UK OFFICE

September 2014 REPORT

Prepared by: Venessa Alexander
UK Director

Tour Operators

BA Holidays
A meeting was held Mark Tanner and Pete Brudenell to discuss our February ad campaign and the possibility of working with BA Holidays as the call to action.

Virgin Holidays
Met with Sonia Powell and Andy Reekie regarding the possibility of working with Virgin Holidays as the call to action on our February ad campaign.

TRADE LIAISON

- February Ad campaign – Compiled document for BA Holidays and Virgin Holidays to negotiate barter on the call to action. Also confirmed we will now add taxis to the campaign.

- World Travel Market – Work has started on requesting World Travel Market appointments with our Tour Operator and Airline partners. World Travel Market will take place at The Excel Centre in London from the 3rd – 6th November 2014.

- Updated room night stats from our top 12 tour operators. On average room nights are up 11% year on year

- Visit USA Ireland – Finalised and provided the website banner ad that we have will have on the Visit USA Ireland homepage free of charge for a period of 2 months.

- VSPC Trip – Finalised itinerary and presentation for TDC

- Via Tours – Finalised details of the Via Tours fam group in destination mid-October

- WTM – Booked hotel rooms and liaised with VSPC head office re creative needed for the booth. Confirmed our sponsorship of the Monday night Visit Florida event.

- American Sky – American Sky have included us free of charge in their September Direct Mail brochure that has been distributed to 250,000 households in the UK. We are featured in a DPS as the only Florida Product on the titled 'Florida Beaches' pages which also includes area images.

- VSPC/Visit Tampa Bay & British Airways Fam Trip – The Reservations/Sales Agent Fam trip in conjunction with Visit Tampa and British Airways took place from the 4th – 9th September 2014. A total of 8 agents joined us on our annual trip and included staff from American Sky, Infinity Holidays/Flight Center, Funway Holidays, Gold Medal Travel, Jetline Cruises, Ocean Holidays, Thomas Cook Signature and TUI Specialist.

The trip was a resounding success and all of the agents provided us with very positive feedback following our return back to the UK.

- Visit Orlando – A meeting has been scheduled with Visit Orlando to finalise our training & sales call 2-day trip to Ireland in November. The visit will also include attendance at the next Visit USA Association Members Meeting in Dublin on 19th November as well as trainings and sales calls to our top tour operator and travel agent partners.

- Scandinavian Sales Mission – Liaison with Icelandair in Finland regarding the agent event to be held and with Discover America Stockholm regarding sales calls and a tour operator dinner.

- TUI Specialist – Finalised all elements of our solus and joint marketing activity with Visit Tampa and TUI Specialist. The campaign has been running for a number of months and has now finished. Results to follow.

- TUI Specialist – Assisted Rachel McAneny with a final itinerary including site visits to area hotels, visits to area beaches and a guided tour at the Clearwater Marine Aquarium for a Travel Agent Fam trip they hosted in September for 10 of their top selling agents. The group visited our area for a period of 2 days at the end of September and we have been advised that all went well and that they had a fantastic time when visiting our area.

- Cosmos/Monarch – Our joint marketing activity with Cosmos Holidays and Monarch Holidays was promoted during the month of September. The campaign included a mini social media campaign as well as e-newsletters. Campaign results will follow in due course.

- American Holidays – The September co-op marketing campaign in partnership with Visit Tampa Bay and American Holidays has now finished. The campaign included website activity as well as social media elements, e-newsletters and press advertisements. Campaign results to follow.

- Audley Travel – A meeting has been scheduled with James Butler at Audley Travel to discuss our area in general and to also provide assistance they may need in the start-up of their Florida programme. The meeting will take place in November.

- Jetline Cruise – Training has been arranged at the Jetline Cruise office in High Barnet. We shall be sponsoring a lunch and conducting training sessions to all in-house retail staff after a request was received from Sarah Ineson, the Shop Supervisor that recently joined us on the BA Fam trip in early September.

- Dolphin Tale 2 – We shall be hosting a Dolphin Tale 2 viewing for our key partners and their children when the movie is released here in the UK on the 3rd October. The event will take place at the Cineworld complex at London's 02 Arena in Greenwich. Invites have been sent out to tour operator, airline & hotel partners.

