

**UK OFFICE**  
**FEBRUARY 2012 REPORT**  
**Prepared by: Venessa Alexander**  
**UK Director**

**Tour Operators**

**Infinity Holidays**

A Sales Meeting was held with Selina Pridmore at their UK Call Centre in London. Selina is Product and Marketing Manager and Infinity Holidays is the wholesaler for Flight Centre shops and homeworkers (130 sales teams in all). The Infinity call centre staff includes a team of US specialists and book all destinations in the US including Florida and the Visit St. Petersburg/Clearwater area. They currently feature Sheraton Sand Key Resort, Hilton Clearwater Beach, Tradewinds Sandpiper Resort and the Dolphin Beach Resort. We were advised that Florida is their 4<sup>th</sup> biggest selling destination after New York, Las Vegas and California and that the U.S. is now Infinity's top selling destination (taking over Australia). They send approx 800,000 passengers to the US per year. They did not have any room nights stats to share but advised that VSPC is their top selling beach destination in Florida. We also secured training for their call centre staff and this is due to take place in March.

**THG Holidays**

Met with THG Holidays to discuss on-going activity. In addition to training their call centre staff, THG also took us on a sales trip around Wales to meet with their top selling agents. We trained a total of 20 front line travel agency and call centre staff.

**Bargain USA Holidays**

Training was held with the call centre staff at Bargain USA Holidays in Colindale, North London. A total of 15 call centre staff, administration staff and team management were trained on all aspects of the area. We also provided the staff with the new Visitor's Guide and area map, key selling points and giveaways.

**Other Meetings**

**Visit Orlando**

A meeting took place with Dave Turner at Visit Orlando to discuss moving forward on joint co-op marketing activity with UK tour operators and possibly UK retailers. Visit Orlando advised they were very keen to participate in co-op twin centre marketing activity and will be contacting and discussing the options with their colleagues in Orlando. Discussions on-going and a follow up meeting has been scheduled for March.

## **Rooster PR**

Meeting held with the team to discuss a new PR plan to include Facebook initiatives for the new UK Facebook page. New plan included family-specific activities including a media fam showcasing alternative family activities.

## **Trade Shows**

### **Matka, Helsinki**

Attended Matka as part of the Florida's Beaches Consortium

Total attendance: 71, 098 (Thu 6906, Fri 17,626, Sat 28,992 and Sun 17,574)  
Press : 1100 Journalists  
Exhibitors: 1074

Event recap:

Thursday was busy, there was good traffic through the US Pavilion throughout the day. Visitors picked up an unusual amount of collateral material from our booth. Mostly travel agents and some press. Situation was similar on Friday until 2:00 PM, when they allowed students and public to come in. Friday until closing was very busy, almost ALL the collateral material was gone. By mid afternoon Saturday, everything was gone, including the Visit Florida maps. Same situation with the other co-exhibitors in the stand.

## **TRADE LIAISON**

- Virgin Holidays – Preparations on-going for the co-op marketing activity with Virgin Holidays. Activity confirmed for the campaign includes creative press on a shared basis (Evening Standard, Daily star and The Sun publications), brochure follow up which took place during February and which will be sent again in March, an Inspiration e-mail inclusion that was distributed in February and the Frequent Virgin Club Web feature again which took place during the month of February. Activity on-going.
- Virgin Holidays/Visit Florida – We have confirmed participation in a multi media campaign in partnership with Visit Florida and Virgin Holidays. The campaign is due to launch in March and preparations are on-going.
- Confirmed participation in the forthcoming BA/Visit Florida campaign which is due to launch in April. The campaign will feature a strong online element.
- Premier Holidays – After confirming participation in the joint co-op marketing campaign with Premier Holidays and SeaWorld Parks & Entertainment last month, we have secured dates for the campaign to commence from the 16<sup>th</sup> April 2012. New copy, imagery and logos have been forwarded to Premier Holidays.

