

UK OFFICE

JULY 2009 REPORT

Prepared by: Venessa Alexander
UK Director

TOUR OPERATORS

Travel Republic

Meeting held with Steve Dean, General Manager at Travel Republic, one of the UK's largest online travel agencies to discuss product updates, hotel product and general market conditions. Travel Republic sells all destinations worldwide and the USA comes in at second place in terms of sales & revenue. Travel Republic advised us that they do not contract their hotels in the US directly but use receptive operators such as Access USA/Hotelbeds and Tourico to name a few. This enables them to feature a wide range of accommodations throughout St. Petersburg & Clearwater. We were advised by Travel Republic that they are in the process of clearing up their booking system in order to make their dynamic packaging system easier for their customers to utilise.

Their top three sellers in the US are 1) Orlando 2) New York 3) Las Vegas. We were also advised that Travel Republic are at present +10% up YOY overall in terms of worldwide sales and bookings continue to come in although as with most other operators, the lead in booking time has reduced dramatically and is now on average 4 – 6 weeks before date of departure. We provided them with the most up to date copy, logo's and details of how to obtain images in order for them to update their destination pages on their website. We also discussed the possibility of joint marketing. They are at present looking to produce e-newsletters to their consumer database and will advise us when this will be possible. We also discussed training their call centre staff and arrangements are in the process of being scheduled for the autumn. TBA

Room Night Stats:

01 Jan – 30 Jun 2008 – Total room nights booked = 595

01 Jan – 30 Jun 2009 – Total room nights booked = 1272

Sunway Holidays

Meeting held with Tara Flanagan at Sunway Holidays to discuss the forthcoming co-op marketing promotion that is due to commence in September. Training was also conducted for their call centre staff. A total of 12 agents were trained on all aspects of our area. We also provided the staff with the most up to date literature including Visitors Guides, Area Maps, Key Selling Points and giveaways.

Travel City Direct

Met with Laura Griffiths, Reservations Manager at Travel City Direct to discuss training their call centre staff again in the autumn of this year. Dates to be advised. We also presented the recent winners of the staff incentive at Travel City Direct with their 'Love to Shop' Vouchers. Had a brief discussion with Carol Williams, Head of Product regarding product updates and the continuation of our joint marketing campaign.

OTHER MEETINGS

Touchdown Marketing

Follow up meeting held with Caroline Ray, Senior Account Manager at Touchdown Marketing and Jennie Speirs, Marketing Co-ordinator at Dorothy Perkins to discuss our recent in-store promotion and the possibility of working together again in the future. Dorothy Perkins were very pleased with the recent promotion and as such are very keen to look at another similar promotion, this time based on-line with a spa angle in April/May 2010. This will again be reviewed towards the end of 2009.

TRADE LIAISON

- The promotion that ran with Slug & Lettuce Pubs was a great success with 4347 entrants and opt-ins to receive more information on VSPC. .
- The Vacations Group: Confirmed participation in an e-newsletter at the end of July to their consumer database of 10,000 customers. The e-newsletter will give an overview of the area and what it has to offer, a special offer from Florida Vacations will be attached to the e-mail to encourage bookings and the e-newsletter will also include a direct link to our website for consumers to obtain further information.
- Premier Holidays Update – We were advised by Premier Holidays that due to the success of the recent promotion we had run during the month of June, that the promotion has been extended into the month of July at no additional cost. We were advised that the promotion has been very well received by the travel agents that are taking part.
- Tour America Update – Please find to follow results from the recent co-op marketing activity with Tour America which included e-bulletins to their database of 45,000 consumers, homepage advertising to dedicated VSPC landing pages with special offers. 4 E-bulletins were also sent out, 2 in June and 2 in July.

Room Nights Booked:

July - Aug 2009 = 2854

Sep - Oct 2009 = 1760

Nov- Dec 2009 = 1720

Jan - Mar 2010 = 980

Total room nights = 7314 – We were advised that the split was 70% St. Petersburg and 30% Clearwater

This equates to an increase of 72% YOY

Below are the web stats for weeks following the distribution of each e bulletin.