- Dolphin Tale 2 Partner Release – An email was sent out to all of our key UK & Ireland trade partners advising of the release of Dolphin Tale 2. Tour operators including TUI Specialist, Bon Voyage, Letsgo2 and Traveljunction have been advising us that they will be promoting the release via social media channels.

- Tour America – Results have been received from our joint campaign with Tour America that took place in June this year. The campaign included press advertisements, e-newsletters and web banner ads leading to our dedicated landing page. Room nights generated during the campaign period in June were 493 in total.

- SeaWorld Parks & Entertainment – Confirmed our attendance at an event to launch the new ride at Busch Gardens Tampa Bay, Falcon's Fury at the Queen Elizabeth Park (London's Olympic Stadium) next month.

- Brochure & Giveaway Inventory – Finalising details to order additional promotional items for trainings and replenishing literature stock supplies for the UK office.

- Wacky Warehouse – Finalised all details for the recent prize winner of the Wacky Warehouse promotion. The winner will be travelling to St. Pete/Clearwater in October.

- Waitrose – Finalised all aspects of the prize winner's holiday to our area in November from the recent promotion with Waitrose and Travelplanners.

ENQUIRIES:
Telephone/website enquiries for information and/or literature 73

MARKET INTELLIGENCE:

01 September 2014 – Source Travel Weekly
Norwegian in talks to buy Oceania and Regent Parent
Norwegian Cruise Line was last night reported to be in "advanced talks" to take over the parent company of luxury lines Oceania and Regent Seven Seas Cruises for around $3 billion. *Reuter*s cited "people familiar with the matter" and said a deal could be announced as early as this week. A deal would give Norwegian, a company with a market value of $6.8 billion, access to Prestige Cruise Holdings' luxury ships and affluent clientele as it competes with larger rivals Carnival Corporation and Royal Caribbean Cruises. But sources cautioned that the talks could still fall apart. The owner of Prestige Cruises, private equity firm Apollo Global Management, also owns a 20% stake in Norwegian. Miami-based Norwegian Cruise operates 13 cruise ships in North America, the Mediterranean, the Baltic, Central America and the Caribbean. It had revenues of $2.57 billion in 2013, up 13% from 2012. Oceania and Regent together have eight cruise ships operating worldwide. Prestige posted revenues of $1.2 billion in 2013, up 6% from the year earlier. Prestige registered with US regulators for an initial public offering in January. Apollo has been the company's majority shareholder following an $850 million deal in 2007. Apollo made a $1 billion investment in Norwegian in 2008 and the company went public in January 2013. Carnival, Royal Caribbean Cruises and Norwegian together account for 82% of the North American cruise passenger berth capacity, according to Prestige Cruises' initial public offering registration document.
Norwegian and Prestige representatives did not respond to requests for comment, while an Apollo spokesman declined to comment, according to *Reuter*s

01 September 2014 – Source Travolution
Orbitz deal sees American fares return to the OTA

American Airlines has resumed the sale of tickets via Orbitz Worldwide websites following the end of a row over fees. The carrier withdrew its fares from Orbitz earlier last week and had threated to pull fares from US Airways from today (Monday). But the dispute was swiftly resolved to allow flight bookings to resume via the OTA's website by Friday. Orbitz president Sam Fulton said: "We are pleased that our long-standing relationship with American Airlines allowed us to quickly resolve business matters and that we continue to offer a broad range of options, including American Airlines and US Airways flights, to the millions of shoppers who book travel on our global sites each day." American said: "American Airlines Group announced that American Airlines fares will return to Orbitz on Friday after the companies earlier today entered into a letter of intent. "American Airlines Group also no longer plans to remove US Airways fares from Orbitz on September 1 as previously announced. "The companies are working toward final agreements based on the letter of intent. "All tickets previously purchased through Orbitz and other Orbitz-powered websites remain valid for travel. Customers who want to change reservations bought through Orbitz should call Orbitz to make those changes." American previously pulled its fares off the online site in December 2010 in a dispute over Orbitz receiving flight information direct from the airline rather than via global distribution systems.

