-to-face factor boosts travel agency booking values:

High-street travel agents are outperforming direct-sell channels when securing high-value bookings. Figures from market analyst GfK Ascent-MI - revealed at an Institute of Travel and Tourism Question Time event on Tuesday - showed that shops' average booking value rose £51 for summer 2009 holidays, while direct-sell prices fell by £3. GfK Ascent-MI managing director Sarah Smalley said: "It is easier to up sell when the customer is in front of you. Shops are doing better than direct-sell at capturing value." The Co-operative Travel group managing director Mike Greenacre said he had witnessed the same trend. "Our retail shops have remained steadfast, while non consumer-facing brands have found it tougher," he said. Meanwhile, Smalley said bookings for winter 2009/10 look set to be hardest hit by the economic climate. Bookings this year are down 20% across the market. Direct-sell channels are faring worse, down 25%. Travel agents are also performing better on summer 2010 bookings. So far, sales for next summer are down 10% through shops, but 22% down through direct sell. Sales increased 15% through the shops in August, compared with the same month last year. "There have been two consecutive months of growth for agents in July and August. This could be because lots of agents have had more training recently, which helps them add value," said Smalley.

05 October 2009 – Source Travel Daily

TC Christmas surge:

Travel Counsellors this morning reported a Sep surge in Christmas bookings (19-31 Dec), with a 41% increase compared to the same period last year. Overall sales were up 14%, while Summer 2010 was up 10%.

06 October 2009 – Source Travolution

TripAdvisor launches flight meta search engine:

TripAdvisor has unveiled a flight meta search engine on its UK site, eight months after the launch of the service in the US. The meta search engine has been given a UK-centric focus and features the fees estimator with information on fees and charges across scheduled and no-frills airlines as well as estimated onboard food and drink costs. Prior to launching the UK search engine, TripAdvisor carried out research on flight booking behaviour among 600 Britons. It revealed that 68% are surprised by the final price of a flight when they get to the payment stage. TripAdvisor general manager of new initiatives Bryan Salzburg said: “Given the confusion in the market place, not being surprised by extra fees [as a result of the fees estimator] has a big impact.” The engine searches for flights from a number of online travel agencies including Ebookers, parent-company Expedia, and Opodo as well as the major airlines. Salzburg added that TripAdvisor was ‘proactively engaged’ in discussions with all airlines and that it currently had a direct connect agreement with British Airways but no direct relationship with easyJet. Airline seat plans are also integrated into the service from SeatGuru. The research also revealed that consumers shop online for three and a half hours for a flight and visit about six sites before choosing where to book. In addition, 77% are unaware of card-payment fees for the major European carriers while 64% are unaware of the varying baggage allowances. The engine currently covers UK and European flights and there are plans to extend it to include transatlantic services in the pipeline.

07 October 2009 – Source Travel Daily

BA cuts 1700 cabin crew:

British Airways has announced that it will make 1000 full-time London Heathrow-based cabin crew redundant, as well as shifting a further 3000 staff to part-time work as part of moves to survive the economic slump. The moves equate to 1700 full time equivalent positions, and will see BA reduce crew numbers on its long-haul 747 flights from LHR by one to 14 per flight. The carrier said service levels won't be affected, with the Customer Services Director on each flight to now serve passengers rather than just managing the crew. There's also a two year crew pay freeze and future crew will be recruited under new The carrier said it “must reduce costs to restore profitability,” confirming that it expects to record a significant loss for the second consecutive year. “Without changes, we will lose more money with every month that passes,” a statement added. “We cannot ignore the fact that our Heathrow-based cabin crew costs are much higher than those of our Gatwick-based crew and of our competitors,” said a spokesman. However unions have already reacted strongly to the proposal, saying that any roster changes may constitute contractual breaches, with the carrier facing the threat of Christmas strikes.

Thomson, FC capacity up:

Thomson and First Choice have announced a major increase in capacity for ten and 11 night holidays abroad, in response to a 64% increase for trips of this duration reported over summer. The companies said this reflected a “clear need to adapt flexibility to suit the wants of customers” and will see its ten and 11 night trips up 21% for summer 2010. “For too long, mainstream tour operators only offered seven or 14 night holidays abroad, with those looking for more flexibility obliged to go online to book the duration that suited them,” an official statement said. Thomson and First choice said their “history of adapting to the ever-changing whims of the modern day holidaymaker now extend to offering a range of ‘mid-term’ breaks, over and above more traditional durations”.