Week 1 = 7708 Visits

Week 2 = 7491 Visits

Week 3 = 8367 Visits

Week 4 = 7948 Visits

- Work continued on the UK & Ireland Training Mission in conjunction with the CVB and area hotel partners. We are in the process of securing trainings at our major tour operator call centres within the UK & Ireland
- Continued liaison with Tampa Bay & Co and Boston Tourism regarding tickets and hospitality for the Tampa Bay Buccaneers game being held in the UK on 25th October.
- Dorothy Perkins Promotion – Visitors Guides and Area Maps sent to consumers requesting information on VSPC from the recent in-store promotion with ladies retailer Dorothy Perkins in conjunction with Virgin Holidays.
- Finalised the itinerary for the forthcoming site visit to VSPC in early September.
- Investigated the possibilities of sending out e-mail information to consumers that had provided e-mail addresses further to their participation in the Dorothy Perkins and Slug and Lettuce consumer promotions.
- Provided literature and giveaways to Premier Travel in Reigate to pass onto customers that they have travelling to our area after a specific request. They are promoting the area at present within their agency.
- Provided the Nordic & Swedish Discover America office with our most up to date contact information for inclusion on their website.
- Selling Long-Haul – provided Selling Long Haul with details of the recent accolades in the TripAdvisor summer survey for inclusion in the next edition of the magazine.
- Thomas Cook Signature – Meeting scheduled with Christina Hunter-Locke, Product & Purchasing Manager at Thomas Cook Signature in August to discuss possible joint co-op marketing activity for the start of our new fiscal for both the tour operation as well as other opportunities with Thomas Cook Retail.
- Kuoni Holidays - Meeting scheduled with Mandy McGlade, Product Manager at Kuoni Holidays in August to discuss product updates etc. Kuoni are in the process of producing their 2010 brochure and so we have forwarded details of our most up to date copy, how to obtain images as well as our logos.
- Direct Holidays – Discussions taking place with Shelly Girling at Direct Holidays to discuss follow up to our recent joint promotion with Slug & Lettuce as well as discussing the possibility of any joint co-op opportunities in the future and training their call centre staff to increase their knowledge of our area. Direct Holidays feature the Sheraton Sand Key Resort, the Dolphin Beach Resort and the Sirata Beach Resort.
- Chased a number of operators to submit their invoices to BVK for co-op advertising initiatives.

ENQUIRIES:

Telephone/website enquiries for information and/or literature 438
(this includes 136 mail outs to Dorothy Perkins and 187 to Slug & Lettuce) = 115 general
brochure requests received

MARKET INTELLIGENCE:

2009 VISITS FROM SWEDEN IMPROVE FROM FIRST QUARTER

Arrivals down almost 6% from last year Improvement over 20%+ drop in first quarter

Overall figures from the U.S. Department of Commerce for April 2009 continue to reflect a contraction in visitations compared to the same period last year, dropping by 5.8%. While negative, the trend is reflective of a return to normalcy after the significant drop in travel demand experienced worldwide in the first quarter of 2009. Western Europe as a whole showed an almost flat performance in April versus 2008, which is a sharp improvement on the 24% drop in March and overall 18% first quarter performance. Many European markets bounced back impressively. Nevertheless, the United Kingdom, which represents over one-third of all Western Europe visitations to the USA, continued its poor record with a 13% drop in April and 25% first quarter drop. For the four month period to April 2009, Sweden traffic to the USA is down 17.7% versus last year, to some 104,000 visitors. While this reflects poorly against 2008, it is still very positive versus the years prior last. With the world financial markets signalling a recovery, a firming of the Swedish Kronor, we expect consumer confidence to return sufficiently to provide a boost to demand for USA leisure and business travel and subsequent improvement in Sweden-USA visitations.