- American Holidays – Activity as part of our co-op marketing campaign with American Holidays continues. Activity includes joint press advertising, an e-zine newsletter to their database of consumers, PPC spend and website presence on their homepage for a period of two weeks. The banner ad linked through to a dedicated landing page which included special offers. Activity on-going.
- TUI Specialist - Jetsave holidays approached us with an opportunity to participate in an advertisement in The Sun national newspaper. Advert included our logo, an image and some area copy and the advertisement ran on Saturday 18<sup>th</sup> February 2012. Results from the ad have been requested.
- TUI Specialist – Jetsave Holidays have also approached us with an opportunity to have an advertisement for our area on the reverse of the new 2013 Florida summer brochure. The brochure is racked in 5000+ Thomson & First Choice branded retail stores as well as their independent travel agent partners. Copy, logos and images have been sent for Jetsave. The brochure has a print run of 250,000 copies and will launch in March.
- USAirtours – The ‘Destination of the Month’ co-op marketing campaign with USAirtours took place this month. Awaiting final results from the campaign.
- Lands’ End Promotion – The brand affinity promotion with Land’s End launched on the 6<sup>th</sup> February. The promotion will be on-going for a period of 2 months.
- UK Facebook Page – USAirtours were secured as the operator of the month for February, we posted details of special offers each week. In addition a number of press releases have been posted on the page as well as general information regarding the Best of Survey.
- UK Consumer Newsletter – Liaison with the US office re a consumer newsletter to be emailed to 9028 UK consumers on the database. The newsletter will include general information as well as information on the new Facebook page and the Land’s End promotion that is currently running. It will also include an offer to St Pete/Clearwater from Monarch/Cosmos.
- Florida’s Beaches Consortia – Finalised all details for the forthcoming consumer travel show at Swanson’s in Osby, Sweden. The show will take place on the 3<sup>rd</sup> March and has an annual attendance of over 1,000 Swedish consumers. Also finalised details for attendance at Reiseliv as well as the preceding TravelMatch event which includes pre-scheduled appointments with Norwegian tour operators and travel agents.
- VSPC & Busch Gardens VIP Event – Discussions and preparations have started with Busch Gardens Tampa Bay regarding our joint summer VIP Tour Operator Event, which this year is due to take place in Bruges, Belgium on Thursday 21<sup>st</sup> June 2012. A hotel has already been sourced and a site visit will be taking place in March. A tour operator list has been agreed and a save the date e-mail will also be distributed once the hotel has been secured. Preparations on-going.

- BA Holidays - Provided BA Holidays with general area information including details on golf courses, shopping options and attractions for their updated website pages.
- BA Holidays – Confirmed participation in a Florida Training Day at the BA Holidays call centre in Newcastle. We will be seeing over 100 BA Holidays call centre staff at this event which is taking place in April.
- Stella Travel – Provided hotel contact information to Jonathan Couch who is in the process of reviewing hotel product for their summer 2013 Florida Travel 2 brochure.
- Visit USA Committee Ireland – The February edition of the VUSA Ireland e-newsletter included details on the release of ‘A Dolphin Tale’ on DVD in the UK/Ireland. The e-newsletter is distributed to both their trade & consumer databases.
- Selling Long-Haul – The first of our 4 advertisements was featured in the February edition of the monthly publication Selling Long-Haul.
- Further to the Scandinavian Sales Mission in January, several tour operators and travel agents have contacted the office for additional information and to request help with tickets to attractions in the destination.

## **ENQUIRIES:**

Telephone/website enquiries for information and/or literature

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## **MARKET INTELLIGENCE:**

03 February 2012 – Source Travelmole

### **Only 11% of Brits book their holiday with high street agents**

Just 11% of Brits will be visiting a travel agent in person to book their 2012 holiday, according to a report by Travelsupermarket. When it comes to booking their main summer holiday, 31% will book through an online travel agent, 20% through an online tour operator and 15% through an online price comparison site. Another 14% of the 5,000 Brits surveyed said they would book over the telephone. When it comes to researching their trip, the poll found 12% would be calling in to see their high street agent for advice. Instead, 52% will use internet search engines as their first port of call for holiday research, 40% will use review sites to get the opinions of other travellers, and 37% said they would be visiting travel agents' websites to plan their dream break. Bob Atkinson, travel expert from Travelsupermarket commented: "The switch to online for our holiday planning - whether to research or book - has been one of the most noticeable changes in travel over the last few years and appears to be continuing. "The internet makes researching our holiday so much easier. Review sites are growing in popularity as holidaymakers trust the opinion of their peers, plus as Brits get savvier about finding the best price on their holidays they are using the internet to compare prices to get the best deal." Spain is set to lead the way this year with 11% of Brits already planning on heading there for their main break, followed by Italy (3%) and Portugal (2%). The findings were taken from the Travelsupermarket Travel Trends Tracker, due to be published later this month.

