

UK OFFICE
NOVEMBER 2011 REPORT
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UK Director

Meeting were held with the following tour operators at World Travel Market

TUI UK (Jetsave Holidays/Hayes & Jarvis/Thomson Tailormade)

Met with Sarah Lax, Head of Product and Suzanne Harvey, Product Manager. TUI room night stats as a whole are up and advised that they really wanted to push the Hayes & Jarvis brand which is a higher spend, more adventurous demographic. All co-op with this brand will be direct to the consumer and they feel that the Hayes & Jarvis demographic fits very well with the VSPC brand. Provided a number of co-op options and costs which we are currently looking at.

THG Holidays

Met with John Bowden of THG Holidays to discuss future promotions and training for their agency staff as well as local travel agents who sell their product. We have been advised that overall Florida sales are flat at present for 2011 but that they will be looking to market the destination locally in January 2012 via online promotions and local press ads. We have received a co-op marketing proposal and confirmed activity including a tactical ppc campaign and a series of 5 ads in local press (South Wales Evening Post and Western Mail) to start in January 2012. We have also secured training dates for the end of February 2012. Provided John with updated copy, how to obtain images etc in time for the January launch.

Stella Travel Services (Travel 2/Travelbag)

Met with Paul Hopkinson, Marketing Director and Jonathan Couch, Product Manager. Travelbag have not concentrated on Florida business for the past few years but want this to be their big push in 2012. They have submitted a proposal to a number of the Florida CVBs for a joint co-op initiative with a buy in of £3500 per CVB. This is currently too high a cost based on such low room nights and will wait to see how the new Florida programme sells before committing co-op funds.

Virgin Holidays

Met with Sonia Powell, Marketing Manager and James Killick, Senior Contractor. Sonia presented the final marketing plan which has been approved and starts with our inclusion in the major Virgin Holidays January campaign. James will approach area accommodations to try and secure promotional rates to make our lead-in prices as competitive as possible.

Expedia

Met with Vicki Wickens, Head of Media Solutions to talk about a new co-op campaign for 2012. Vicki explained the new, more interactive formats available on landing pages. She also advised that Visit Florida had asked for a co-op proposal for themselves with buy-in from all the CVBs and will await further information. If the Visit Florida initiative does not go ahead VSPC will do a solus campaign with possible inclusion of SeaWorld Parks.

Travel City Direct

Met with Carol Williams, Marketing Director and Paul Batchelour Product Manager. Room nights to SPC are down substantially for 2011 with many operators now having overtaken Travel City Direct in terms of numbers of room nights booked. It is unlikely that we will offer co-op marketing funds in 2012.

Barrhead Travel

Meeting held with Caroline Donaldson to discuss future joint opportunities as part of our ongoing alliance with Barrhead Travel in Scotland. Caroline advised that she will be sending room night stats a.s.a.p. but could tell us that forward Florida bookings for 2012 were currently 30% up year on year. Caroline was keen to discuss a joint twin centre promotion with Orlando Tourism and will be forwarding a proposal in due course.

Trailfinders

Met with Jane Poyser of Trailfinders. Advised that marketing opportunities would be similar to 2010/2011 and will be forwarding this information to us in due course. We also discussed training for their front line sales agents based in London for the spring of 2012 and discussions are already taking place to secure this.

American Holidays

Meeting held with Dee Burdock of American Holidays in Ireland. Dee advised that American Holidays were anticipating a good January/February in 2012 despite the economic climate in Ireland and that they have seen a huge interest for Florida over the summer of 2012. American Holidays will be offering a family holiday deposit option of €300 to coincide with a TV campaign being launched in January to encourage consumers to book. We also discussed the possibility of joint marketing and are currently awaiting a proposal to be sent.

Miki Travel

Met with Nikki Beszant of Miki Travel, a B2B receptive, for a general update meeting. Nikki advised us that Florida bookings for 2011 were up 230% year on year and that Orlando & Miami are their biggest sellers due to the competitive hotel rates the area's offer. Miki have advised us that our area bookings are static at present and that only 100 room nights have been booked in the VSPC area during 2011. This, we were advised, was due to higher hotel rates in our area than other key destinations in the Florida marketplace.