28th July 2009 – Source US Embassy Sweden

Virgin Atlantic plans 600 job cuts

Up to 600 job cuts are planned at Virgin Atlantic amid a “bleak” outlook for the airline industry. The airline, which has just marked its 25th anniversary, is trimming winter capacity by seven per cent year-on-year. Daily flights to Chicago from Heathrow will be suspended for the winter and one of two daily services to Hong Kong from the London hub will also be dropped. Frequency on other unspecified routes will also be reduced over the winter 2009-10 period. “As a result of the lower demand, the airline will need to reduce staff numbers and will shortly start consultations with staff about the possibility of up to 600 redundancies across the business,” the airline confirmed. “We are keeping our staff fully informed and will be working closely with staff and union representatives in order to find ways to protect as many jobs as possible and avoid compulsory redundancies.” Chief executive Steve Ridgway said: “The outlook for the industry is as bleak as ever and all airlines are having to shrink their businesses. “The fittest will survive and be in a stronger position when the economy grows. “We will look to minimize the number of compulsory redundancies and ensure we treat our staff as fairly as possible. ”Virgin's planned cuts follow rival British Airways negotiating redundancies and calling on staff to take temporary pay freezes.

2nd July 2009 – Source Travelmole

Tourism recovery before 2010 'difficult' – UNWTO

International tourism slumped by eight per cent between January and April compared to the same period last year, new figures show. Destinations worldwide recorded a total of 247 million international tourist arrivals in the four months, down from 269 million in 2008. Given the changes in the outlook, the United Nations World Tourism Organisation has revised its forecast for 2009, taking account of the results for the first four months of the year and the current market conditions. International tourism is now forecast to decline by between -6% and -4% in 2009, as the pace of decline is expected to ease during the remainder of 2009, according to the UNWTO. “The negative trend in international tourism that emerged during the second half of 2008 intensified in 2009,” the organisation said. “In view of the rapidly deteriorating global economic situation, economic growth prospects have repeatedly been adjusted downwards over the past six months. “While at the time of the previous UNWTO forecast in January, the International Monetary Fund was still counting on positive growth over 2% for the world economy in 2009, a decline of 1.3% is now expected.” “Tourism is seriously impacted, given the sharp reduction in business activity, decreasing disposable income and associated increased unemployment, particularly in key tourism source markets.

“Exchange rate fluctuations have added to the general uncertainty and business and consumer confidence have yet to recover. “Furthermore, the level of advanced bookings, coupled with the reduction in airline capacity, make recovery before 2010 difficult.” There is additional uncertainty regarding the future of the swine flu virus and its effect on demand in the short to medium term. All regions except for Africa recorded a decrease in arrivals for the first four months of 2009, according to the UNWTO World Tourism Barometer. Europe suffered a 10% decline as the majority of source markets have struggled with recession since the end of 2008. Moreover, outbound tourism of the second largest market (UK) has endured the depreciation of the pound sterling, the UNWTO said. Overall, the Americas (-5%) suffered due to the slowdown of the US both as a source market and a destination. South America was the only sub-region outside of Africa to buck the general downward trend, registering +0.2%. For Asia and the Pacific (-6%) the decline in demand has been faster than expected and is particularly severe when compared to results from recent years. Although the decline in the Middle East is significant (-18%), complete data is not available and arrivals are still expected to be well above the 2007 levels. The positive results in Africa (+3%) reflect the strength of North African destinations around the Mediterranean and the recovery of Kenya as one of leading sub-Saharan destinations. The UNWTO estimates that worldwide receipts from international tourism reached \$944 billion last year, up from \$857 billion in 2007.