03 February 2012 – Source TTG

### **IATA boss warns of tough 2012**

The boss of Iata has issued a note of caution for 2012, saying failure to find a solution to the eurozone crisis would spell disaster for the airline industry. "It is far too early to start predicting a soft landing for 2012. The eurozone crisis is far from over. Failure to achieve a durable solution will have dire consequences for economies around the world. And it would most certainly tip the airline industry into the red," said Tony Tyler, Iata director general and chief executive. He added that improving business confidence and some growth in the US economy were "heartening" developments. Looking at the full year for 2011, passenger demand rose 5.9% compared with 2010, however cargo markets contracted by 0.7%. "Given the weak conditions in Western economies the passenger market held up well in 2011. But overall 2011 was a year of contrasts. Healthy passenger growth, primarily in the first half of the year, was offset by a declining cargo market," said Tyler. "Optimism in China contrasted with gloom in Europe. Ironically, the weak euro supported business travel demand. But Europe's primarily tax and restrict approach to aviation policy left the continent's carriers with the weakest profitability among the industry's major regions," he added. International air travel rose 6.9% last year, with European carriers posting the second highest growth rates. In Europe demand rose 9.5% last year while capacity climbed 10.2%. Iata said European airlines benefited from robust business travel on long-haul markets, in part related to strong exports from northern Europe.

06 February 2012 – Source Travelmole

### **TUI hits back at report predicting the death of high street agents**

TUI has hit back at a Travelsupermarket report which claims only 11% of Brits will book their summer holiday through a high street agent this year ([see earlier story](#)). Nick Longman, distribution and online director at TUI UK & Ireland, said he strongly disagrees with Travel supermarket's claim that local travel agents on the high street will soon be a thing of the past. "From our own research we know that there will always be customers who want to make, perhaps, their biggest expenditure of the year face-to-face, which is why we offer customers multi-faceted booking channels," he said. "A trend we've noticed is that customers are using our channels interchangeably. Customers might research their holidays on our website and on review sites like TripAdvisor, but then come into the shop to actually book their holidays. Whilst others will pick up brochures in-store and then book at home online. "Both channels do co-exist and perform well in the same key area." According to Longman, the company's web share in the South East is 7% higher than its average web share, but the region is still the biggest for retail sales and accounts for 31% of total shop sales. "Our online sales would also be lower if it wasn't for a retail presence, as our data shows that 20% of customers who visited one of our retail shops ended up booking with us on the web," he said. He also pointed to independent data from LTM on the wider travel market, which shows that for summer 2012 over 67% of holidays are still being sold through travel shops, with the remaining 33% being sold direct online or via the telephone. "These proportions of distribution have changed very little year-on-year too. Furthermore, Euromonitor research has predicted that even in 2015 over 60% of holidays will still be sold off-line," he added.

07 February 2012 – Source Travelmole

### **TUI claims it is outperforming the UK market**

TUI claimed it is outperforming the rest of the UK market as it released its first quarter results today. It said while its own summer bookings are flat, the total UK market is down 14%. "We have outperformed the market during the key booking period in January," said chief executive Peter Long. "We have also had a particularly good performance in online sales. We believe that this outperformance reflects the trust that customers place in our market leading brands." TUI's underlying operating loss for the quarter has increased by £23 million to £109 million, driven by lower demand for North African destinations. The group said its differentiated product was performing well and currently accounts for 64% of UK bookings for Summer 2012, up seven percentage points on prior year. UK Summer 2012 differentiated product volumes are up 16% in January versus prior year. It said online bookings were up 19% for Winter and 16% for Summer 2012 in January. Summer 2012 online accommodation bookings in the Accommodations & Destinations Sector are up 21% to date on the prior year. Long added: "Our business improvement programme is progressing according to plan. These self-help measures, coupled with our strategy of increasing differentiated product, controlled distribution and online sales, will help us to deliver in the current challenging macro-economic environment."

