

# **UK OFFICE**

## **May 2012 REPORT**

**Prepared by: Venessa Alexander**  
**UK Director**

### **Tour Operators**

#### **Funway Holidays**

A meeting was held with Casey Hurford, Product Manager of Funway Holidays to discuss area updates. Funway have advised us that Florida is selling well at present and that they are about to launch their 2013 Florida preview brochure that will be racked in over 5,000 independent travel agencies. The main brochure is due to launch towards the end of June 2012. The hotel product that they currently feature in our area will remain the same but we have been advised that they will also be including twin centre options that will include VSPC and Orlando. Funway Holidays were also our recent tour operator of the month on our UK Facebook page and provided us with holiday deals each week for us to post.

#### **Lotus**

A meeting was held with Sarah Wilson at Lotus Group/Dial a Flight to discuss our area in general and see how we may be able to work together in the future. Discussed the possibility of a joint online campaign using social media avenues and we are currently waiting for Lotus to get back to us with some suggestions.

### **Other Meetings**

#### **Brand USA**

Meeting with Gerry Boyle to seek clarity on how we can capitalise on Brand USA funds. The main ways to achieve this is through in-kind and a little further down the line with 1 to 1 match. Logo guidelines have been received and the Brand USA logo is being incorporated on all activity with immediate effect to secure 30% in kind funding.

### **TRADE LIAISON**

- British Airways/Tampa Bay & Company/Visit St. Pete/Clearwater UK Agent FAM – The UK FAM trip in conjunction with BA and Tampa Bay & Company took place this month from the 11<sup>th</sup> – 16<sup>th</sup> May. A total of 7 tour operator reservations staff as well as a host from the VSPC UK office were in attendance. The group were also joined by staff from Tampa Bay & Company and our Visit St. Pete/Clearwater office. The FAM was a tremendous success and feedback from the trip has been very complimentary and encouraging. Companies that joined us were Infinity Holidays/Flight Centre, Funway Holidays, Premier Holidays, Stella Travel Services, Thomas Cook Signature, TUI Specialist and USAirtours. The itinerary included stays in both Tampa Bay and St. Pete Beach as well as including hotel site visits, visits to area attractions and local beaches and a day at Busch Gardens. Information, photographs and quotes from the agents of the FAM have been forwarded to Travel Uni with a view to hopefully getting cover in the next edition of Selling Long Haul.
- Facebook campaign will launch in mid-June with the following elements

- 19<sup>th</sup> June one month Facebook ad campaign launches in the UK, targeting women aged 28-45, with families. The campaign will include ads, a sweepstakes element and the services of a Community Manager who will engage our new fans during the campaign period
  - 27<sup>th</sup> June we have a media trip travelling to St Pete, seats provided by Virgin Atlantic and they stipulated the group should stay at a Vhols hotel (Sheraton Sand Key). Attending media are the Sun, Daily Express and Woman Magazine. Attending media will be posting on our page whilst they are in destination as will Rooster
  - 27<sup>th</sup> June we will be launching a Facebook sweepstakes tab to win a holiday to St Pete/Clearwater. Virgin Holidays are donating a one week family holiday including flights, accommodation and car hire. Virgin Holidays will also be posting on their Facebook page re the media fam and the sweepstakes
  - 29<sup>th</sup> June we will be sending out a newsletter to our database of nearly 10000 consumers who have opted in from various promotions. The newsletter will highlight the Facebook sweepstakes, include a Virgin Holidays offer as well as general info on our area.
- WTM registration was received from Visit Florida and a solicitation notice has been sent out to local industry to solicit attendance at the show.
  - DT Minich's schedule for his forthcoming trip to the UK is being finalised and will include attendance at the Irish Visit USA Committee meeting where he will provide an update on Brand USA and Visit Florida initiatives as well as VSPC
  - Discover America Denmark included information on the recent TripAdvisor award for St Pete Beach, in their May Newsletter mailed to 5000 trade contacts.
  - The Brand USA logo was added to the June advert in Selling Long Haul Magazine
  - An update from BA shows excellent growth on forward bookings on the Tampa route. As of 6<sup>th</sup> May, bookings to end of March 2013 were up 16% over the same period the previous year.
  - After reading the minutes of the Irish Visit USA Meeting, VSPC were the first to volunteer to host an Irish Visit USA fam trip for top selling agents in Ireland.
  - VSPC & Busch Gardens VIP Event – All details have now been finalised for the joint summer VIP Tour Operator Event with SeaWorld Parks & Entertainment which this year is being held in Bruges, Belgium. We have a total of 18 key clients from tour operators, airlines, attraction ticket suppliers etc joining us for this annual event.
  - Premier Holidays – Our recent activity with Premier Holidays and SeaWorld Parks & Entertainment has now ended. The activity that took place from mid April to mid May was a great success and the information and results from this campaign are as follows:

## Activity

A discount campaign - £50 off per booking on any inclusive holiday (international flights and accommodation must be included) when booked by 31<sup>st</sup> May.