USAirtours

Met with Linda Dixey, Product Manager. USAirtours are in the process of finalising their brochure and needed a picture for the Sirata and a contact at PCI which have been forwarded to them as well as new copy and images. They booked 1300 room nights to St Pete/Clearwater in 2011 to end of October. Discussed various co-op options and awaiting a proposal.

Funway Holidays

Met with Casey Hurford, Product Manager. Room nights to the area are substantially down but Florida as a whole is down. Funway have new senior management in place and they want to once again concentrate on selling to the trade. They have a new sales force in place which will be much more proactive and they are confident that their Florida business will turn around. Have sent new copy and images for the brochure.

Cosmos/Monarch

A meeting was held with Neil Garner to discuss joint plans for 2012. Cosmos advised that Monarch Airlines grew capacity into Sanford by 30% during 2011 and that this has been a good year for Florida overall. Forward bookings for Florida in 2012 are going extremely well and flight capacity has again been increased and will see Monarch offer 40,000 seats into Sanford International Airport. Cosmos will also be refreshing their brand in the coming months. We were advised that Cosmos have increased their range of hotels in our area and have recently added The Tradewinds Island Grand/Tradewinds Sandpiper Resorts to the 2012 programme. Co-op marketing activity has also been agreed and will include online promotions and e-mail blasts to their consumer database. Also discussed training for their call centre staff as well as the possibility of running a staff incentive.

Selling Long Haul

Discussions taking place with Sally Parker and Matt Bonner at Selling Long Haul regarding a dedicated advertising campaign in this long established monthly trade publication. We are looking to run advertisements in the publication from February – May 2012 and discussions are ongoing regarding content etc.

Thomas Cook

Met with Victoria Morris, Head of Long Haul for Charter and Julian Stockdale, Contracting. Discussed various co-op marketing options through Thomas Cook Retail and on the airline. The proposal for retail is expensive so have asked for a revised proposal with other options. Also awaiting a proposal for the airline side to include information on travel documents, on the meal trays and in the magazine.

Premier Holidays

Met with Heidi Blades, Product Manager who advised that Orlando is down for them in 2011 but Florida's West Coast is up. Will look at another co-op marketing campaign with Premier as these are very targeted and also allows us access to the consumer via their 28 retail agencies.

BA/BA Holidays

Still awaiting results of the Winter Sun campaign but BA Holidays advised that room nights to our area are up 103% with forward bookings in 2012 up another 96%. Discussed the proposed VF/BA 2012 campaign to run from 11th – 25th April and that we should await the proposal from Visit Florida. BA advised that they will be investing £150,000 in to this campaign. Business on the Tampa route is excellent with 2011 showing a 28% increase in leisure passengers.

Orlando Tourism

Met with Zoe Ward-Waring and Chris Ellis for an update on plans and how we can work together. Orlando's budgets run calendar year so they were unable to advise what money they might have for joint opportunities, however they are keen to try and move forward and a follow-up call is scheduled in early December.

Virgin Atlantic

Met with Paul Gauntlett, National Sales Manager for an update and to see how we can work together. Have given Paul a list of operators who VSPC will be targeting for co-op and as soon as we know the dates of any initiatives, he has asked that we advise him so that he can see if Virgin can offer promotional rates during the same period. They also offered seats for fairs and sweepstakes prizes.

Travel Republic

A meeting was held with Steve Dean and Elinor Steiner to discuss co-op marketing opportunities, training etc. We discussed online banner advertising leading to destination information, e-newsletters etc. We also discussed the Hotel Extranet system that Travel Republic offer hoteliers to upload hotel information, images, rates etc and this has now been presented to our hotel partners in resort.