07 February 2012 – Source Travolution

### **Nucleus study find's 'stunning' growth in mobile browsing**

"Stunning" growth in mobile web browsing in the six months since August 2011 has raised the prospect we are seeing the beginning of the end of the PC era. The study, carried out by London-based web agency Nucleus, found while overall mobile web browsing was up 72%, the picture was not equal across all platforms. However, the clear growth of mobile and the inroads Apple's iPad has made into PC market share suggest a significant shift away from browsing on traditional computer consoles. The report - the second six monthly analysis of the mobile sector by Nucleus - states: "Our latest study into mobile web browsing documents rapid growth and suggests much more to come. "Between August 2011 and January 2012, some websites in our sample have seen a doubling of mobile traffic with several now registering over 20% mobile penetration. Our top site generated 24.2% from tablets and smart phones." The study took data from 10 UK and global travel websites from mass-market to luxury and comprised 2.75 million unique visitor samples. The key findings were: Mobile web browsing grew 72% in the past six months to an average 17.4% of all traffic surveyed. iOS devices dominated with an average 85.6% share of mobile browsing devices. The iPad has made dramatic inroads into PC territory, adding 12% to its mobile share. Android has dropped in total share. BlackBerry has experienced a melt-down, and Windows is yet to make a mark. Luxury sites show highest mobile penetration The Nucleus report said one "glimpse of light" for Google's Android operating system was that it performs better for mass market websites "indicating more demographic strength in price-sensitive markets". It adds that Blackberry browsing has "virtually fallen off the chart" concluding that despite the device's continuing popularity, it is not being used to browse the web. Of the main devices the iPad was the only one to have increased its mobile market share since last August. Nucleus said, with shipments of tablet computers forecast to grow from 72 million to 383 million by 2017, overtaking PC shipments, retailers cannot ignore mobile devices.

“Providing mobile-friendly web browsing brand experiences is key, especially in the travel and ecommerce sectors, where online conversion is vital for business. “Smartphone-friendly websites will also be a requirement for many brands, whether mobile-optimised or stand-alone mobile sites with stripped-down content and functionality and smartphone-friendly navigation.”

08 February 2012 – Source TTG

### **£91m quarterly loss for Cook, with Indian arm to be sold**

Thomas Cook has confirmed it will sell its Indian subsidiary in a bid to reduce its debt, after announcing that it made an underlying loss of £91 million for the quarter. This underlying loss was up from £37 million in the same quarter last year. The group blamed this on capacity cuts in some markets, the costs of acquisitions, including The Co-operative Travel and the ongoing impact of unrest in north Africa. The group said UK bookings remain “flat”. Sam Weihagen, group chief executive, said: “As expected, the first quarter has been adversely impacted by the uncertain economic environment across Europe, input cost inflation and the ongoing disruption in the Middle East and north Africa.” “We continue to work hard on restructuring the UK business and a full strategic review of the group is progressing well. As part of this review, the board has agreed that the group will look to sell its majority stake in its publically quoted Indian subsidiary. This is in addition to the previously announced non-core asset disposal programme where we have made good progress,” Weihagen added. On the UK bookings front the group chief executive said he was “encouraged” by bookings in the UK market and said market share in this market remains “broadly stable”. In the UK, the company has reduced capacity in the mainstream part of the businesses and said “summer bookings are currently ahead of capacity reductions resulting in less left to sell”. Cook added that it “remains on track to deliver” £35 million in savings this year. The group has been focusing on increasing its “differentiated” product and says bookings in this sector are up 7%. “We are on track to reach our target of 25% of differentiated product bookings for mainstream for Summer 12,” it said. It confirmed that it would complete consultation with its staff about store closures in March. Twenty two stores have already closed around the country. Despite increasing its underlying loss for the quarter, group revenue was up 3% to £1,861 million, which it said was due to the solid performance of its brands in Northern Europe and its airlines in Germany. However, the group felt the increase in fuel costs, which it said were up £34m in the quarter. Its operating expenses were also 10% higher at £482 million than the previous year, which it attributed to the merger with the The Co-operative Travel and new businesses in Russia and Canada. Its UK restructuring has also come at a cost, with the group incurring £24.9 million of exceptional operating items in the quarter. About £14.8 million of this was to do with the UK restructuring, £5.9 million was fees associated with its recent refinancing in December and a further £3.2 million on restructuring projects. Chairman Frank Meysman will address shareholders for the first time today since he took up the post in December at this morning’s AGM.