04 September 2014 – Source Travel Weekly

Dnata to buy Travel 2 parent Stella Travel Services

Emirates Group-owned dnata has signed an agreement to acquire Stella Travel Services which includes the brands Travel 2, The Global Travel Group, Travelbag, Sunmaster and Triton Rooms. The deal comes just seven months after the travel services division of the Dubai-based firm purchased Travel 2 rival Gold Medal from Thomas Cook for £45 million. Dnata previously bought leading UK online travel agent Travel Republic at the end of 2011 for an undisclosed sum and is thought to have more UK acquisitions in its sights. It is not known how much dnata is paying for Stella Travel Services but Stella today said its new ownership would bring the investment that it requires for its five individual brands, which cover high street and online retailing, tour operators and wholesales supply, to "realise their next phase of development and growth". Since 2008, Stella Travel Services has been owned by funds managed and advised by CVC Capital Partners and UBS AG. Under the new proposed structure, Stella Travel Services will become part of the international travel business of dnata. Iain Andrew, divisional senior vice president of dnata's travel business, said: "The addition of Stella Travel Services to the dnata portfolio enhances our offering to customers and the travel trade, strengthening our position as a global company. "The combined strength of Stella Travel Services, its brands and our group will deliver considerable benefits for our customers and suppliers." "Dnata's travel business has plans for extensive growth, and the acquisition of Stella Travel Services is an important part of those plans. We look forward to the future opportunities that this agreement brings." Andrew Botterill, Stella Travel Services chief executive, said:"Our businesses are highly attractive to dnata and I'm excited that the success story of Stella Travel Services will continue. Our acquisition by dnata is a major step forward in our plans to increase market share." Stella claims that since 2008 under private equity ownership it has taken the group from a loss of £17.3 million to a profit this year of £6.6 million. It has been rumoured for some time that CVC Capital was looking to exit the UK market with dnata tipped as a potential trade buyer. But in May, when asked about it, Iain Andrew told Travel Weekly: "There is a lot of overlap with Gold Medal. "We are very happy with Gold Medal and if someone else has it [Travel 2] we are very happy to compete against them. We have a bit of a war chest to invest in Gold Medal. Good competition keeps you on your toes." It is not known how dnata plans to operate the two leading long-haul, trade-only brands in the UK going forward. The sale is

subject to regulatory approval, and both businesses will operate independently pending the outcome. As well as Gold Medal and Travel Republic dnata holds a major stake in travel management company HRG and has leisure travel brands in the Gulf. Stella Travel Services UK comprises Travel2, Travelbag, agency franchise group Global Travel Group, agency consortium Independent Options, and online agents Sunmaster, Globallatedeals, MyHolidayAdvisor and Holiday Collection. Dnata is part of the Emirates Group – which includes airline Emirates – and is owned by the Dubai government's Investment Corporation of Dubai. The group has 80 subsidiaries operating in almost 40 countries. It has ground-handling operations at Heathrow, Gatwick, Manchester, Birmingham, East Midlands, Glasgow and Newcastle airports, as well as at Zurich, Geneva, Singapore, Sydney, Melbourne and another 15 airports. The company also owns cargo-handling, airline catering and IT operations. Dnata's travel services recorded growth of 22% in 2013-14 and a revenue of AED 662 million ($180 million). Parent Emirates Group reported an annual profit of AED 4.1 billion ($1.1 billion), of which dnata contributed AED 829 million. Dnata's annual revenue was reported as 14% up year on year to AED7.6 billion ($2.1 billion). The dnata name originated as an acronym for the Dubai National Air Travel Agency. The company employs more than 23,000 people. Andrew told Travel Weekly in May: "People who think we are a moneybags find out very quickly that's not the case. We buy what's right for us for a fair price."