3rd July 2009 – Source Travelmole

BA defers A380s

British Airways has announced a five month delay in the delivery of its first Airbus A380, as part of capacity reductions in response to plummeting demand. BA’s Jun traffic figures showed an overall 3.8% drop in passenger numbers to 2.93 million. Premium traffic fell 14.9% in Jun, while non-premium traffic was down 1.3% and the load factor was 79.6%, down 1.8 points. As well as slowing the deliveries of subsequent A380s by an average of two years, with the final aircraft arriving in 2016, BA said it would ground a further three 747-400s in winter 2010 and the remaining three 757s in summer 2010.

6th July 2009 – Source Travel Daily

Overseas holiday rise forecasted

Market research body Key Note is predicting a post-recession bounce-back for sales of overseas holidays and a fall in domestic holiday bookings by 2010 or 2011. Its Market Assessment 2009 report predicts long-term trends of increasing overseas holiday sales and declining domestic holidays will quickly be restored after the recession and concludes that overall there will be a fall in the number of trips taken but a rise in value.

For this year, however, Key Note predicts an increase in the overall number of all holidays taken, from 120 million trips in 2008 to 121 million in 2009, because of more affordable breaks, particularly in the UK. These figures refer to all trips being taken by the UK holiday market. Its figures show 43 million overseas holidays will be booked this year - a decline of 4.4% in volume terms on last year - and 78 million domestic trips, valued at £24.5 billion for abroad and £15 billion in the UK. The report added: "These [domestic holidays] will substitute for main holidays abroad. However, the long-term trend in the market will be quickly restored, meaning the upward trend for holidays abroad will be resumed in 2010 or 2011, where there could be a strong 'bounce-back' from 2009 as consumers realise they regretted not going abroad for a long holiday the previous year." From 2010, it forecasts a steady annual increase in overseas trips, to 46 million by 2013 - a growth of 7%. At the same time it predicts a gradual decline in domestic trips, to 72 million by 2013 - a decline of 7.7%. Likewise, spend on overseas trips will go up, to £28.5 billion by 2013 (a 16.3% rise), and the value of domestic trips will fall to £14 billion (a 6.7% fall). Overall, by 2013, the number of holidays taken will fall by 2.5% from 121 million in 2009 to 118 million in 2013, according to Key Note, while the overall value of all trips taken will increase by 7.6% from £39.5 billion to £42.5 billion. The report said lower capacity - already around 25% of overall industry capacity has been taken out in 2007 and 2008 by the major operators -combined with a more sophisticated market, will drive consumers to take more expensive overseas holidays. The future of high-quality package holidays within the mix remained secure, it said, despite a rejection by many holidaymakers of the traditional package holiday because of a mass-market image of 'crowded beaches and shoddy, noisy resorts with tower block accommodation'. It added: "The future of high-quality 'packaged' holidays is assured, as evidenced by the buoyant demand for long-haul, all-inclusive resorts and cruise holidays."

7th July 2009 – Source Travolution

Overseas holidays to bounce back by 2011, says Key Note study

Market research body Key Note is predicting a post-recession bounce back for sales of overseas holidays and a fall in domestic holiday bookings by 2010 or 2011. Its Market Assessment 2009 report, Holiday Purchasing Patterns, predicts long-term trends of increasing overseas holiday sales and declining domestic holidays will quickly be restored after the recession. It also concludes that there will be an overall fall in the number of trips taken, but a rise in value. For this year, however, Key Note predicts an increase in the overall number of holidays taken, from 120 million trips in 2008, to 121 million in 2009, because of more affordable breaks, particularly in the UK. These figures refer to all trips being taken by UK holidaymakers. Its figures show 43 million overseas holidays, valued at £24.5 billion, will be booked this year - a decline of 4.4% in volume terms on last year - and 78 million domestic trips, valued at £15 billion. The report added: "[Domestic holidays] will be a substitute [for overseas] holidays. However, the long-term trend in the market will be quickly restored, meaning the upward trend for holidays abroad will be