09 February 2012 – Source TTG

### **DfT confirms Atol to be implemented by April 30**

The Department for Transport has released the long-awaited announcement on Atol reform. The DfT said the new regulations will be laid in Parliament in March, before coming into effect on 30 April 2012. As expected, Flight-Plus holidays will be included in the scheme,

meaning all agents dynamically packaging will require an Atol licence. The government has also confirmed that the Atol certificate will come into effect on October 1. The government said that: “Until then, consumers will receive clear confirmation that their holiday or flight is Atol protected.” The announcement, which was originally due last year, said that the changes confirmed today would “help return the scheme to a more secure financial footing”. Eighty two responses were received to the Atol reform consultation process. Aviation minister Theresa Villiers said: “The Atol scheme has been providing peace of mind for holidaymakers for decades, but the way we book holidays has changed and the scheme needs to move with the times. All too often customers are unsure as to whether they are protected or not. “The changes I am making today will provide much needed clarity and reassurance for millions of people booking their holidays. These reforms will equip ATOL to deal with the realities of the modern holiday market, enabling the scheme to protect holiday makers for many more years to come. This is an important step forward for consumer protection.” Meanwhile the Dft said that the gross additional costs to businesses was expected to be £3.90 per holiday, less than 1% of the assumed average holiday cost of £500.

13 February 2012 – Source Travelmole

### **Online travel giant reveals plunge in flight sales**

Online travel giant Expedia saw a 10% increase in bookings during the fourth quarter of last year compared with the same period of 2010, primarily driven by a 19% rise in hotel bookings. However the company revealed a sharp drop in flight sales during the last three months of the year. It said its bed bank Hotels.com, Expedia Affiliate Network, Hotwire and Egencia showed strong performances up to the end of 2011, but flight sales were down 8% due to an average 10% increase in fares. Expedia, which span off its travel review site TripAdvisor into a separate entity last November, saw a 7% increase in domestic bookings and a 15% rise in international bookings during the fourth quarter to December 31. Gross bookings for the whole year were up 12%, following an 18% rise in hotel bookings and a 5% increase in the average daily rates. Average air fares were up 11% year on year, but sales fell back 8% as a result. Overall, Expedia's revenue grew 7% for the fourth quarter. For the year, it was up 14%. Hotel bookings accounted for almost three-quarters of its worldwide revenue while flight sales made up just 9%.

14 February 2012 – Source TTG

### **Jobs consultation at Thomson Airways**

A number of jobs are under threat at Thomson Airways after the company revealed that it is entering into a consultation period with members of staff. A statement from the airline said: “Thomson Airways will be entering a 90-day consultation period with members of the cabin crew this month. “This is as a result of our continuing drive to become more efficient which includes changes to the aircraft fleet. Boeing 737-800 aircraft requiring fewer cabin crew are replacing Boeing 757s when they come up for renewal. “Thomson Airways is committed to mitigating the impact of these changes on cabin crew and is working in partnership with the relevant trade union to achieve this result. The company refused to confirm how many staff would be affected.

15 February 2012 – Source TTG

## **Comment: Theresa Villiers on Atol reform**

The Rt Hon Theresa Villiers MP writes exclusively for TTG on whether airlines will come into the scheme and why a new industry-funded financial protection system is the next step. For over 40 years the Atol scheme has provided important consumer protection to holidaymakers, covering 18 million people last year alone. In these difficult times, it becomes more important than ever to ensure that the money consumers entrust to the travel industry before they take their holiday is safeguarded where possible. Families in Britain expect and want protection for package holidays. It is vital that Atol is modernised to capture a broader range of holidays which look very like package holidays but do not fall within the scheme's current definition. The measures I announced on February 9 to strengthen and modernise the Atol scheme were the culmination of a major programme of work over the past year by both the government and the travel industry. The consultation on Atol received 82 responses, and I am very grateful to everyone in the industry who took part. Their contribution helped us shape and improve the regulations – for example revising the way that 'Flight Only' sales are exempted, where tickets are provided immediately on payment, and modifying the definition of a 'Flight-Plus' holiday. Many respondents thought that the original implementation date of January was too early, and would not have given them enough time to prepare for the reforms. To minimise confusion for customers and to ensure the regulations are implemented consistently, we moved back the date to the end of April. We also made a decision to introduce certain transitional arrangements so that businesses would not be required to issue the full Atol certificates until October. In providing much needed clarity and reassurance for millions of holidaymakers, the Atol changes will boost the credibility of the travel industry and strengthen its reputation for customer care. We recognise that there will be some additional costs for business but the CAA will be working hard to keep these to a minimum, especially for the smallest businesses. We also accept that further measures will be needed to meet our longer term objectives of putting Atol on a fully self-sustainable financial footing, and developing a more comprehensive regulatory framework. The fund has been running at a deficit after a series of recent high profile insolvencies. We expect the shortfall to be repaid within three years with the latest reforms; but more changes to the way the scheme is financed and managed may be necessary to reduce its cost to the trade and to consumers. The CAA plans initial discussions with the industry on alternative funding options later this year. Many consultation responses voiced support for bringing holidays sold by airlines into the Atol scheme – and those organised on an 'agent for the consumer' basis – although the airlines themselves are against the proposals. We have taken these responses very seriously. Requiring airlines to provide Atol protection would call for primary legislation. Last month the government introduced the Civil Aviation Bill into Parliament, including a clause which could enable the Secretary of State for Transport to make further changes to the Atol scheme in future. This could be used to extend Atol cover to airline holiday sales. Subject to relevant clauses completing the parliamentary process, the Government would need to carry out a full consultation and impact assessment before any such changes could be implemented.