08 October 2009 – Source Travelmole

ABTA in ground-breaking protection move:

ABTA is to introduce a new scheme to allow agents to safeguard the money of holidaymakers who buy flights or hotels separately, in a move that will close a massive loophole in financial protection.

Chief executive Mark Tanzer, in his opening address to the ABTA Travel Convention, said it was negotiating with the government and the Civil Aviation Authority to introduce a scheme for the majority of travellers who do not purchase a package. If successful, the scheme could be one of the most radical developments in the industry for years. Tanzer said that of the 45 million trips taken by Britons every year, only 18 million were protected package holidays and ABTA believed all holidays should be protected. “We will have proposals [for a financial protection scheme] on the table soon,” said Tanzer.

Co-operative Travel managing director Mike Greenacre backed the move. “We would support any initiative that seeks to simplify and offer guaranteed financial protection for holidaymakers, whether they buy a package holiday or flights and accommodation separately. This is at the heart of consumer confidence,” he said. Tanzer acknowledged that there was a currently a big debate in the industry on the protection of holidaymakers’ money but made a strong defence of the recent controversial decision to reinforce its articles of association. This will force bed banks to honour payments collected on behalf of retailers if the agent fails and follows the collapse of Freedom Direct, which left holidaymakers exposed. “We needed to retain the integrity of the ABTA brand and the value to you in delivery consumer confidence,” he told delegates. In his address, Tanzer said industry bookings were this year down 10-15 per cent, but margins had not been hit so badly because companies had held prices after cutting capacity. He said the travel industry was fraught with uncertainty but the prospect of meltdown had receded. Tanzer put forward a model of a sustainable future, which he called ‘The Happy Place’, and said that to achieve it, companies needed to offer quality and consumer confidence in the form of financial protection.

09 October 2009 – Source Travel Daily

TUI boss seeing recovery:

TUI Travel chief executive, Peter Long, said he remains optimistic about the future, despite the current economic uncertainty. Speaking at The Travel Convention yesterday, he told delegates, "Whilst the recession has been extremely painful for all of us, the good news is there's still a strong consumer desire to take holidays". TUI Travel, which serves more than 30 million customers in over 25 source markets, has noticed that customers are willing to spend their money on summer holidays, however bookings are being made closer to departure. Long said customers were also looking for better value, all inclusive holidays that offer unique experiences and greater security. He identified five key areas that leisure travel businesses should follow to deliver great value to customers and build a successful company. These include the need to have a flexible and efficient business model; align capacity with demand; add value; give excellent service and have the right management in place. "The important asset in our business is leadership, and this is why we are successful", he said. Long told delegates the company has huge plans for expansion in the UK as the economic situation turns around. "There are signs of recovery, but it will be a long haul", he said.

09 October 2009 – Source Travel Daily

Global capacity up:

Global airline capacity for Oct has grown 1.04% year-on-year according to the latest report from aviation analysts OAG. These figures are only marginally down on the Sep growth rate of 1.4% with a total of 299.9 million seats currently available this month. "We're seeing continued growth in global capacity even with slight decreases in frequency across Europe and North America as we go into fall, which would tend to indicate a trend towards re-evaluating less popular routes," said OAG VP of Market Intelligence, David Beckerman. Frequencies do however appear to be down by 1% from Oct 08 to 2.4 million flights. Although there was strong growth in the middle eastern sector of 12%, OAG's figures show overall growth in the low cost sector slowing.

16 October 2009 – Source Travelmole

Facebook top UK social networking site:

Social networking website Facebook has been ranked as the second most visited in the UK after Google. Facebook is also the UK's top social networking website, despite the hype surrounding Twitter.