Discount was promoted as follows:

- Dedicated consumer newsletter sent to their database of 26,000 consumers
- Featured destination within their e-newsletter sent to 5000 travel agent partners
- Website advertisements on both their trade and consumer site's promoting the discount
- Dedicated A2 full colour window poster for travel agents to display within their stores
- Dedicated full colour trade A4 flyers
- Booking incentive to tie in with the discount campaign incentivizing agents to book with Premier Holidays

## Results

During the campaign period Premier Holidays secured 30 bookings, a total of 102 passengers and 237 room nights to our area.

- THG Holidays – The recent local press ad that took place in Swansea, Wales in conjunction with THG Holidays during the month of March showed a total of 4 bookings made with 29 room nights being booked. These bookings were made during the first few days of the advertisement going to press. THG Holidays have informed us that there were many enquiries during that week and in the following weeks and that they are confident that these will convert to future bookings for our area. As of the end of March 2012 they had booked a total of 180 room nights YTD. THG have advised they will continue to promote the area through their e-newsletters to their database as well as promoting special offers online via their website.
- American Holidays – The results from the recent co-op marketing campaign (which included an e-newsletter to their consumer database, press advertising and PPC spend) with American Holidays, Ireland are as follows:

- Passengers booked YTD (as of end of May 2012)	=	357
- Room Nights booked YTD (as of the end of May 2012)	=	662
- Passengers booked YTD (as of end of May 2011)	=	409
- Room Nights booked YTD (as of the end of May 2011)	=	784

The campaign results as of the same booking period in 2011 as shown has seen a decrease and American Holidays have advised that they believe that this is due partly to a lack of many special offers from the hotels in the area. American Holidays has advised that this is not for lack of trying as most of their Florida product advertised features twin centre holidays with Orlando. They have also advised that there is still a lot of late bookings taking place and its only in the last few weeks that they have seen bookings for Florida in July.

- Orlando Tourism/Barrhead Travel – Joint co-op marketing activity with Orlando Tourism and Barrhead Travel now confirmed. Activity includes a banner ad leading

to a joint landing page on the Barrhead Travel website, press advertising, a dedicated e-newsletter to their consumer database, PPC spend, in-store window posters, social networking activity on their Facebook & Twitter pages as well as a stand at their annual Florida Sale day for consumers. Provided Barrhead Travel's marketing department with new updated copy, new images, logos and key selling points.

- TUI Specialist (Hayes & Jarvis/Thomson Tailormade) – Finalised the joint co-op marketing plan and activity with TUI and Orlando Tourism. Activity will include the following:
  - For their Thomson Tailormade brand, activity includes weekly direct e-mails to their consumer database, online PR activity from the PPC and SEO team as well as offers to their Retail Agents.
  - For their Hayes & Jarvis brand activity will include online videos on their website, weekly e-newsletters to their consumer database, online PR activity from the PPC and SEO team as well as offers to their Retail Agents.

We have provided the marketing team with logos, new imagery, copy and key selling points. The activity is due to commence towards the end of June and will last for a period of 1 month.

- Virgin Retail – The retail campaign in partnership with Virgin Holidays/Virgin Retail & SeaWorld Parks & Entertainment has now been finalised and will be a two week in store campaign at the end of June in the top 7 selling retail stores (for St. Pete/Clearwater & SeaWorld Parks & Entertainment) in the UK. The campaign will include an A4, 4 page pamphlet (in all of their 97 UK retail stores), digital video banners in the top 7 stores. It will also include an event on a Saturday afternoon in their flagship retail store in Kensington, London (to include food and drink for their consumers/promotional staff to assist in promotion of the booking campaign), Plasma screen content (in all 97 stores) as well as a staff incentive based on a £10 Love to Shop voucher to the agents for each holiday they book to include St. Pete/Clearwater and a 3 park SeaWorld ticket. Provided video content, images and logos. .
- Funway Holidays – The scheduled Florida's Beaches Training took place at the end of May. A total of 18 reservations/sales agents and marketing staff were trained on our area and literature and giveaways were also supplied.
- Infinity Holidays/Flight Centre – The training that was recently postponed for call centre staff at Infinity Holidays/Flight Centre has now taken place. A total of 15 staff were trained and were also provided with up to date literature, key selling points and giveaways.
- Travel Uni – The Travel Uni May Travel Agent newsletter promoted the VSPC Training programme via a banner advertisement. We are also in the process of updating the training programme with a view to roll this out with an incentive to encourage further sign up to the programme.

## **ENQUIRIES:**

Telephone/website enquiries for information and/or literature

65

## **MARKET INTELLIGENCE:**

01 May 2012 – Source Travelmole

### **Wet weather boosts holiday sales abroad**

Every rain cloud has a silver lining and in this case it's sending more families abroad. Despite a huge campaign to encourage Brits to have a "staycation" this year, the recent weather is expected to boost overseas tourism as holidaymakers are reminded just how unreliable the British weather is. Steve Endaocott, chief executive of the On Holiday Group, claims the recent downpours have caused sales to jump by 40% year on year. In his blog, he writes: "For once the weather gods have smiled on the industry with the perfect combination of sunshine while families were at work or school, followed by a wet Easter and a constant barrage of grey skies and pouring rain ever since. "Although the Government may be pushing the "Staycation", customers want relaxing sunshine as part of their holiday and the recent weather has rammed home how unreliable the UK weather is. "They say that every cloud has a "Silver lining" and as we look up at the depressing cloud cover over the next few weeks, think of the job security they may be delivering to some elements of our industry."