resumed in 2010 or 2011, where there could be a strong 'bounce-back' from 2009, as consumers realise they regretted not going abroad for a long holiday the previous year." From 2010, it forecasts a steady annual increase in overseas trips, to 46 million by 2013 - a growth of 7%. At the same time it predicts a gradual decline in domestic trips, to 72 million by 2013 - a decline of 7.7%. Likewise, spend on overseas trips will go up, to £28.5 billion by 2013 (a 16.3% rise), and the value of domestic trips will fall to £14 billion (a 6.7% fall). Overall, by 2013, the number of holidays taken will fall by 2.5% from 121 million in 2009, to 118 million in 2013, according to Key Note, while the overall value of all trips taken will increase by 7.6% from £39.5 billion, to £42.5 billion. The report said less capacity - already about 25% of overall industry capacity has been taken out in 2007/08 by the major operators - combined with a more sophisticated market, will drive consumers to take more expensive overseas holidays. The future of high quality package holidays remained secure, it said, despite a rejection by many holidaymakers of the traditional package holiday because of a mass market image of 'crowded beaches and shoddy, noisy resorts with tower-block accommodation'. It added: "The future of high quality 'packaged' holidays is assured, as evidenced by the buoyant demand for long-haul, all-inclusive resorts and cruise holidays."

8th July 2009 – Source Travel Weekly

TUI and Thomas Cook high-street shops 'have a secure future'

TUI Travel and Thomas Cook will continue to use their high street shops to present their brands, and are in a position to reassert themselves as the main sources for holiday bookings, a report by market analysts Key Note predicted. The two largest holiday companies control more than 40% of UK travel agency branches, according to ABTA statistics, including a higher share of the large, prime location outlets. The Holiday Purchasing Patterns Market Assessment 2009 report said both companies had the potential to increase online bookings. In 2008, Thomas Cook's online sales reached 28% of total bookings. The report said: "They [TUI Travel and Thomas Cook] have the financial muscle to strengthen their position in internet travel bookings, the channel that was initially seen as their Achilles heel." It added: "By reaping the benefits of online travel, consolidated travel agents are in a position to reassert themselves as the main source for booking holidays, offering a choice of independent bookings and dynamic packaging. They are also in a position to guide consumers back towards package holidays." The report took into account the reduction in size of retail estates Thomson, First Choice and Thomas Cook in recent years, but maintained the future of larger branches was secure. It said: "Larger branches remain open and will continue to be important for their parent companies by mainly selling their holiday brands." Approximately 60% of holidays sold through multiple travel agencies are those owned by its parent company. The report also showed that, up to March 2008, agents lost their dominance in selling package holidays, but retained their importance for accommodation and flight-only bookings. Research by the Target Group Index (TGI) between 1999 and 2008 showed the number of respondents who visited a travel agency to book a package, flight only or accommodation only, fell from 21.9% in 1999 to 16.4% for the year ending March 2008. But the use of agents for booking accommodation-only went up in the period, from 2.1% in 1999 to 2.9% in 2008. However, using an agent to book room-only fell from a peak of 4.1% in 2005. Meanwhile, 3.8% of respondents used agents to book flights in 2008, just below the 3.9% in 1999. But usage increased to 5.6% in 2005, showing agents became increasingly popular for flight bookings before falling towards the end of the period. In contrast, the amount of holidaymakers using an agency to book a package holiday steadily declined, from 15.9% in 1999 to 9.7%

in 2008. Using an operator to book a package or flight-only went up from 8.1% to 9.1%. But the sharpest increase came from respondents booking holidays independently, up from 26.5% in 1999 to 36.8% in 2008.