Lastminute.com

Met with Nick Blake, Longhaul Product Manager for an update. Currently awaiting room night stats but Nick advised of a new product that had launched called Top Secret Hotels. This is whereby they sell lastminute hotel inventory at greatly reduced prices. Customers booking these hotels know the area they are travelling to but not the hotel they will be staying in. He advised this was a great way for local hotels to sell off late room accommodation stock. He will be sending through more information so that we can advise area accommodations.

Tour America

Met with Mary McKenna for a catch up and to discuss 2012 marketing initiatives. Tour America has seen a 17% revenue growth over the past 12 months and has a 25% conversion rate on sales. Their room night stats to our area are excellent and have requested a co-op marketing proposal from them which has now been received for activity to take place in April. Activity will include shop front displays, national press and online.

Platinum Travel

General update meeting was held with Austin Carroll at Platinum Travel. We were advised that they are currently in the planning stages of updating their website and have requested updated copy, imagery etc which has been duly sent.

Other Meetings

SeaWorld Parks & Entertainment

Meeting regarding co-op possibilities post meetings held with operators at WTM. Discussion held regarding co-op with Barrhead Travel, Tour America, Expedia, Premier Holidays, TUI, Trailfinders and Virgin Retail.

TRADE LIAISON

- Virgin Holidays Retail – The sponsorship of the next Virgin Holidays Regional Managers meeting during that had been postponed until the end of November 2011 has now unfortunately been re-scheduled for 2012 due to HR issues. Liaising with Dan Buckingham to secure a meeting in January to discuss this and other opportunities.
- Travel 2 – Attended the recent Travel 2 training day where a total of 23 reservations staff were trained on all that the VSPC area has to offer consumers in time for the launch of a brand new Florida Programme for 2012. Provided the staff with up to date area literature including Visitor's Guides, Area Maps and Key Selling Points.
- Visit USA Association UK – Downloaded our VSPC Visitor's Guide on to the new VUSA website which has now launched in the UK. The brochure will be available for consumers to view online and they are also able to request a hard copy directly from the website.
- Facebook – A dedicated Facebook page for the UK and Irish market is currently being built. The page will include general area information, special offers from tour operators and sweepstakes.
- Land's End – Promotion with Land's End clothing has been confirmed to run for 3 months from February 2012. The promotion will run in-catalogue, online and on social media. The promotion has a reach of 2.6 million.
- Selling Long-Haul – Provided Sally Parker with up to date logo's for them to utilise in the production of our 2012 destination campaign. See above.
- Travel Uni – Travel Uni have announced that they have recently joined forces with the Travel Weekly Training Academy and this will offer more opportunities to promote our training website. A meeting has been scheduled in December to discuss these opportunities further.

- Travel Uni – provided Travel Uni with details of the recent goody bag prize winning agents to include in the December edition of Selling Long Haul which will be communicated on the Travel Uni dedicated training page. Also liaised with our mailing house to have the prizes sent directly to the winning agents.
- Virgin Holidays/Virgin Retail – A meeting has been secured during December with Sonia Powell to discuss retail plans going forward for 2012.
- Travel Republic – Training has been secured with Travel Republic reservations agents for the month of December. A total of 20 reservations sales agents will be trained on all aspects of our destination.
- Travel City Direct – Discussions are taking place with Paul Batchelour to secure training in the spring of 2012 for the call centre staff at Travel City Direct.
- Cosmos Holidays – Discussions taking place with Denise Hodge to secure training for their call centre staff based in Stockport.
- Thomas Cook Signature/Thomas Cook Charter – We are in the process of securing training for the call centre staff of Thomas Cook Signature & Thomas Cook Charter who are based at their head office in Peterborough. Discussions ongoing.
- Jetsave Holidays – Requested call centre staff training with Jetsave Holidays for the spring of 2012.

ENQUIRIES:

Telephone/website enquiries for information and/or literature 36

MARKET INTELLIGENCE:

28 October 2011 – Source Travelmole

Talks set for Thomas Cook and cabin crew

The date for talks over Thomas Cook cabin crew redundancies has been set for Wednesday, November 2. The talks, which are likely to be held in Manchester, follow members of cabin crew union, Unite, voting overwhelmingly in favour of industrial action. Thomas Cook had announced plans to make nearly 500 cabin crew redundant. Unite regional officer, Mick Whitley said: “The company and Unite are due to meet next Wednesday for what we hope will be meaningful consultations.”