02 May 2012 – Source Travel Daily

### **New US campaign targets international travellers – Marketing drive to be rolled out in the UK**

Brand USA, the new American tourism marketing group, has launched a major new international tourism marketing campaign. Based around the tagline 'Discover this land, like never before', the campaign incorporates a theme song written by Rosanne Cash, daughter of Johnny Cash, which will feature on a series of global TV commercials. This will be backed up by digital, billboard and print advertisements and a new website, DiscoverAmerica.com. "In the 236 years since the United States of America was founded, this country has never had a nationally coordinated effort dedicated to inviting travellers to come visit us. That changes today," said Stephen J. Cloobek, chairman of Brand USA's board of directors. "This new campaign will tap into an incredibly valuable economic resource - the millions of visitors who want to experience all that our great country has to offer." The first wave of advertising launched yesterday in the UK, Japan and Canada, with a budget of US\$12.3 million (£7.6m) for the first three months. UK spend in the first three months will be US\$3.9m through a media mix of national TV, digital, print advertising, and trade media placements. A second wave will incorporate Brazil and South Korea, with several other markets to follow.

02 May 2012 – Source Travel Daily

### **BA initiatives aim to boost in-flight service**

British Airways is trialling two new initiatives designed to boost its in-flight service. The 'onboard travel advisor' and 'golden ticket' trials are both currently taking place in all cabins on BA flights. Following the roll-out of more than 2,000 iPads for cabin crew, BA's online travel advisor scheme will offer a range of travel apps to offer destination information and advice on a range of areas, including hotels, restaurants, entertainment and shopping. The golden ticket initiative meanwhile, will enable BA's most frequent travellers the chance to commend individual crew members who offer good service. During the trial, BA has given 3,000 of its top UK customers two golden tickets to be given to the crew members who offer the best service. Frank van der Post, BA's managing director of brands and customer experience, said; "Our cabin crew are travel and service experts, and these new initiatives give us the perfect opportunity to share and recognise their unique talents with our customers."

08 May 2012 – Source Travelmole

### **Thomas Cook secures future**

Thomas Cook has secured its future with a new loan agreement that extends repayment of its £1.4bn debt for a further two years. Lenders have agreed to extend the maturity of the loans until May 2015, which Thomas Cook said placed the group on a much firmer footing. The deal, pulled off by Group interim chief executive Sam Weihagen, also allows Thomas Cook to keep net proceeds from certain disposals to provide additional liquidity. "Today's announcement highlights the confidence our lenders have in Thomas Cook and we are delighted that they have demonstrated their on-going support," he said. However, the new deal will cost Thomas Cook a 1% amendment fee and the banks will be granted warrants to subscribe for new ordinary shares, representing 5% of the issued share capital of the Group, at an exercise price of €0.10 per share. The Thomas Cook Board has completed its strategic review, announced last year, which includes reducing its debt by shedding its assets, including the sale and leaseback of 17 to 19 aircraft, negotiations for which were at an advanced stage, said Weihagen. So far, the company has reduced its debt by £1.35m, including most recently the disposal of the Explorers Hotel in France. The Board will seek shareholder approval for the disposal of HCV hotels later this month. Group chairman Frank Meysman said: "I would like to personally thank Sam Weihagen, Paul Hollingworth and the team for the actions that they have taken and continue to take to strengthen the Group's financial position. This bank agreement, together with these actions, places Thomas Cook on a much firmer footing." The search for a permanent chief executive to replace Weihagen, who delayed his retirement to take the helm at Thomas Cook following the sudden departure of Manny Fontenla-Novoa, is still ongoing. However, Meysman said it was "progressing well".

08 May 2012 – Source Travelmole

### **TUI cuts UK losses**

TUI Travel saw its underlying operating loss in the UK fall by £48m during the first half of its financial year after increasing sales of differentiated and exclusive product. The operator said there was continued strong demand this summer for differentiated product, sales of which now account for 64% of its total bookings in the UK, up seven percentage points year on year. On announcing its first half results, the operator also revealed that for summer 2012, 90% of its sales are coming via its own distribution sources, a six percentage point increase year on year. Online sales continue to account for half of TUI's controlled distribution, it said. For winter 2011/12, 47% of TUI holidays were booked online. Chief executive Peter Long said the company was continuing to outperform the market. "We are pleased with our overall performance for the first half," he said. "The UK delivered a strong winter performance which attests to our focus on differentiated and exclusive product and being online driven - key elements of our modern mainstream strategy. Our outperformance in this market is continuing into the summer season and we will ensure that we continue to optimise our position. "In our online accommodation only businesses we continue to deliver healthy growth driven by new markets as well as increasing market share in more recently established markets.

"Given the challenging economic environment, we remain cautious, however, overall trading performance continues to be in line with the Board's expectations." The operator has seen improved trading in all its mainstream markets, except France, it said. Overall, TUI's first half loss increased 3% to £317m for the six months to the end of March. Revenue was up 5% to £5,447m. The net debt position at March 31 was £1,184m, up £2m year on year. The Board is proposing an interim dividend of 3.4p per share, an increase of 3%.