9th July 2009 – Source Travel Weekly

First Co-op brochure out

The Co-operative Travel has today confirmed the launch of its own tour operation, with an initial brochure featuring summer holiday packages to the Balearics, Canaries, mainland Spain, Turkey, Portugal, Greece, Cyprus, Egypt, Florida and Mexico. “UK holidaymakers have trusted The Co-operative Travel to organise their holidays for many years, so it is a logical progression for us to offer a holiday that is solely ours,” said Co-operative Travel MD Mike Greenacre. He said destinations and resorts featured had been nominated by the group’s own consultants, with the programs also offering conveniently timed flights, 20kg luggage allowances, free child places, in-resort representation, 24-hour service cover and “clear, honest and open pricing.” Greenacre said this was the first of a wide range of holiday brochures which Co-op would be launching in partnership with Cosmos and Monarch, saying “we are confident that we will become one of the UK’s leading tour operators.”

09 July 2009 – Source Travel Daily

Agents defeat web in battle for solo travellers

Research giant Mintel has discovered a niche travel area where high street agents are successfully differentiating compared with web-based agents. Solo travellers and friendship groups have not yet migrated en masse to the internet, it said in this week’s report into single travellers. Although solo travel and travel with friends are relatively small markets compared to the core family/couples market, these holiday types are favoured by the growing singles population and offer a further point of differentiation for high street agents with relevant expertise. Mintel estimates that as many as five million Brits are likely to travel alone this year, equivalent to a 5% growth over the past four years. The growth has come not only on the back of a demographic shift towards single households but also the development of specific products for the single traveller. By 2030, singles will account for 45% of the UK population compared with around one-third currently. The study claimed that more than one in eight long-haul holidays are taken alone, compared to one in 20 holidays overall. However, singles are more exposed to the current economic slowdown, Almost half of all singles did not go away at all in 2008, which compares to less than one third of non-singles, Mintel said.

10th July 2009 – Source Travolution

DOT approval for CO

The US Dep’t of Transportation has approved the application for Continental Airlines to join the existing antitrust immunized alliance including United Airlines and eight other Star Alliance member carriers. Continental boss Larry Kellner said DOT’s approval will ensure global competition with other antitrust immunized alliances, while encouraging the retention and growth of open skies between the US and other countries. UA chairman, president and CEO Glenn Tilton said the decision, which was announced on Fri, “facilitates the development of a competitive partnership that is good for consumers, our employees

and the communities we serve.” The move will enable UA, CO and other Star Alliance carriers to compete more effectively and provide improved access to more destinations, creating more opportunities for staff. Star’s Air Canada, Austrian, bmi, Lufthansa, LOT Polish Airlines, Scandinavian Airlines, SWISS and TAP Air Portugal were also granted antitrust immunity under the deal.

13th July 2009 – Source Travel Daily

Cosmos free cancellations

To help stimulate bookings, Cosmos Holidays is offering free cancellation cover as part of its 2010 Summer Holidays program. The cover applies to all holidays departing from 01 Apr - 31 Oct 2010, and the company said it will be rolled out to all other Cosmos products next summer. Cosmos Mainstream Products MD Stuart Jackson said the offer goes further than the free redundancy offers from other operators, and that it “will give our customers even more peace of mind when booking as it includes a whole range of other circumstances in which you would find it necessary to cancel a holiday.” Additional booking incentives featured in the 2010 program include deposits of just £50 for people booking before 31 Dec ‘09.