31 October 2011 – Source TTG

Air travel growth a ‘pleasant surprise’

Global air travel grew unexpectedly in September despite the economic crisis hitting the Eurozone countries. Passenger traffic increased by 5.6% last month compared to September 2010 which was also higher than the 4.6% year-on-year growth seen in August, according to

the latest figures from Iata. Tony Tyler, Iata's director general, said: "September's strength in passenger demand was a pleasant surprise. Freight demand contracted for a fifth consecutive month and this trend is in line with falling business and consumer confidence. "We are still expecting a general weakening in passenger traffic as we head towards the year-end." Iata added that the industry was bracing itself for more "difficult times ahead" with airlines expecting profits to decline in the next year. Iata is predicting that the industry's overall profit will drop from \$6.9 billion in 2011 to \$4.9 billion next year. Passenger load factors were 79.5% in September, below the 80.1% in the same month last year. North America saw the highest load factors at 82.6% with Europe second at 82.4%. Asia-Pacific airlines saw loads drop to 76% due to the high number of new aircraft deliveries.

31 October 2011 – Source TTG

All TUI shops to be rebranded as Thomson

Tui UK will spend £8 million over the next two years rebranding its shops under the banner 'Thomson...featuring First Choice'. All of Tui's 850 high street retail shops in the UK will be rebranded in this process which will start in Exeter in November. The announcement was made at Tui's annual Big Retail Conference, this year taking place at The Salgados Grand Hotel in Albufeira in the Algarve, attending by nearly 1,000 people, mostly store managers but also including suppliers and representatives from head office. Last night also celebrated the best retail performers for the group, with it awarding top divisional shop managers, regional sales managers and the region of the year at the glamorous evening event. Nick Longman, Tui UK's distribution director, said: "We have two, distinctive brands, and have a strong presence across the country. We want to make the biggest, clearest impact we can, for our customers. "Thomson is a hugely recognised brand and will therefore take the lead on all shops, but First Choice will also feature because it has a clear proposition and strong appeal in its own right." Longman told TTG that the retail announcement had been well received by conference delegates, who are now looking forward to their new refitted shops - a process that will be complete by October 2013.

03 November 2011 – Source TTG

Monarch to increase fleet after cash injection from owners

Monarch Group is planning a major expansion of its airline after securing a £75 million refinancing deal with its owners. The group, which includes Monarch Airlines and Cosmos Holidays, said that it was going to make a loss of £45 million for the year ending in October 31 due to "high fuel prices and a weak overall airline market". But it has now secured the refinancing deal with its owner, the Swiss-based Mantegazza family, which would give it a "stable platform" to grow its fleet of aircraft and expand its route network. Monarch said it wanted to increase the number of passengers from the current seven million to 10 million a year, and plans to increase its fleet from 30 to 40 aircraft including two extra Airbus A320s for summer 2012. It cancelled its order for long-haul Boeing Dreamliner aircraft in September. The company wants to concentrate on "consolidating its position as a leading Mediterranean scheduled leisure airline". It has announced 14 new routes for summer 2012 from Gatwick, Luton, Birmingham and Manchester to destinations in Italy, Croatia and Greece. This will give Monarch 73 scheduled services next summer. Executive chairman Iain Rawlinson said: "The injection of new capital announced today from the shareholders in

support of our business plan now provides a stable financial platform from which to develop further. "I firmly believe that from the combination of stable background and the correct strategy we will exploit and strengthen our niche market position and take advantage of the opportunities which will undoubtedly arise as our sector adapts to the current challenging market conditions."