08 May 2012 – Source Travelmole

### **Wash out weather continues to boost travel trade**

Operators are reporting record sales since the UK weather took a turn for the worse. TravelRepublic.co.uk claims sales increased by 40% in April compared to the same time last year. And Fred Olsen Cruise Lines celebrated its best-ever week in April with Tuesday, 24 April achieving the highest revenue in a single day this year and Thursday, 26 April being the biggest booking Thursday since 2010. As floods hit parts of the country on the last days of April, Travel Republic saw sales up 132% with sunshine destinations like Cyprus, Greece, Egypt and Turkey attracting the most interest. Chief executive Kane Pirie said: "We usually see a surge in bookings when the weather changes for the worse, but this prolonged spell of rain has meant that we've seen a record month in April. "People are still worried about the economy and job security however it seems that four weeks of virtually non-stop rain has pushed thousands of people to their limit." Nathan Philpot, sales and marketing director for Fred. Olsen Cruise Lines, said: "In the first half of April, our sales were down by 5%, but we are delighted with the recent uplift in the second half, which has seen an improvement in sales of 58%, bringing a total increase for the month of nearly 24%. "Notably, we have also signed contracts with over 60 new travel agent partners in April, consolidating our ongoing commitment to working with the travel trade."

09 May 2012 – Source Travelmole

### **Could the doctor be new Thomas Cook CEO?**

Thomas Cook's central Europe chief executive Peter Fankhauser has emerged as a likely candidate to take over the leadership of Group. City analysts Morgan Stanley said that it understood 'the well-regarded' Dr Fankhauser was in the running for the top job to take over from interim group chief executive Sam Weihagen. Thomas Cook announced today that its group chief financial officer, Paul Hollingsworth, has decided to step down after helping Weihagen pull off a refinancing coup that will give the Group three years to repay its £1.4bn debt. Chairman Frank Meysman said: "The Board is immensely grateful to Paul for the benefit of his experience and commitment and we are disappointed to be losing him. He has worked tirelessly to bring stability to the Group, enabling us to secure longer term bank facilities and provide a stable platform from which to build. He leaves with our very best wishes for the future." Hollingsworth will be replaced by Michael Healy, formerly group finance director of Kwik-Fit where he played a key role in implementing a business development plan to reduce the risk in a highly levered business, said Cook. He was also finance director and chief operating officer of the Hong Kong-listed First Pacific Company and subsequently the finance director of ebookers PLC. Healy will join Thomas Cook on May 14 to ensure an orderly handover from Hollingsworth, who leaves at the end of June. Healy will join the Board on July 1. "I am delighted that I am able to announce such a strong successor in Michael Healy," said Meysman. "Michael is a highly successful executive with the ecommerce, restructuring and extensive public company experience we need to take the Group forward. The Board has every confidence in his ability to provide the Group with strong financial leadership going forward." Thomas Cook has yet to announce a new group chief executive following the resignation of Manny Fontenla-Nova last autumn, after the operator had issued three profit warnings. Sam Weihagen has delayed his retirement to fill the role on a temporary basis and in the last few days has managed to secure the company's future by negotiating a new £1.4bn deal with its lenders. The deal will cost Thomas Cook an additional £10m to £12m each year in interest payments, it emerged yesterday, but will give it another three years to return to profitability. On announcing the new financial arrangements, Meysman said the search for a permanent chief executive was "progressing well" but did not give further details. However, analysts Morgan Stanley said: "We understand the well-regarded internal candidate Peter Fankhauser is still in the running." Dr Fankhauser, aged 51, joined the Group in 2001 and was appointed CEO of central Europe

and East in 2007. Prior to that, he held a number of senior executive roles within the Group and before joining Thomas Cook, he was an executive Board member of Kuoni Reisen Holding AG in Zürich and chief executive officer of LTU Group in Düsseldorf.

09 May 2012 – Source Travel Daily

### **International tourism receipts surpass \$US 1 trillion – Destinations hit new record**

International tourism receipts exceeded US\$1 trillion (£619bn) for the first time in 2011, up from £575bn in the previous year. According to the latest UNWTO Tourism Barometer, receipts grew 3.8% last year following a 4.6% increase in international tourist arrivals. This continues the rebound from the losses of 2009 and hit new records in most destinations, reaching an estimated £638bn worldwide. This confirms the trend that receipts tend to lag behind growth of arrivals in times of economic hardship. “These are encouraging results,” said Taleb Rifai, general secretary at UNWTO. “The past two years have shown healthy demand for international tourism out of many markets, even though economic recovery has been uneven. This is particularly important news for countries facing fiscal pressure and weak domestic consumption, where international tourism, a key export and a labour intensive activity, is increasingly strategic to balancing external deficits and stimulating employment”.