15 February 2012 – Source TTG

## **Virgin Atlantic recruiting as Thomson Airways culls jobs**

Virgin Atlantic has revealed that it will recruit 500 new cabin crew members as Thomson Airways said it was putting staff into consultation. Thomson Airways said yesterday that it was "entering a 90-day consultation period with members of the cabin crew" and hundreds of jobs thought to be at risk. The airline is making changes to its fleet which will see Boeing

757s being replaced by Boeing 737-800 aircraft, which require fewer cabin crew members. Meanwhile, Virgin Atlantic has said that it will be recruiting new staff throughout 2012 to be based at Heathrow and Gatwick. “The new roles have been created to support our new destinations of Cancun and Vancouver, a second rotation on our San Francisco route and also our new A330-300 aircraft of which we take delivery of seven later in the year,” said Corneel Koster, director of operations, safety and security for Virgin Atlantic.

17 February 2012 – Source TTG

### **Virgin complains to EU Commission on BMI/BA**

Virgin Atlantic has made an official complaint to the European Commission over IAG’s, the parent of British Airways, proposed purchase of British Midland International. Virgin said it thought the deal could see fares rise by a third on domestic flights and would reduce choice on flight between Scotland and the north west and London. In its complaint Virgin Atlantic said three key domestic routes from Heathrow – Aberdeen, Edinburgh and Manchester would become a BA monopoly and that competition would be reduced on other European routes. In its submission, the airline pointed to BMI’s withdrawal of its flights from Heathrow to Glasgow in early 2011, which it says had resulted in passengers paying on average 34% more in fares. It added that the number of flights on the route had also decreased by nearly half. Sir Richard Branson, president of Virgin Atlantic, said: “When British Airways was left the only operator on the Glasgow to Heathrow route in 2011, fares paid by Scottish travellers rocketed by 34% in six months. That is not beneficial, that is backbreaking and plainly unfair.” “This merger will see BA holding more than half of all take-off and landing slots at the UK’s only major international hub – an airport that has had much needed growth plans forcibly frozen. The regulators cannot allow British Airways to sew up UK flying and squeeze the life out of the travelling public,” he added.

20 February 2012 – Source TTG

### **Travel Counsellors confirmed as Atol accredited body**

Travel Counsellors is the first group to meet the CAA’s requirements to become an Accredited Body, while Hays Travel has confirmed it is also keen to become an ‘umbrella’ Atol holder. Travel Counsellors will be accredited from April 30, the CAA confirmed. Meanwhile, the managing director of Hays Travel, John Hays told *TTG*: “That is the plan,” he said. “We are still examining the [Atol] document but the Independents Group will be fully covered. We will make sure that they have got Atol cover; the plan is to become an Accredited Body.” Travel Counsellors has 700 travel homeworkers in the UK and will provide Atol cover for its agents under the new Flight Plus extension of consumer protection. “Financial protection for the customer has always been paramount to us as a company so we are delighted to be the first to be recognised as an accredited body by the CAA,” said Travel Counsellors chairman David Speakman. “It has always been important that our counsellors can assure customers that everything they buy from us is financially protected because of our Trust, so this highlights our commitment to them and means our agents have never, and will never have to worry about financial protection; they can simply tell their customers that everything they sell is financially protected. An extremely reassuring statement amongst the confusion many agents in the industry are facing with the complexity of the current system of protection,” Speakman added. However, while Speakman said Travel Counsellors was “proud” to be accredited, a large amount of travel bookings remains outside Flight Plus

protection. "The new Flight Plus initiative still leaves a vast amount of travel outside of its scope. Our Trust covers these components but the industry should realise that in the new world of technology, booking will become easy, so what we have to offer is validation, reputation and trust," he added.