04 November 2011 – Source Travelmole

BA parent to buy BMI

British Airways and Iberia parent IAG has reached a deal with Lufthansa to buy loss-making British Midland. The deal, believed to be worth over €350 million, is expected to be completed in the coming weeks, with the transaction taking place in the first three months of 2012. The sale and closing of the deal remain subject to conditions including a binding purchase agreement, further due diligence and regulatory clearances. The attraction of BMI lies in its control of 9% of valuable slots at London Heathrow. The deal could be investigated by competition authorities as it would give BA more dominance at Heathrow. Virgin Atlantic, which was reported to have also made a bid for BMI, is expected to oppose the purchase. But speaking to BBC Radio 4 this morning, IAG chief executive Willie Walsh said IAG will have around half of the slots at Heathrow, still less than rivals Lufthansa at Frankfurt and Air France/KLM at Paris. The move comes as IAG reported a 31% fall in third-quarter profit, which was better than expected in the challenging market. Operating profit in the three months to the end of September fell from €528 million last year to €363 million. Revenues rose 2.2% to €4.49 billion thanks to a 3.5% rise in passengers during the period. But the group's fuel bill rose by 25% to €1.39 billion during the quarter. Walsh said: "We are confident of a higher level of profitability in the fourth quarter of this year, even after the negative impact of the high fuel price. We expect to deliver a 2011 full-year operating profit of around double the year 2010 profits. "Although we saw some demand softness in October, forward bookings for premium cabins are currently broadly in line with levels seen last year. "Non-premium cabins are weaker than last year, particularly in the Spanish market. We remain ready to adjust our capacity quickly to respond to any sustained downturn."

04 November 2011 – Source Travelmole

Virgin launches offensive over BMI deal

Virgin has issued a statement saying it still wants to buy BMI, despite Lufthansa's announcement this morning that it has struck a deal with IAG. "We can confirm that we have made a bid for BMI, and are working with Lufthansa on the next stage of the purchase," it said. "We remain committed to the acquisition of BMI and believe that our offer will lead to the best outcome for the millions of consumers that fly in and out of Heathrow every year. "British Airways' hold over Heathrow is already too dominant and we are very concerned - as the competition authorities should also be - that BA's purchase of BMI would be disastrous for consumer choice and competition. "With Government limiting growth at London Heathrow, they cannot afford to turn a blind eye to the deterioration of competition that would result from a BA purchase of BMI." Virgin said if it owned BMI competition with British Airways would be strengthened, benefiting consumers with lower prices and a healthier market. "It would also protect and create hundreds more UK jobs than a potential takeover by British Airways," it added.

08 November 2011 – Source Travel Weekly

Travel and Tourism growth to slow says WTTC

World travel and tourism will grow at a slower rate than forecast this year and next as a consequence of the crisis in the euro zone and slowing global economy. The World Travel and Tourism Council (WTTC) downgraded its previous forecasts for the sector by about one third, predicting growth of 3.2% in the value of travel this year and 3.3% next year. The WTTC had previously forecast growth of 4.5% for this year and 5.1% for 2012. Announcing the revision on Tuesday at World Travel Market, WTTC president and chief executive David Scowsill conceded the forecasts would need to be downgraded further if the crisis in the Eurozone continues. Scowsill said: "Tourism tends to follow the economic cycle and GDP growth is losing momentum. Growth is lower than expected because of prevailing economic conditions, the market uncertainty and events in Japan and North Africa." He said the WTTC was "very conscious of what is going on in the eurozone. We may have to take another look at the forecasts." However, he described growth of 3.2% this year as "laudable" in the circumstances. David Goodyear, senior economist at Oxford Economics which produced the forecasts, said: "The central forecast assumes agreement on the Greek debt, but things are far from clear. There are downside risks and a great level of uncertainty." Goodyear said the forecasts assumed there would be no recession in the eurozone despite the head of the European Central Bank predicting "a mild recession". Scowsill described the outlook for the UK as "pretty positive, save for short-term issues". The WTTC forecast annual growth of 2% a year in travel and tourism in the UK and Germany over the next decade – half its forecast for the global rate of growth over this period.

