UK OFFICE
August 2015 REPORT
Prepared by: Venessa Alexander
UK Director

TRADE LIAISON

- UK Ad Campaign – Received go ahead for a direct to consumer campaign to launch in September. Campaign will include a huge digital screen at the side of the M4 motorway, digital escalator panels at Euston and Kings Cross Underground stations and an online digital campaign. BA Holidays are the call to action and will up weigh the campaign with banners on their Florida pages. Campaign will launch on 7th September.

- Florida's Beaches – Work as Chair of Florida's Beaches Committee included sign up to a number of shows and extensive liaison with Miami CVB in-house designer and the other partners regarding the look of the new booth displays. Also signed up to the new Stockholm show taking place in September, completed catalogue listings, ordered furniture and liaised with the other CVBs regarding shipping.

- VIP Event with SWPE – Finalised details of the event to be held in conjunction with SWPE on 10th September. 16 Tour operators plus their guest will join as at this upscale annual event.

- BA Holidays – Confirmed and signed off creative for a digital campaign running with BA Holidays in early September.

- End of fiscal – Chased any outstanding ad invoices to close out FY14/15

- TUI/Hayes & Jarvis – Signed off the final creative for this co-op campaign running in conjunction with Visit Tampa.

- Tour America – Submitted full page ad for the back page of the new Tour America brochure. This was offered to us free of charge.

- Rooster PR – Worked with Rooster on PR plan for the remainder of the calendar year.

- USATours, Denmark - Finalised details for the USATours fam to St Pete/Clearwater taking place in late September including submitting rooming list and final itinerary for the group.

- WTM – Finalised a number of elements including catalogue and online listings and exhibitor badges. Work on appointments will start in September.

- Megafam - Chased invitations for the SWPE/VSPC Megafam taking place early October. Liaised with head office regarding the itinerary for the group.

- Provided sign up and participation information for the Leisure Travel Forum

- Started work on itinerary for October trip to SPC

- Recruited new member of staff to work alongside Venessa Alexander and Sirin Huffam on the VSPC account. Gemma Pascall will join in mid-September from BA Holidays.

ENQUIRIES:

Telephone/website enquiries for information and/or literature 42

MARKET INTELLIGENCE:

10 August 2015 Source Travel Weekly

New Travel 2 and Gold Medal MD unveils UK team

The new managing director of both Travel 2 and Gold Medal has unveiled his UK team and plans to grow both of the dnata-owned brands internationally. Speaking exclusively to Travel Weekly, Andy Freeth, who has been running Travel 2 for six years and was given extra responsibility for Gold Medal Travel last month, has named Gordon McCreadie as UK B2B sales and marketing director across both brands. McCreadie was previously sales and marketing director for Travel 2, but like Freeth will now split his time between Travel 2's headquarters in Glasgow and Gold Medal's in Preston. Gold Medal product, commercial and marketing director, Robin Parry, is moving internally this month to become Emirates Holidays managing director, based in Dubai, with global responsibility for 34 countries. Ailsa Pollard, senior vice-president at dnata Travel, said: "We have acquired several travel businesses recently, and have always said that as a global business, dnata has some fantastic opportunities for employees. This is a perfect example of somebody being able to take on new challenges and further grow within our business." McCreadie's team has been restructured into two areas, one led by Gold Medal's Ruth Hilton as head of sales and business development, and the other by Travel 2's head of sales Tracy Hirsz. Hilton will continue to look after Gold Medal's relationship with Thomas Cook, Gold Medal's relationships with wholesale businesses like Disney and lowcostbeds, as well as the tour operators' distribution through Travel Republic, which is also owned by dnata, and all groups business. Freeth explained that Hilton would also support the brands' international expansion, revealing that Travel 2 was "imminently" to launch in Ireland, and that the Gold Medal brand was being rolled out in Dubai. He said: "We are very close to launching Travel 2 in Ireland which Ruth will support, and we are currently formulating a plan to launch in other international markets." Freeth revealed that Hirsz will look after all relationships with independent agents, as well as the Co-op Personal Travel Advisors and the Freedom Travel Group, since they are not part of the wider Thomas Cook deal. He explained that while Travel 2's financial year ended in June, Gold Medal's doesn't end until September, so the field sales team under Hilton and Hirsz will remain as they are, pushing their individual brands, until then. "But over the summer, Gordon, Ruth and Tracy will shape their field sales team so that everyone can give the same level of support on both brands. "We will do our utmost to keep the same faces in front of the same agents. Geographically, that might not be possible all the time but everyone will be trained to be equally as knowledgeable on both brands. They will all know Travel 2 and Gold Medal inside out and there will be no redundancies." "The field sales team will have the support of three very bright and talented people leading that sales function in Gordon, Ruth and Tracy." McCreadie will also oversee marketing for the business, but that function is to remain separate for each brand, other than "sharing best practice". Marketing for Travel 2, including all partnership marketing with tourist boards, airlines and hotels, will continue to be led by Rhona Jenkins and Lindsay Miller, and for Gold Medal by Stephanie Lord and Ali Cockburn. Freeth also announced that Gold Medal director of operations Lisa Smith is to step up to oversee operations for Travel 2 as well. Smith will now have responsibility for both brands' contact centres, customer service, ticketing, pre and post-enquiries. She will be responsible for 240 people at the Preston site and 120 in Glasgow. Freeth revealed that Gold Medal was shortly to launch a live chat facility for agents as an additional point of contact, similar to that offered by Travel 2. Freeth's third and final direct report, the B2B director of product and commercial, is yet to be recruited. Freeth also revealed that Gold Medal finance director Paul Smith had been