09 May 2012 – Source Travolution

### **Travelzoo launches mobile site in the UK**

Travelzoo has brought its mobile site to the UK following the US launch which has seen mobile traffic in the country grow to around 20%. The site has been designed to be user friendly on smaller phone screens with simple click and browse functionality and no need to 'pinch and zoom'. Travelzoo hopes the site will bring its deals to travellers who are on the go and looking for last minute deals. Dave Ambrose, business development director for mobile at Travelzoo, said: "With over 50% of the UK population now owning a smartphone or tablet, it is essential for us to consider how our deals can be accessed and viewed using a mobile device. “We have designed both our apps and our mobile site to give the user the most relevant information for deals on the go as we are seeing an increasing desire from our UK audience to research, purchase and redeem travel and leisure deals outside the home.” Travelzoo said iPhone and Android apps have received over 550,000 downloads globally and have been rated 'best app' or 'app of the week' by various media organisations including *Travel + Leisure magazine*, *The Sunday Times* and *The Guardian*.

11 May 2012 – Source Travelmole

### **Thomas Cook sells aircraft to raise cash**

Thomas Cook has agreed to sell and lease back 17 of its aircraft to raise £183 million to strengthen its financial position. CEO Sam Weihagen said the deal provides "substantial additional liquidity". Giving a trading update, he added: "As expected, the first half seasonal losses have widened however, summer bookings have improved in recent weeks." Looking forward, the Group said it expects this year to be challenging given the economic backdrop and difficult trading environment. "The performance of our North American and French businesses has been particularly poor and is a major contributor to the increased losses in the first half," said a statement. "Whilst our booking position for the second half is more encouraging trading will be dependent on how well the Group performs during the important lates market." Summer UK mainstream bookings are down 9%, ahead of capacity reductions of 13%. The Group has 19% less left to sell compared to prior year. Average selling price is stable, up 4%, and bookings for independent and specialist businesses are up 11%. The group's seasonal loss from operations for the six months to end-March grew to £262.7 million from £165.8 million. Net debt as of March 31 was £1.39 billion. The company appointed ex-Kwik-Fit finance boss Michael Healy as chief financial officer earlier this week.

11 May 2012 – Source Travelmole

### **Strikes and fuel costs hit IAG**

IAG has blamed high fuel prices and the Iberia pilots strike for a sharp rise in first quarter losses. The group, formed by the merger of Iberia and British Airways, reported operating losses of €249 million before exceptional items, more than double the €102 million last year. This was despite a 7.8% rise in revenue to €3.9 billion. Chief executive Willie Walsh said the group was hit by a 24.9% rise in fuel costs, while the Iberia pilots' strike cost €25 million. Iberia's overall operating loss for the quarter was €170 million, compared to €100 million in 2011, while BA's operating loss was £62 million, compared to £5 million last year. "Iberia's performance reflects the weakness of the Spanish domestic market and industrial action by pilots opposed to actions by Iberia's management to improve the airline's efficiencies," said Walsh. "For British Airways, although the London market and demand for transatlantic travel remains strong, its performance has been affected by rising fuel costs." He said the Group's performance continues to be undermined by APD in the UK, while the Spanish government plans to increase departure taxes from Spain by up to €10 per passenger.

11 May 2012 – Source Travelmole

### **Travel trade defends economic value**

Britain's outbound travel industry contributes over £22bn to the UK economy, representing 1.6% of UK GDP. This was the figure released by ABTA this week to accurately demonstrate the importance of the sector to the country's economy. "For too long it has been assumed that by going abroad on holiday, money is being taken out of the UK economy," said ABTA chief executive Mark Tanzer. "This report proves conclusively that the foreign holiday market makes a huge contribution to the UK economy and is an essential component of a healthy and dynamic UK economy. "With this in mind the Government must recognise and support outbound travel in its current and future policies and planning strategies to deliver growth to the wider economy." Unveiled at ABTA's annual Travel Matters policy event, the report by the Centre for Economics Research also found: - the total economic impact rises to over £54bn, or 3.8% of UK GDP, with the inclusion of contributions made by industries supplying the sector  
- holidaymakers spend an average of £532 per head, equivalent to £31.2bn annually, in the UK on products and services before they start their holiday overseas, which is nearly the same as their spend abroad (£31.6bn) - nearly £1.8bn is spent in UK duty free before holidaymakers even step onto a plane - the outbound sector accounts for 620,000 people in full time employment, which is more than the arts, entertainment and recreation sectors combined and accounts for 2.6% of the UK workforce. - the total tax taken from the outbound sector is £6bn per year, with £1.2bn raised from indirect taxes such as Air Passenger Duty (APD).

14 May 2012 – Source Travelmole

### **Thomas Cooks stark warning to shareholders**

Thomas Cook has warned shareholders that unless they approve the sale of some of its aircraft and its interest in a Spanish hotel chain, the tour operator could be in trouble. It has called a general meeting on 29 May for shareholders to approve the sale and leaseback of 17 of its aircraft and the disposal of five Spanish hotels. If agreed it will see the sale of its interest in Spanish hotel chain Hoteles Y Clubs De Vacaciones (HCV) complete as quickly as 29 June, the Aircastle aircraft disposals by 30 June and Guggenheim aircraft by 31 July, raising £238.8 million in total for the operator. But if shareholders do not support the move, it could jeopardise the recent £1.4 billion refinancing package which gives Thomas Cook a further three years to repay its debts. In the information sent to shareholders, Thomas Cook said that "the Company is of the opinion that, if any one or all of the Disposal Resolutions is not passed, the Retained Group will not have sufficient working capital for its present