13th July 2009 – Source Travel Daily

Virgin Holidays selects Coremetrics for web analytics

Virgin Holidays has selected Coremetrics, the leader in marketing optimisation, to drive online conversions and bookings and increase average transaction values. The deal delivers Coremetrics Analytics and Coremetrics Explore(tm). Virgin Holidays is the largest, most successful transatlantic tour operator, and the market leader for travel to the USA and the Caribbean. Following a competitive pitch, Coremetrics Analytics will provide Virgin Holidays with accurate, actionable data on online customer behaviour, website performance and marketing effectiveness, enabling the tour operator to continually monitor and fine-tune its digital campaigns. Virgin Holidays will use Coremetrics Explore, a powerful ad-hoc reporting tool, to better understand their customers' behaviour and to build marketing programs that address its needs in the most effective way possible. Thanks to Explore's customisable reports, Virgin Holidays will be able to analyse and then optimise marketing programs to ensure a quality online experience for every customer, on every device. Chris Roe, general manager, sales and distribution at Virgin Holidays, commented: "Coremetrics provide the depth of online customer insight and reporting functionality required to support the future business goals of the company. "Coremetrics Explore presents data clearly and accessibly, and we know we have the expertise of Coremetrics' industry analysts on hand to assist us in interpreting any trend." Richard Sheppard, vice president and general manager, Coremetrics EMEA, added: "Virgin Holidays recognises the importance of delivering a targeted online experience to capture and convert customers. "By using insights from Coremetrics to inform its online strategy, Virgin Holidays will continue to deliver the quality experience and customer service its customers have come to expect." Online customer behavioural and contextual data covering every visitor's lifetime is uniquely captured by Coremetrics. Stored as a Lifetime Individual Visitor Experience (LIVE) Profile(tm), Coremetrics can provide the most up-to-date and actionable insight in the industry.

13th July 2009 – Source Travolution

Air stabilisation?

Figures released by aviation data business OAG suggest that global airline capacity is stabilising, with a one percent drop in numbers in Jul 2009 compared to Jul 2008. According to OAG's VP of market intelligence, David Beckerman, the figures which amalgamate the planned operations for airlines worldwide, "show a clear and very welcome upward trend from the dramatic declines we have seen in recent months."

15th July 2009 – Source Travelmole

World tourism down by 8%

Newly-published figures have revealed that world tourism is currently down 8% this year on the same time last year. Taleb Rifai, the secretary general of the United Nations World Tourism Organisation, said it had initially forecast an overall slump of 2% for the calendar year, but in light of the current figures said it now expected a fall of 5%. He said it was a major challenge to get world leaders to take the tourism industry seriously. Speaking at a Tourism Society debate with the UNWTO entitled 'Travel and Tourism: Stimulus for G20 Economies', Rifai said: "Very few [world leaders] are aware that tourism can be part of the solution and very few give it political support. "Tourism means jobs, trade and infrastructure and we have to get that message across." Rifai said the decision by the UK government to pull out of the organisation later this year was a mistake. "It sends the message that they are not thinking along the same lines as us," he said.

15th July 2009 – Source Travel Daily

Kuoni reveals locations for up to five new shops

Kuoni has shortlisted locations for up to five new shops to open by the end of this year. The operator has already revealed it plans to open no more than 10 stores on the high street. It currently has three shops; its flagship stores in Kensington and Manchester, and a third shop in Bishopsgate. Distribution director Derek Jones said four or five new Kuoni shops will open this year. Locations on the shortlist are:

- Bluewater shopping centre in Kent
- Milton Keynes
- Bristol
- Cheltenham

They have been chosen because of their footfall and the demographics of the areas. He said: "They are all prominent locations, and not existing travel shops. Some are major locations with a broad customer base, and not specific locations where you would expect traditional agents." The operator is already recruiting staff for the new shops, some of which are larger than the flagship stores. Jones reassured agents that the aim was not to take business away from them, and said it had taken into account the location of its supportive agents in relation to the new shops. "We are not opening shops to take business away from independent agents. We want customers to experience the Kuoni brand first hand."

16th July 2009 – Source Travel Weekly

US inbound slump

The US Department of Commerce has announced that spending by international visitors to the USA during May was down a hefty 22% on the previous year. Tourists spent an estimated US\$9.5 billion during the month, with May 09 marking the seventh consecutive month in which US tourism exports were lower when compared to the corresponding period of the previous year. Up until last Oct the figures had increased every month for more than five years.