09 November 2011 – Source Travelmole

US calls for an end to air passenger duty

The US travel industry has written to Chancellor George Osborne urging him to ditch plans for a 10% increase in air passenger duty next year. Headed by the Air Transport Association, the letter's signatories have asked the UK government to freeze APD next year and ultimately to phase it out altogether. The letter said APD was a "tax grab" on airline passengers "for the purpose of deficit reduction". "We believe the APD tax unfairly penalizes airlines and their customers," it said. It pointed out that plans for a similar tax in Belgium, Ireland and the Netherlands have been abandoned after these governments concluded the harm to jobs and taxable economic activity would exceed APD-related revenues. "The APD tax significantly reduces demand for air transportation today and any increase will worsen that situation," it said. "Demand for air services will inevitably suffer." APD is due to increase next year, which would mean a family of four flying to the US will have to pay £260 in tax, up from £80 in 2006. "A 225% increase in taxes clearly impacts the propensity of individual to travel by air, as has been evidenced by the well-documented decrease in traffic from UK airports, particularly when compared to other EU airports," said the letter. The signatories, which include the American Society of Travel Agents, IATA and tourist boards amongst other, are also concerned that the tax is acting as a deterrent to US citizens travelling to the UK. "Such a high tax clearly makes the UK a less desirable destination, ultimately depriving the UK economy of the substantial benefits that international visitors provide," they said. They urged Osborne to freeze the tax next year and gradually phase it out.

11 November 2011 – Source Travolution

Brits to holiday despite economic woes – TripAdvisor Poll

Two thirds (66%) of Britons plan to take between two and four holidays in 2012 despite concerns over the economy. A quarter plan to spend more in 2012 on travel than this year with only 16% aiming to spend less and 59% spending about the same, according to an annual TripAdvisor poll. But a third (32%) admit they will not pay for their 2012 holiday up front, with one-fifth (21%) taking over two months to pay their holiday bill. The most common 2012 holiday budget for Brits is between £2,000 and £4,000, which is the expected spend for 29% of people in the coming year. Around 17% are unconcerned about the economic situation as they plan to spend £8,000 or more on leisure travel in 2012. One third said the economy was their biggest concern in travel planning, while despite trouble in Europe, only 27% of Europeans feel the same way. Short-haul travel is expected to outpace long-haul by a larger margin in 2012 than this year as travellers look to economically hard-hit eurozone countries – Greece, Portugal, Ireland and Spain, for example – for good deals. More than a third (36%) are now more likely to buy holiday insurance as a result of uncertainty in the industry last year. The following factors were found to be the most likely to affect travel planning in 2012: **1.** The current economic climate **2.** Terrorism **3.** Potential strikes/industrial action **4.** Air Passenger Duty (APD) **5.** Travel firms collapsing. A TripAdvisor spokeswoman said: “This year’s results demonstrate that while financial concerns are clearly front of mind, resilient Brits are not prepared to sacrifice their 2012 holidays. “Brits are considering their holiday budgets carefully but crucially we still intend to spend on leisure travel, with the vast majority planning on spending at least the same as last year.”

15 November 2011 – Source Travolution

Virgin offers live flight status updates via Twitter

Virgin Atlantic is offering customers a ‘tweet bit’ service allowing them to get flight status updates via micro-blogging site Twitter. The @VAAInfo account takes customer queries about their flight and offers a response “within seconds” the airline said. Fergus Boyd, head of e-commerce, at Virgin Atlantic, said: “We now have over 50,000 Twitter followers worldwide and we know that many of them use the social network to keep abreast of travel news and updates. “We are finding that many travellers are using the tool simply to confirm when their flight departs and others to check details when picking up friends and family from the airport”. The automated responses include something of Virgin’s famed personality, responding to customers with the greeting “Hello gorgeous” The Twitter anoint also allows friends or colleagues of customers to check the status of flights while they in the air on the ground. Boyd added: “This service, although used by many on a day to day basis, will really come into its own during times of disruption when we get high peaks of customer queries, many of which are simply asking for an update on the status of their flight.”