requirements, that is, for at least the next 12 months following the date of publication of this Circular". The shareholder circular showed Thomas Cook had losses of £262.7 million in the six months to March 2012 compared to losses of £165.8 in the six months to March 2011. The tour operator is still looking to sell its stake in air traffic control service, NATS and its part of currency exchange business Thomas Cook India. On announcing the sale and lease back of 17 aircraft on Friday, CEO Sam Weihagen said that first half seasonal losses had widened but that summer bookings had improved in recent weeks, [see previous story](#). Average selling price is stable, up 4%, and bookings for independent and specialist businesses are up 11%. Net debt as of March 31 was £1.39 billion. The company appointed ex-Kwik Fit finance boss Michael Healy as chief financial officer last week and is believed to be close to appointing a new chief executive.

14 May 2012 – Source Travelmole

### **Virgin claims another in-flight first**

Virgin Atlantic claims it will become the first British airline to provide passengers with a service to make and receive phone calls in flight. The airline said it was responding to demand from its customers, who will also be able to send and receive text messages, emails and get web access via GPRS. The technology will be available in all cabins but is aimed at business travellers. It is currently offered to customers with 02 or Vodafone networks, who will be billed for the international roaming charges. Director of corporate communications Greg Dawson said, "We have listened to what customers want and connectivity in the air is always on the wish list. "Many people will have experienced that moment when you're about to take off on a 10-hour flight and you need to send an important message to the office, or even reminding a family member to feed the cat! "It's also quite fun to call home and say "Guess where I am" - not many people will think you're travelling at 35,000ft above the Atlantic Ocean." The service will be available on Virgin's new A330 aircraft currently flying from London to New York and will also feature on the airline's B747 aircraft, which are currently going through a £50m refurbishment. By the end of 2012, nearly 20 aircraft will provide the service. The service cannot be used during take-off or landing, and American laws mean that it has to be turned off around 250 miles from US airspace. Only basic web access is possible using the GPRS service.

16 May 2012 – Source Travolution

### **Flight centre unveils plans for bookable website**

Flight Centre has revealed plans to launch a bookable website for the first time in the UK and invest in cloud technology as the group seeks to become a billion-pound business by 2014. UK managing director Chris Galanty, who marks 15 years with the company this month, said Flight Centre would ensure the new site has a "different twist" to avoid commoditising its service. "We don't want to offer another commoditised online transaction service that you can already get from hundreds of travel companies out there. They try to differentiate themselves, but I can't tell the difference. There is a strong possibility we will offer online in the next 12 months but we'll do it with a different twist." The company said it was likely the site would link online transactions to consultants, either through live chat, prompts to encourage the client to pick up the phone, or for staff to contact clients once a booking is complete. "We want to make sure every customer has a consultant involved in their transaction unless they specifically decide not to," said Galanty. "Online is a commoditised game. Every innovation is copied almost immediately. "Our people make us special. It's the people and the product that make the difference." Flight Centre is also introducing the latest cloud-based technology across the group in the next few months to improve the distribution of calls and emails, which are routed across its shops and offices. "The cloud technology means we can distribute our calls in a very sophisticated way based on expertise, geography or time of day. It enables us to have a much better customer experience because the customer

gets the right consultant.” Galanty insisted Flight Centre UK Group had had a “good recession” and said he expected it to turn over £750 million this year across its 10 brands in the UK. About 40% of that business comes from business travel, under the brands FCM Travel Solutions and Corporate Traveller. “We have had our biggest year this year by a long way,” he added. “We’ve had a very good recession. We’ve been very fortunate that our customer type and product type, from SME business through to long-haul tailor-made holidays, has weathered the recession very well. “Since the recession hit in 2008 we have grown our business by 50%. We have a clear goal that by 2014 we’ll be a billion-pound company, and we’re well on track to do that.” Despite its strong high street presence – it has 91 stores – Galanty does not consider Flight Centre a travel agency and insists its staff are not travel agents. “It’s been many years now since we saw our shops as small little travel agencies; we abandoned that concept 10 years ago. We’ve turned them into multi-brand locations where the right customer speaks to the right consultant, and I think that’s why it’s working. I don’t think we’ve followed the traditional high street agency model.” For a company that’s so focused on expert service, it’s no surprise that a lot of time and energy goes into recruiting the right staff and keeping them. Flight Centre employs just one in 100 applicants for travel consultant roles and puts a lot of effort into staff retention. The fact that the business has been named in *The Sunday Times*’ best companies to work for list eight times suggests those efforts are paying off.