22 February 2012 – Source Travelmole

### **BAA Airports handle record number of passengers**

BAA's airports handled a record 69.4m passengers last year, a 5% increase over 2010, and the company saw its losses reduced to £255.8m from £316.6m the previous year. Heathrow was operating at full capacity, however passenger number at Stansted fell by 2.8% to 18million. BAA reported a 9.9% rise in revenue, which it said reflected higher tariffs and continued strong retail performance. The net retail income per passenger rose from £5.29 to £5.58. Chief executive officer Colin Matthews said: "BAA delivered a strong operational performance in 2011 with record traffic levels and high service standards at Heathrow. "Last year saw Heathrow's best punctuality performance in over a decade and the international Airport Service Quality passenger survey showed that 70% of Heathrow's passengers rated their experience as 'Excellent' or 'Very Good', compared with just 41% when the Ferrovial-led consortium bought BAA in 2006. "We continued to invest significantly in further improving our airports during 2011, particularly on the new Heathrow Terminal 2."

22 February 2012 – Source Travolution

### **Google search trends reminiscent of 2009 financial crash**

Online travel market conditions are reminiscent of when the recession first kicked in three years ago, according to Google's travel industry head Robin Frewer. Speaking at last week's Travolution editorial advisory board meeting, Frewer said the search engine was seeing an extremely late booking market. "Year on year we are still growing but the rate has decreased, not radically, but more than expected," he said. "To me that's an early symptom of capacity cuts and customers are searching slightly less and we are starting to see an extremely late market. "Before Christmas we saw extremely steep peaks and we saw that just before half term. Even though our growth rate is still good but slowing we think it's shifted to a very late market. "It's similar to when the recession kicked in three years ago. It seems to be a very price-sensitive market. We are seeing very strong demand for the UK relative to other destinations." One indication of the lateness of the booking market, Frewer said, was the flat year-on-year growth in car hire queries, a product that is typically sold late in the purchasing process. He also said this might be an indication towards a swing to the domestic holidays sector. Frewer said he expected to see lots of deals in the late market. "From the consumers' point of view there may be great value to be had." Mark Maddock, lastminute.com managing director, said its Holiday Autos division had not seen the drop-off Google had seen but he agreed the market was getting later. "We have seen our booking and lead-in times are a lot shorter across most of our categories. They are probably 20% shorter than two years ago." Maddock said a degree of nervousness had been forced on to the consumer due to the number of travel firm collapses, with airlines Malev and Spanair being the latest in Europe. This has prompted a rise in the number and penetration of deal sites offering customers value for money, he said. Hugo Burge, Cheapflights chief executive, said the publisher had been surprised by year-on-year growth in flight searches in the UK but that there had been a shift away from long-haul. Latest Google data has shown searches for package holidays, both

conventional and dynamically packaged, are veering towards the western Mediterranean, particularly Spain. This has been driven by the lower value of the euro relative to sterling and price pressure in the previously high growth destinations of Egypt and Turkey.

23 February 2012 – Source Travelmole

### **Agents fail to grasp Flight Plus implications, says insurer**

Insurer International Passenger Protection says travel agents are still unaware they will be liable for the financial collapse of a supplier if they become new Flight Plus licence holders. Its warning came following the collapse this month of Air Australia, which left hundreds of passengers stranded. "We are seeing many agents still not grasping the actual liabilities they could face, no different to existing ATOL holders, with agents still convinced that their ATOL covers the collapse of not only them but anything they sell," said IPP director Paul Mclean. "ATOL will only cover the collapse of anything the agent sells if the agent themselves collapses at the same time, otherwise the agent is always responsible for anything they sell." IPP also said it was disappointed the new ATOL certificate to be introduced later this year will only be issued to customers buying ATOL-protected holidays. It said certificates should be issued for all sales, to make it clear which holidays weren't protected so customers had the option to protect their holidays if they wished.