18 November 2011 – Source Travelmole

BA and Virgin face fines for collusion

British Airways and Virgin Atlantic have defended themselves against allegations of colluding over fuel surcharges. The Nigerian Civil Aviation Authority is imposing fines of \$135m and \$100m respectively for alleged colluding over surcharges and forcing Nigerians to pay inflated prices. Virgin said it would be robustly defending itself against the allegations. “We have fully assisted the NCAA with its enquiry and we do not believe we

have breached Nigerian law. We will be robustly defending any suggestion to the contrary," said a spokesman. BA has also denied any wrongdoing. Between them, BA and Virgin operate 21 return flights a week from Britain to Nigeria. The fines come just weeks after a Nigerian airline was denied slots at London Heathrow. According to Times Live South Africa, a Nigerian official denied the fines were a response to the row over slots, which has seen the Nigerian government threaten to cut BA flights in Lagos in retaliation.

21 November 2011 – Source Travelmole

Thomas Cook to shut 200 shops

Thomas Cook is not commenting on reports it is to shut 200 shops following its business review. The number of closures have increased significantly from the 75 indicated earlier this year following the merger between Co-Operative Travel and Thomas Cook but is said to be due to the changing UK market. The operator says full details will be announced when the outcome of its 'strategic review' is made public on November 24. A spokesman said: "Thomas Cook announced earlier this year that its new UK management team would be announcing the results of the UK review on the 24 November. "As part of the review the management said it would announce measures to refocus the product strategy in mainstream package holidays, streamline the UK airline, improve yield management and operational excellence and measures to leverage the strong and trusted Thomas Cook brand. "We will announce the outcome of all of these areas on Thursday." The analyst briefing by interim chief executive Sam Weihagen and chief financial officer Paul Hollingworth will follow the company's annual results on Thursday morning. Weihagen may also order a review of Thomas Cook's brand portfolio. The Sunday Times reported that he wants to 'move away from cheap package holidays where profit margins are notoriously thin.' The newspaper also said that the 200 closures and other disposals were to 'clear the decks' for an incoming chief executive following Manny Fontenla-Novoa's resignation in August.

22 November 2011 – Source Travelmole

Thomas Cook shares collapse as it seeks more cash

Thomas Cook shares have gone into freefall following news that it is in talks with banks to ensure it has enough cash to see it through to the end of the year. The news that the company was delaying the release of its full year results while discussions with its bankers are ongoing stunned the city and shares immediately plunged more than 50%, wiping out half of the company's value. They have since continued to slide and are currently down 75%. Cook said there had been a deterioration of trading since October and it needed to ensure it had enough cash in the bank to see it through the winter lull. Seeking to reassure the market, the company stressed that it still expects to report a headline operating profit for the year ended September 30 of £320m, in line with previous guidance, but it has been unable to stop the slide in its share price. Cook said it is currently not in breach of the terms of any of its loans. It said it wanted to "improve its resilience if trading conditions remain difficult". Only last month, Thomas Cook arranged a new £100m credit agreement with bankers to help with cash flow, but this morning chief financial officer Paul Hollingworth said it was seeking a further £100m from lenders as a "prudent" measure. If agreed, the loan would push Cook's net debt to close to £1bn. While trading in the UK has been tough, interim chief executive Sam Weihagen said the most difficult markets were France and Belgium, which are both down 20% year on year. He also revealed that the company's recent Russia acquisition had a slower than expected start to the year.

22 November 2011 – Source TTG

Cook boss: ‘We’re open for business’