promoted to finance director of the UK B2B business reporting directly to group finance director Jens Penny, with dotted-line reporting to UK B2B chief executive Andrew Botterill. Smith will be instrumental in all the strategic decisions within Gold Medal and Travel 2 brands. “What I want to get down to now is to focus on our travel agent partners; and what they want – and getting an understanding of what they like about each brand. Both Travel 2 and Gold Medal are doing really well and I don’t want to do anything to jeopardise that,” he added. Freeth revealed that some of the “positive synergies” realised by operating the brands together include joint buying of land and air, central procurement of utilities, hardware and the like, and an IT team working across the B2B brands. Dnata is expected to host a joint drinks reception and business update for suppliers at this year's World Travel Market in London, but Freeth said it is likely there will still be two separate Christmas parties for the staff in Glasgow and Preston this December, since arrangements for each had already been made.

13 August 2015 Source Travel Weekly

Travel Up revamps sites and makes Bookable sales fully protected

The Travel Up group is to launch new websites for three of its brands as it changes the model of its online travel agency Bookable Holidays to sell purely fully protected packages. The moves come as the group beefs up its senior group management team with the appointment Steven Bresh, former head of aviation at Kuoni, as group head of commercial, replacing Gio Parla, and targets ‘moderate’ growth over the next year while it integrates its five brands under the parent company. The group’s brands are: South America specialist Bravo Travel, Florida tour operators Magic Holidays and Holiday Genie, seat-only provider Travel Up and online agent Bookable Holidays. The group is currently redeveloping the sites of its Travel Up – which drives the most revenue and passenger numbers for the group - Florida package tour operator brand Holiday Genie, acquired in December last year, and Bookableholidays.com, to make them more mobile-responsive. Bookable Holidays will sell all holidays as fully protected packages at one inclusive price. Previously it sold a mix of protected and unprotected holidays. The brand was bought by Travel Up after it went into administration last October. The group re-employed 15 former Bookable staff, including marketing director Craig Ashford, now head of group sales and marketing. Ashford said: “My job is to raise awareness of the brands. The new sites will be fresher and easier to book. We have spent a lot of time on these and will do soft launches in the next few months. “The main difference for Bookable will be that everything will be done under Travel Up’s Atol and will be fully protected. The new site will literally be holiday packages. Customers want protection – it’s that simple. The site was old and wasn’t mobile responsive.” Ashford said the group was converting Magic Holidays into a premium operator to differentiate it from Holiday Genie. The group also plans to open a flight-only operation out of Spain in the next two months, based in Madrid, with other similar operations set to launch in future out of other European countries. He added the group was focused on creating strategic alliances – not necessarily with purely travel companies – but would continue to look at acquisition opportunities.