23rd July 2009 – Source Travel Daily

Brits looking at ways to cut holiday spend

Nearly 80% of British holidaymakers people are looking for ways to cut costs to better afford their holiday, according to research out today from American Express Travellers Cheques. Although 79% still plan to take their holiday, they are looking to cut costs in the following ways:

- Travelling on an off-peak day of the week 53%
- Going on a flight at an anti-social hour 39%
- Flying with a budget airline 38%
- Going to a destination I have never heard of 15%
- Not knowing where I am going until I get there 7%
- Staying somewhere with communal bathrooms 4%
- Sharing a room with other people 3%
- Staying in a hotel next to a nightclub/noisy bar 3%

Amex Travellers Cheques director Sarah Harrison said: “While the recession has taken its toll on family purse strings, it’s great that people still intend to get away but are keen to find inventive ways to make ends meet so they still have a summer break to look forward to.”

The number of travel industry failures has dropped to 12 in the last quarter, but PricewaterhouseCoopers LLP has warned the worse could be to come.

It said the drop from 27 failures in the first quarter, helped by the early warm weather and weak pound, will offer hope heading into August, but shock-waves might be felt in the autumn.

PwC said the spring quarter traditionally claims fewer victims, as travel businesses typically receive more money from customers during April to June than at other times of the year.

Director Ian Oakley-Smith said: "This, coupled with some apparent forbearance from regulators and lenders, has helped ensure failures during the period are no worse than a year ago.

“However, some travel businesses that continue to rely on support from shareholders, lenders and others may find this more difficult to sustain through the autumn. As a result we expect to see a further wave of insolvencies from September onwards.”

The company said swine flu could also impact bookings for overseas travel.

“As the world tries to minimise the spread of swine flu (for example airlines actively preventing passengers with certain symptoms from boarding flights) there will naturally be an impact on inbound and outbound tourism which will also dampen the spirits of the travel industry over the summer,” said PwC director Guy Gillon.

“However, this may increase the propensity for domestic holidays.”

PwC pointed out that there have been no camp or caravan site insolvencies since 2007 and is expected to show modest growth from 2009 – 2012.

Gillon added: “It is vital the market should not over-estimate the structural shift to camping and caravanning. As ever it has its place in the world but is a reaction to the recession. It is a cyclical and not structural shift in the market.

“Appetite for such holidays is as mobile as the caravan itself and, while it will remain in the hearts of a set group of holidaymakers, its ability to appeal to those other than the converted is temporary as the pound remains weak, the euro strong, unemployment high, and the sun supposedly out.”

24th July 2009 – Source Travelmole

BA cuts more US flights

British Airways is slashing more services to the US, with new changes uploaded to GDS revealing capacity cuts from London Heathrow to New York JFK, Newark, Chicago and Seattle. The winter reductions will see services to New York JFK reduced from seven to six daily, while daily flights to both Chicago and Newark will be reduced from three to two. The carrier will also cut weekly flights to Seattle from 10 to seven. The latest round of BA belt-tightening is not limited to the US - effective 13 Sep, the carrier will slice Johannesburg flights from 19 to 14 weekly, and it also plans to replace the Boeing 777 flying one of its two daily Toronto services with a Boeing 767. BA had previously announced winter capacity cuts to Cape Town, Hong Kong, Montreal, Singapore/Sydney and Tel Aviv. Last week it also said that it would trim services to Los Angeles from three to two daily on some dates, however this represents an increase on last year when the third flight did not operate at all.

28th Jul 2009 – Source Travel Daily

Traffic slides 7.2%

IATA this morning released Jun traffic figures, showing passenger demand down 7.2% when compared to a year ago. The result was a slight improvement on the 9.3% fall for May, but smaller capacity cuts of 4.3% meant that average fares and yields continue to be under “significant pressure,” IATA said. In fact, Jun revenue on international markets fell by a “shocking” 25-30%, the Association estimated. Cargo demand was down 16.5% and the overall passenger load factor stood at 75.3%. Middle Eastern carriers were the one bright spot, with 12.9% growth in demand. “The outlook remains bleak,” said IATA chief Giovanni Bisignani.

30th July 2009 – Source Travel Daily