Thomas Cook bosses have moved to reassure customers and the trade that it is still “open for business” following its decision to seek extra cash from its banks. The embattled tour operator announced today that it was looking to secure around £100 million in extra cash to see it through December when cash flow is traditionally at its weakest. Interim chief executive Sam Weihagen said: “The message is that it’s business as usual. We are trading in all our businesses and we are within our financial covenants with all the protection in place like any other travel company. Customers should not worry at all.” Weihagen who took over temporarily from departed chief executive Manny Fontenla-Novoa in August, added that Cook was still a “strong business” despite its current cash flow problems. “We have excellent business segments outside of the UK such as Scandinavia and Germany. I think it is a robust business that has a great future.” Weihagen said he was “very confident” about getting support from the company’s lenders in the next few weeks. Cook had been due to release its full-year results on Thursday but they will not now be released until the negotiations with the banks have been concluded. It had also been scheduled to give an update on the restructuring of its UK business on Thursday which is expected to include closing 200 underperforming stores following the retail merger with the Co-operative Travel. Weihagen said he now thought this announcement on the UK business would take place at the same time as the results presentation. “We had promised an update on the UK turnaround plan which we have been working on for some time,” he said. “We will present all the thoughts we have on the UK business and how we will turn around what is a not-so-good business to being very good.”

23 November 2011 – Source TTG

Cook could lose out to TUI, warn analysts

Tui Travel’s Thomson tour operation could be the winner if negative publicity about Thomas Cook damages its reputation with consumers. City analysts said that Cook could lose market share to Thomson if its news continues to produce such negative headlines. Cook this week postponed the release of its full-year financial results as it began crunch talks with its banks to secure a loan facility of “around £100 million” to see it through December when cash flow is at its weakest. The surprise announcement shocked the City and Cook’s shares slumped by around 75% to 10p on the London Stock Exchange on Tuesday. While analysts expect the banks to support Cook, they fear the negative publicity could damage the brand and hit forward bookings. Analyst Wyn Ellis, from Numis Securities, said: “You have to fear that consumers might think it’s safer to go with Thomson than Cook. “Hotel suppliers might also tighten terms for Cook because of the uncertainty and could favour Thomson in the battle to get rooms in the best-performing hotels.” Cook’s interim chief executive Sam Weihagen moved quickly to stress that it was “business as usual” for the company. “We are trading as usual in all our businesses - customers should not worry at all,” he said. Cook is now asking its 17 banks for extra credit because of a “deterioration” in trading in recent weeks - particularly in France, Belgium and Russia. The UK faces “tough trading” but was not seeing the “same magnitude” of decline in business. Nick Batram, leisure analyst at Peel Hunt, added that investors had been “spooked” because it came a month after Cook secured a deal with banks for a separate £100 million loan facility, which was meant to give it enough financial “headroom” until the new year. “It’s going to hit confidence in management and the business,” he told TTG. “It’s a pretty disastrous announcement and it has got a lot of

media coverage which could spook customers. There's an absolute fear that it could lose out to Thomson." Advantage chief executive John McEwan called for Cook to restore consumer confidence or it could affect customers' trust in other travel companies. But he added: "Let's get this into perspective, after 170 years of trading Cook is not about to go bust."

23 November 2011 – Source Travelmole

Cook seeks to reassure customers

Thomas Cook is facing a race against time to restore consumer confidence in the brand ahead of the main booking period for summer 2012 holidays. There are fears that yesterday's announcement by the travel giant that it is seeking an additional £100m from lenders to see it through the winter will further damage its business at a crucial time of year. Speaking to the Financial Times, analyst Nick Batram of City broker Peel Hunt said customers might be reluctant to book future holidays with Thomas Cook for fear that it could collapse under its now highly-publicised £900m debt mountain. "We've seen numerous holiday companies fail over the last few years. If one of the quality players is seen as being in financial trouble, it will make customers think twice about booking," said Batram. Shares in Thomas Cook plunged 75% yesterday to just 10.2p, although they recovered slightly this morning to trade at around 13p. Interim chief executive Sam Weihagen has sought to reassure customers that there's no need to panic, insisting that all bookings made through Thomas Cook shops, including flight-only sales, are protected. Weihagen, who yesterday announced that Cook was delaying the announcement of its end of year results until after the outcome of talks with its major lenders, said he was hopeful Thomas Cook would have additional funding in place by the end of the week. "We are confident that we will survive," he said. "The company has been around for a long time and we hope to be around for a long time to come." He said the company still expected to make an underlying profit of £320m for the year.