16 May 2012 – Source Travolution

### **Virgin Holidays unveils augmented reality app**

An augmented reality feature which aims to bring destinations to life when shopping is included in a new retail app from Virgin Holidays. The app is designed to help consumers with their holiday research and buying decisions – particularly when they are in one of the operator’s network of 100 shops. The AR function is claimed to be the first of its kind for a holiday company. The app has been built to capitalise on a growing trend of using smart phones while in a retail environment and features advances that give greater access to rich content. Hidden offers within the store are to be introduced that can only be unlocked through the app, as well as notifications to promote key offers and campaigns. Virgin Holidays head of retail Lee Haslett said: “This new app incorporates Aurasma, the world’s leading AR technology, and represents yet another first for Virgin Holidays. “We’re convinced of the potential for new technology to fundamentally change the travel retail experience, and combined with our shops and concessions, we’re building an unbeatable, integrated package. “This is just the first of a number of new developments that will put further clear air between Virgin Holidays and our competitors. It not only takes us a step further to realising the fully immersive ‘virtual’ experience we want people to have when they enter our shops, it also gives us incredible flexibility to support specific campaign periods or promotions.” The first version of the app is initially available for download for free to iPhone only, but will be followed by iPad and Android-capable iterations this summer. Virgin Holidays’ existing brochure app launched in 2010 and has attracted more than 100,000 downloads on the iPhone and iPad. It also goes live on the Android platform this week.

22 May 2012 – Source Travel Daily

### **Most Brits happy to go long-haul low-cost**

Nearly three-quarters of British travellers would be prepared to fly long-haul on a budget airline, a new poll has revealed. A survey conducted by travel search site Skyscanner found that 74% of respondents would be willing to sacrifice full-service comforts in order to save money on air fares for flights in excess of four hours. Almost half (48%) of the 1,800 people surveyed said they would endure limited legroom for anything up to nine hours, while 30% would be willing to travel low-cost on a 10-hour flight – the equivalent of

travelling from London to Singapore. The study also questioned travellers on the 'extras' they would most need in order to persuade them to fly long-haul low-cost. The majority (35%) said they would prioritise legroom over in-flight entertainment (14%) or food and refreshments (9%) for a long-haul journey. Eighteen percent wanted free baggage. "The results of this survey show there is a definite demand for low-cost airlines to operate long haul routes - it appears people are more than happy to surrender some level of comfort in order to satisfy their taste for travel, as long as the price is right," said Sam Baldwin, travel editor at Skyscanner. The record of long-haul carriers is patchy however; Malaysia's Air Asia X recently cancelled its London and Paris services due to high costs, while Singapore Airlines' low-cost start-up Scoot, has said it has no plans to launch European flights in the immediate future.

24 May 2012 – Source Travelmole

### **Thomas Cook appoints industry outsider as new chief**

Thomas Cook Group has chosen a new group chief executive, ending the long search for a successor to Manny Fontenla-Novoa. It has appointed Harriet Green, currently chief executive of Premier Farnell plc, a Leeds-based group supplying electronic products and maintenance and repair services. She is also a non-executive director of BAE Systems plc and the Fortune 200 company, Emerson Electric Co. Green, aged 50, was last year voted number 30 in the Financial Times' 'Women at the Top' list. She has spent her entire career in the electrical components industry and in 2010 received an OBE for services to industry. According to an article about her in the Independent, Green starts each day with a 4am yoga session. She will join Thomas Cook Group and the board on July 20, replacing Sam Weihagen. Weihagen will step down from the Board on that date but will remain with Thomas Cook until September 30 "to ensure a seamless transition". Thomas Cook chairman Frank Meysman said: "Harriet is an extremely successful executive with the right combination of international, business transformation and ecommerce experience that we need to take the Group forward, and build on our strong reputation and brand. I am confident that she will be an excellent leader for the Group management team as we continue our transformation. "The Board is incredibly grateful to Sam Weihagen for stepping into the role in August last year and providing the Group with the benefit of his experience through a difficult period, putting the Group on a firmer footing. He retires with our very best wishes for the future." Green said: "Thomas Cook is an iconic brand in the leisure travel industry. I am very excited to be joining the team at this time, to lead the business forward as we rebuild shareholder value through innovation and a sustained focus on the needs of our customers, suppliers and employees."

In a statement, Thomas Cook said Green had overseen a period of significant strategic change at Premier Farnell, "driving industry leading returns and creating a cost-effective multi-channel operation where the majority of business is now transacted through ecommerce channels". It said she has lived and worked internationally throughout her career and "believes in building strong, high performance teams and has sustained a focus on execution, operational excellence, employee engagement and innovation".

24 May 2012 – Source Travelmole

### **Consumers shun Orlando for Tenerife**

Demand for long-haul destinations has taken a dip as holidaymakers look to save money by staying closer to home, according to a travel search website Kayak. While searches for holidays to the southern coast of Spain have doubled this year, there has been a drop in demand for long-haul favourites New York, Los Angeles, Orlando and Asia. Kayak's data was backed up by ABTA chairman John McEwan, who said long-haul destinations were struggling because of high prices. Operators attending this week's annual Barclay's Travel Forum were confident demand for holidays would be at least as high this year as in 2011,

despite the Olympic Games and the Diamond Jubilee, but the majority - 49% - agreed that Europe would see the greatest growth in traffic. Kayak said its search data revealed that consumers were looking for the closest destinations that offered guaranteed sunshine, such as Tenerife, the Spanish Costas, Turkey and Portugal. EasyJet UK director Paul Simmons told the Travel Forum that its budget flights to the Western Mediterranean, Turkey and Egypt were selling well, but he admitted 2012 would be "a challenging year". Low Cost Travel Group chief executive Paul Evans said operators had benefited from Thomas Cook taking capacity out of the market, but he said margins were under pressure.