23 February 2012 – Source TTG

### **Villiers: Reform needed now in case of failures in 2012**

Transport secretary Theresa Villiers has admitted that the Atol reforms are being pushed through in case there is a major insolvency this year. In a session held by the Transport Select committee at Westminster yesterday, MPs in the transport select committee questioned whether the deficit of the Air Travel Trust Fund was the main reason for the DfT pushing through the Atol reforms. "Our desire to keep up the pace is more to do with what would happen if there was a major insolvency," Villiers admitted. "We want to press ahead so that as many consumers are protected as possible. We can't exclude the possibility of a major insolvency." Meanwhile Villiers refused to make a firm commitment over when airlines would be brought into the Atol scheme after MPs quizzed the transport secretary over why the DfT was waiting so long to bring airlines into the scheme. MP John Leech said: "There is no logic not to go the whole step to bring in airlines now when they are responsible for some of the deficit in the Air Travel Trust Fund. Surely we should do it all in one go?" Villiers replied: "This has been a major part of the government proposals but in practical terms we need primary legislation to bring them in, so we are pressing ahead. But it is essential that we listen to people in the industry that will be affected by bringing airlines in and we look at the cost impact." Speaking to *TTG* after the discussion, she added: "We haven't got a set time table. If the bill goes through and if we decide to extend the powers to (to include airlines) we will need to have discussions and listen to the industry and see what they have to say." Villiers was also quizzed by MPs as to whether the airlines had been piling pressure on the government not to bring them into the scheme. "Yes the airlines are largely opposed," Villiers said. "But although there are costs attached to the Atol scheme, there is a greater benefit because the consumer will have more confidence and clarity." The transport secretary also faced questions over concerns that the Atol reforms would not result in a level-playing field, as many in the industry had requested. "We are conscious that the regulatory burden could hit small operators more than large operators," Villiers conceded. "The CAA was

hoping to relieve this burden through the introduction of Accredited Bodies which will help. They are very much aware of this issue. As we take forward the reform, it will be up to me to make sure that they [the CAA] do all they can to minimise the cost on small businesses.”

24 February 2012 – Source Travelmole

### **Delta to drop last remaining Gatwick service**

Delta Air Lines has dropped its daily flight from London Gatwick to Atlanta and has switched it to Heathrow. The move means the airline will offer a double daily service from Heathrow to its Atlanta hub from April 18. The flight will be operated with a 246-seat Boeing 767-400ER aircraft, which offers offer 39 full 180-degree flat-bed seats in Business Elite. The flight begins shortly before the opening of the new Maynard H. Jackson International Terminal at Atlanta’s Hartsfield-Jackson. The switch means Delta will no longer operate any flights from Gatwick. Flights to New York JFK were dropped in 2008 and Cincinnati the following year.

29 February 2012 – Source Travelmole

### **IAG profits soar but Walsh warns of trouble ahead**

British Airways' parent IAG more than doubled its operating profit last year to €485m and its pre-tax profit rose to €503m compared with just €84m in 2010. Revenue for the year to December 31 was up 10.4% and although fuel costs rose 21.4%, other costs fell 5.6%. IAG chief executive Willie Walsh said the group's performance had been boosted by net cost and revenue synergies of €74m, which was €64m more than target, in the first year since the merger of BA and Iberia. However, he said the outlook for 2012 was subject to a number of uncertainties. While North Atlantic routes remain strong, benefitting BA, Iberia is challenged by its exposure to financial uncertainty in the Eurozone. It also faces competition from low-cost airlines, high-speed rail and more efficient long-haul airlines, said Walsh. "Its management has been focused in addressing this, however, the challenge remains for Iberia to become more competitive especially as it has a high cost base and outdated workplace practices. "The launch of Iberia Express in late March, alongside the restructuring of its network and hub, will enable Iberia to become more customer-focused and cost effective." He said IAG remained committed to Iberia Express, despite opposition from Iberia pilots, who have been out on strike for several days - including today - at a cost to IAG of €3m per strike day. BA, meanwhile, is planning to launch further long-haul routes from Heathrow following the acquisition of bmi, which is still subject to regulatory approval. "We plan to integrate bmi mainline into British Airways following agreement by BA pilots to make productivity changes that justify the integration. This deal gives us the ability to grow at Heathrow by launching new long-haul routes to growth economies and supporting our short-haul network. "We have already committed to continue flights from Heathrow to Belfast and will increase services to Scotland. Without this deal, links to the UK regions would not be safeguarded". Walsh confirmed BA's decision, announced late last year, to reduce by half the number of new jobs it's creating this year due to the latest rise in air passenger duty. He said the airline paid £500m in APD last year. BA is also bracing itself for a drop in traffic during the Olympics. "While the Olympics will be positive for the long-term position of London as a global destination, past experience in other host cities suggests that demand could be dampened during the games," he said.