Facebook accounts for one in every seven pages viewed by UK internet users or 14.5% of all internet page views, according to online research company Hitwise. UK internet visits to Facebook increased by 86.1% in the year to September and have more than doubled over the last 14 months. During September, Facebook accounted for almost half (49.2%) of all UK internet visits to a social networking website. Hitwise research director Robin Goad said: "During September Facebook was the second most visited website in the UK after Google UK (www.google.co.uk), but because users view a much larger number of pages per visit, Facebook is the clear leader in terms of page views. "During September, Facebook received more page views than Google UK, eBay UK (www.ebay.co.uk) and YouTube (www.youtube.com) combined. "Although it has fallen somewhat off the media radar in favour of Twitter recently, Facebook remains far and away the most popular social networking website in the UK. "One significant factor is that the site's growth in the UK

doesn't yet show any signs of slowing. "A key measure of success for any social network is average session time; as we have seen with sites such as Friends Reunited and MySpace, when average session times begins to drop off visitor numbers soon follow. "Facebook has yet to experience this problem: Hitwise monitoring data shows that its average visit time increased from 19 minutes 59 seconds in September 2008 to 26 minutes 14 seconds during September 2009."

20 October 2009 – Source Travolution

Ebookers launches Package Holiday Booking Engine:

Ebookers.com, one of Europe's largest online travel companies, has today announced the launch of a new package holiday booking engine offering customers access to millions of holiday offers. The new service, packageholidays.ebookers.com, is delivered using technology provided by TravelTainment. It is the latest move by ebookers.com to broaden the range of innovative tools and services available on the website, which allows consumers to easily plan and book travel. The new package holiday booking engine will also use ebookers.com's familiar booking path to ensure customers have a one-stop shop when they search for holiday or destination information. TravelTainment technology will add to ebookers.com's existing dynamically packaged holidays which can be created onsite using the 'Flight + Hotel' feature. This will offer a wider range of inventory for ebookers.com customers by allowing direct access to service providers and tour operator booking systems. "Following a successful relationship between ebookers.com and TravelTainment in the Swiss and German markets, we are pleased to unveil this exciting initiative in the UK market. By adding tour operator packages to ebookers.com's existing dynamic package holiday search option, we have strengthened our range of booking options for UK consumers," said Tamer Tamar, president, ebookers.com.

21 October 2009 – Source Travelmole

BAA Sells Gatwick Airport:

Gatwick is being sold for £1.51 billion to London City Airport owner, US-based Global Infrastructure Partners. BAA announced its plans to sell Gatwick in September 2008, before the end of the Competition Commission's UK airports market investigation. The agreement will lead to greater competition between airports serving London. Chief executive Colin Matthews said: "Gatwick and its people have long been a central part of BAA and we are proud of the airport's development as one of the world's leading international airports. "BAA is changing and today's announcement marks a new beginning for both Gatwick and BAA. We wish Gatwick well for the future and are confident that the airport will flourish under new ownership. "BAA will focus on improving Heathrow and our other airports." The company has also been ordered to sell Stansted and one of Glasgow or Edinburgh airports, but is appealing against the decision. The sale of Gatwick, which is subject to approval by the European Union, is due to be completed in December. Gatwick, which employs around 2,500 people, opened in 1958 and is the busiest single runway airport in the world, handling 32.2 million passengers in the year to September.

BA Strikes Loom but Walsh Cost Slashing Will Continue:

British Airways cabin crew could strike in the run up to Christmas, further puncturing the flag carrier's ailing finances. Some 14,000 crew are to be balloted on strike action by their unions as negotiations over pay and working practices failed to bear fruit after nine long months of wrangling. And with the mood rebellious amongst staff after a series of shocks that include being asked to work for nothing by BA chief executive Willie Walsh, strikes look likely, bringing travel misery to thousands over the festive period. The ballot should take around four weeks and would mean strike action kicking off at the start of December. But despite this, Walsh has vowed to continue with this raft of cost cutting measures which include freezing pay, reducing overseas travel allowance, implementing voluntary redundancies and moving 3000 staff to part time roles. Walsh wants to reduce staff numbers on various routes and fill the gap by asking senior crew to join the food service staff. The chief executive also shocked staff by asking them to follow in his footsteps and work for no pay for one month. The airline lost £401 million last year and BA's management wants to reduce its cabin crew budget by about £140 million a year. Although it is thought that BA is currently focusing on contingency plans should the strike go ahead, it is anticipated that the carrier will still be forced to cancel flights as Christmas approaches. Said Walsh: "The changes that we are making from mid-November will go ahead regardless and I have made that very clear to them. We have got fantastic cabin crew but we can't avoid the realities of the cost structures that we have within the business and they simply are not sustainable."