13 August 2015 Source Travel Weekly

Council mooted to discuss increased prices during school holidays

Prominent members of the travel industry are being invited to form a Holiday Council in a bid to reduce the cost of a family break during school holidays. Father-of-one Paul Cookson, who has been lobbying for a change in holiday prices for 18 months, has come up with the idea of a council to get the industry around a table with education and government representatives to discuss the issue. He has invited 12 senior executives from companies such as Virgin Holidays, Thomas Cook, British Airways, Virgin Atlantic and Bourne Leisure to join, as well as representatives from the Department for Education, and Tracey Crouch, minister for sport, tourism and heritage. Russell Hobby, general secretary of the National Association of Head Teachers, and Mike Beven, commercial director of Brittany Ferries,

have so far agreed to join. Cookson wants the council to meet quarterly and devise solutions or proposals for government. Holidays can be up to five times more expensive during school holidays, he said. “From day one, I have said the industry and government should come together and discuss this issue, rather than blame it on supply and demand. How do we look for a solution? Do we want to reduce the summer holidays to four weeks and stagger them throughout the UK?” Cookson argues the Department for Education needs to lead any change, but with assurances from the industry it will affect prices. Cookson’s Holiday Price Increase Group has 18,000-plus Facebook followers. The group supported an e-petition to cap prices during school holidays, which was debated in parliament last year.

14 August 2015 Source Travolution News

Guest Post: Time is money in mobile travel marketing

Performance advertising on mobile is improving all the time and is an opportunity not to be missed, says Jon Buss, managing director Northern Europe at Criteo. Technology is making the world a smaller place. Perhaps more than any other recent invention, smartphones and the mobile Internet have revolutionised the way people travel. Off-the-cuff decisions and spontaneous excursions are, with the help of on-demand maps, transport timetables, and online accommodation booking sites, easier to make than ever before. Queues for crowded cybercafés now seem a quirk of the past. Similarly, the rise of mobile has provided travel and hospitality companies with an additional and, according to a recent eMarketer report, increasingly popular retail platform for holidaymakers. Companies in the travel industry – particularly those already flourishing on the web, such as flight, hotel and car hire comparison sites – have endeavoured to stay apace with the mobile boom, and many successfully so. The move to mobile hasn’t all be rosy, however, as retailers initially suffered from a dearth of sophisticated mobile advertising options. Performance advertising has long allowed travel companies to recapture lost value from browsers who did not convert to buyers. This, combined with a recent Criteo report which found that travel ad click-through rates are higher on mobile than desktop, highlights the scale of the opportunity for both retailers and marketers. An opportunity, needless to say, that shouldn’t be missed. The favoured form of mobile browsing for many, apps have been a key consideration (and area of investment) for travel companies. Being able to show relevant ads within apps allows marketers to offer and capitalise on the kind of personalised consumer experience that is so crucial to effecting conversions. Thanks to in-app performance advertising, it’s possible for marketers to deliver the same highly personalised ads to consumers based on their app-based browsing habits in the same way that they have been doing with desktop users. This not only allows companies to make the most of their substantial mobile user bases, but also to capitalise on the small windows of opportunity offered by typically time sensitive mobile shoppers. Despite considerable advances, mobile ads remain plagued by two key issues: firstly, that frequently they can appear impersonal and irrelevant (whether being shown ads for apps they already own or have no intention of ever installing); secondly, that mobile ads can be difficult to interact with – not only on account of their scale, but also as a result of a vague call to action that requires multiple follow-up clicks to arrive at the right page (diminishing the likelihood not only of conversions but also of future interactions). The combined effect is of ads firstly being ignored, through assumption of their irrelevance, and secondly, left void of user engagement. Such ads are ineffective at the best of times, but even more so in the case of mobile users and the narrow timeframe that their use pattern demands – a fact exaggerated by the nature of booking out last minute travel itineraries while on the move. Deep linking is, in a nutshell, a means of linking directly to specific locations within individual applications – so, for example, if a person has been viewing flight options to the Caribbean, a dynamic ad will show them a specific, relevant offer which after being clicked will take them straight to the purchase page within the travel company’s app. It’s the latter half of this process that makes the difference here, capitalising on the influence of the initial personalised ad: the click-through process is shortened substantially, meaning time-sensitive