25 May 2012 – Source Travelmole

### **Thomas Cook performs poorly in Which? Survey**

Thomas Cook and Newmarket Holidays have jumped to their defence after performing poorly in a survey of tour operators by Which? The poll of 3,500 people rated Trailfinders as the best holiday company, with a customer score of 97%. But Shearings, Thomas Cook, and Newmarket Holidays sat at the bottom of the table with below average scores of 62%, 60% and 57% respectively. Ian Ailles, CEO of mainstream for Thomas Cook UK & Ireland, said: "It's impossible to see how this survey offers consumers a like-for-like comparison when Which? is comparing tour operators with completely different products - from specialist, tailored itineraries to popular mass market holidays - that appeal to completely different customers. "Our own more meaningful survey - which is 145 times larger than the Which? survey - showed that 94% of our customers rated their summer holiday in 2011 as excellent or good." Simon Hibbs, managing director of The Newmarket Group, said: "I would like to express my surprise with our company's 'apparent' poor performance in the Which? report. "We take all consumer feedback seriously, but this particular survey is somewhat flawed since our rating was based upon a sample size of just 42 people (despite the fact that we took 227,000 customers on holiday last year). "Our company has been trading successfully for nearly 30 years, has built a hard-earned reputation for value-for-money, has a 'repeat-factor' of over 40%, and last year was voted 'Best Coach Operator' by the public at the British Travel Awards. "To be portrayed in this way, on the basis of 42 comments, is simply not a true reflection of the regard in which Newmarket is held by the vast majority of our customers." In the Which? survey, published this week, activity holiday specialists HF Holidays (94%), Intravel (94%) and Exodus (90%) also performed well, helping to make up the top five companies, along with Audley Travel (93%). Lorna Cowan, editor of Which? Travel, said: "The travel industry has faced some turbulent times in recent years so we were thrilled to see so many companies performing well in our survey and delivering the high standards of customer service holidaymakers expect."

25 May 2012 – Source Travelmole

### **TUI stamps out speculation about new CEO**

TUI has issued a statement following speculation in a German magazine about its senior management team. Manager Magazin reported that Edwin Eichler, an executive at steel group ThyssenKrupp, will join TUI in the autumn before taking over from current CEO Michael Frenzel. But professor Klaus Mangold, chairman of the TUI AG Supervisory Board, has rejected the speculation. "Michael Frenzel has been appointed chief executive of TUI AG up until the end of March 2014," he said. "Considering the complexity of the tourism business and the immense challenges at TUI it is of course only natural to start the search for a successor at an early stage. Mr Frenzel is integrated in this process. However, up to this juncture nothing has been decided regarding the timing or candidates." Mangold added that neither the Presiding Committee of the Supervisory Board nor the Supervisory Board as a whole has considered persons or potential candidates. He said a meeting of the TUI AG Supervisory Board has not been arranged for 9 August 2012. "Moreover the options for the future strategic development of the TUI Group referred to in the article are pure speculation.

Nothing has been decided on in this respect, neither by the Supervisory Board nor by shareholder groups."

30 May 2012 – Source Travel Daily

### **Exchange rates causes Brits to flock to Europe – Europe cheaper than consumer expectation**

Favourable exchange rates combined with the Jubilee weekend has led to more holiday bookings to Europe. Travel Counsellors has seen sales for the Jubilee weekend increase 29% in the last month compared to the same period last year, while there has been a 26% rise in people travelling to European countries during June. Tour operator Families Worldwide has also seen demand for European holidays improve in recent weeks as more Brits become aware of the exchange rate. The announcements come after research revealed by Skyscanner said destinations such as Ireland, Spain, Portugal, Poland and Germany are cheaper in resort than consumers expect. Hotels.com's latest Hotel Price Index (HPI) also showed hotels in Warsaw are amongst the cheapest, with 12 nights the equivalent to a three-night stay in New York. "Holidays in Europe have been expensive in recent years with the pound's poor showing against the euro," said Mark Wright, managing director of Families Worldwide. "But for some time now it has ever-so-slowly, but steadily, been climbing back, and it looks set to hit 1.3 before the summer". Travel Counsellors' managing director Steve Byrne said the Jubilee bank holiday has also sparked the increase in bookings, with shorter lead-in times.

31 May 2012 – Source Travel Daily

### **Travel agents optimistic of year ahead**

Travel agents are confident about sales this year despite continued economic problems in the UK, according to Carnival Cruise Line. In the line's Carnival Travel Agent Mood Index, which interviewed 8,000 agents, 70% of agents said they were optimistic about the industry, rating their mood as six out of 10. Around 61% of agents hit their sales targets in the year's first quarter with only 2% feeling very negative about the industry for the year ahead. Cruises, all-inclusive breaks and package holidays are driving bookings as consumers still hunt value for money, with 65% of agents confident about booking cruises despite events this year. Sales of winter holidays were less positive, with consumers thought to be sacrificing these for the summer sun. "We're encouraged by the feeling of optimism in the industry, and delighted the agents are so confident about booking cruises," said Adolfo Perez, managing director for Carnival Cruise Lines UK.