shoppers can move straight from the call to action to the point of purchase, eliminating unnecessary homepage redirects and network hops. Despite the initial drive by travel companies to develop positive user experiences for the search, comparison and purchase process – catering particularly to the trend towards apps over mobile web optimisation – conversion numbers have lagged. Deep linking, in combination with dynamic, personalised performance ads, has allowed advertisers to reclaim ROI by driving potential customers more precisely to purchase points within their apps. Ultimately, ROI is the scale that full-scale adoption of new platforms (and the teething problems to be expected with such a move) will be judged on. The good news is that the work to integrate mobile and map effective desktop user experience has been done, and done well for the most part; now, travel marketers need to focus efforts on capturing revenue from those mobile customers using the platform for its speed and convenience rather than its user experience.

18 August 2015 Source Travel Weekly

BA parent IAG concludes Aer Lingus deal

British Airways parent IAG officially welcomed Aer Lingus into the group today following the completion of the deal to buy the Irish airline. IAG's bid was conditional on the acceptance of Ryanair to sell its 30% stake in Aer Lingus which it formally agreed today (August 18). As a result all the conditions of the sale of Aer Lingus have been met, IAG said in a statement to the London Stock Market. IAG chief executive Willie Walsh said: "We'd like to welcome Aer Lingus into IAG. "It will remain an iconic Irish brand with its base and management team in Ireland but will now grow as part of a strong, profitable airline group. "This means new routes and more jobs benefitting customers, employees and the Irish economy and tourism". IAG has received acceptance of the deal from shareholders rep representing 95.77% of the existing issued share capital of Aer Lingus.

18 August 2015 Source Travel Weekly

City Insider: The Thomas Cook recovery story is losing its lustre

City expert David Stevenson says investors are going cold on Thomas Cook's prospects as the travel giant should be making hay while costs like fuel are so low. Without wanting to put a dampener on the summer – and the buoyant state of the travel sector as evidenced by Tui's decent numbers last week – I must admit to having that sinking feeling again about Thomas Cook. The shine has well and truly come off this remarkable recovery story and more and more investors I talk to are privately worrying that the travel giant is in a bind. To be fair there is absolutely no sense of an impending crisis and the group is clearly trading satisfactorily but there's also a brutal realisation taking hold amongst many in the square mile. Put simply the job – restructuring and even downsizing - is very, very far from being done and that not enough is being done to make hard profits during the current upswing. Be under no illusions: 2015 and probably 2016 will be great years for the travel industry, likely followed by much leaner years as interest rates start to rise again. Consumer spending across Europe is picking up, energy prices are tumbling and interest rates are low. Yet Thomas Cook is struggling to fully capitalise on this environment. The share price tells a simple story which is that investors are getting cold feet, helped along by analyst sentiment which has turned decidedly frosty with only outfits like Numis sticking with its buy recommendation on the group. To put some perspective on the plight of Cook's share price, compare its share price fall against Ryanair and newest travel whizz-kid on the block, WizzAir. Ryanair has seen its shares advance 15% in the last three months, WizzAir a storming 26.7%. Tui's is down 16.9% but Thomas Cook has suffered a dizzying 28% fall. The most recent numbers from the end of July (the 30th) paint a depressing picture. The business is still painfully constrained in margin and cashflow terms, while 'events' (previously Tunisia now Greece) continue to smash into the profits. The trading numbers from July for the third quarter clearly put a dampener on market sentiment although there was plenty of good news sprinkled in amongst the surprises. Net debt is now falling fast – down £111 million to £392 million. Operating profits also increased £53 million, making this the twelfth consecutive quarter of improved

profitability. And yes, summer holiday bookings to most destinations were “in line with expectations”. But Tunisia and Greece have been causing no end of angst, not helped by a foreign exchange translation impact which is now expected to take a £39 million chunk out of full-year 2015 numbers. The UK seems to be holding up well – as one would expect – but there have clearly been major problems in continental Europe where “margins have been impacted by tough market conditions in Germany, as we have previously reported, and by weak demand in France for MENA destinations”. Given its declining revenues and low margins, plus that debt, I can’t see why the business should be valued at multiple of six to seven times earnings implying a market value of around £1.3 to £1.5 billion which is well down on the current £1.78 billion valuation.