04 September 2014 – Source Travel Weekly

Thomas Cook names new UK managing director

Thomas Cook has appointed a new managing director for Thomas Cook UK who will be responsible for all areas of the UK business. Salman Syed was appointed in April to support chief operating officer Peter Fankhauser in the management of the UK operation but he was today named as managing director of Thomas Cook UK, reporting in to Fankhauser. He moved internally to become managing director of commercialisation in April 2014 and since then has worked closely with Fankhauser to drive results in the UK. Thomas Cook said Syed would "spearhead Thomas Cook UK's efforts to further improve performance". The UK Leadership team will report in to him with immediate effect, with Peter Fankhauser now focussing fully on his COO role. Harriet Green, chief executive of the Thomas Cook Group, said: "I'm delighted to announce the promotion of Salman to the position of Managing Director, Thomas Cook UK. "Salman is an accomplished business and transformation leader who is accustomed to fast paced, global environments, having worked for a number of major international companies across Europe, North America and Asia. Working alongside Peter, he has made a real difference to our UK business, which is having a tangible impact on trading performance. I am confident that the UK performance will go from strength to strength under his stewardship. "In addition to congratulating Salman on his new position, I'd like to again thank Peter for his strong leadership before passing on the baton to Salman. Peter will now be able to focus fully on his COO responsibilities, of which the UK remains an essential part."

08 September 2014 – Source Travel Weekly

Virgin's Little Red tipped to close

No-one from Virgin Atlantic was available yesterday to comment on a *Sunday Times* report claiming that UK domestic arm Virgin Little Red is set to close. The airline, which serves Manchester, Edinburgh and Aberdeen from Heathrow, has struggled to win large numbers of passengers, with reports earlier this year that some services were only one-third full. Senior aviation industry sources said it was set to be closed as part of a review led by Virgin Atlantic chief executive Craig Kreeger, according to the newspaper. Virgin Atlantic last week

announced plans to scrap flights to Tokyo, Mumbai, Vancouver and Cape Town and increase transatlantic services following its tie-up with Delta Air Lines. Little Red was launched by Virgin founder Sir Richard Branson in March last year in an attempt to prevent British Airways dominating domestic routes from Heathrow. The carrier is operated by Aer Lingus on Virgin's behalf under a wet lease arrangement. The launch was a response to the takeover of the regional carrier BMI by BA's owner International Airlines Group which Virgin had opposed and was aimed at feeding passengers onto the Virgin Atlantic long-haul network. Asked about the regional airline's future, Virgin Atlantic told the newspaper: "We look at Little Red through the same lens as the rest of the business - it must deliver on performance, potential or strategic contribution. Little Red is still in its growth phase, so it is too early to comment on these criteria." One source the *Sunday Times* said was closely involved with the Virgin review of routes said Little Red's fortunes showed that Heathrow's importance as a hub was waning fast. "Transfer traffic is much less important at Heathrow than it was. More people are flying direct out of regional airports on long-haul services, or to foreign hubs such as Amsterdam to connect with other flights."

10 September 2014 – Source Travolution

Ebookers launches mobile-focused rewards programme

A rewards programme is being introduced by ebookers.com with a focus on mobile use. The launch of the Bonus+ scheme coincides with a new brand proposition and website revamp. The programme allows consumers to earn rewards 'currency' which goes directly into their account. Customers on each tier can earn 3% on hotel bookings, 2% on packaged trips and 1% on flight bookings. The company claims to be the first online travel agent that will allow customers to earn rewards on flights, hotels and packaged trips all in one place, with both business and leisure travellers being rewarded with discounts, bonuses and exclusive added value services. It says Bonus+ has been designed to be the most mobile-centric rewards programme in the industry, with customers always earning more (5% on hotels and 2% on flights) by booking on the ebookers app. Company research identified a continued lack of loyalty in the industry as 69% of consumers say they will visit more websites to find the right price and will use more comparison sites (41%) in the next 12 months than ever before to plan their holiday. The study revealed that when looking for a rewards programme, travel customers need a service that is free and easy to enrol in, simple to understand, flexible and fast, meaning that they can earn and redeem rewards quickly, and most importantly – redeem on travel. Three tiers of Bonus+ membership are available and a priority phone line is available for customers. Gold and platinum membership includes free upgrades at participating hotels, free Wi-Fi for two trips a year and a 'happiness promise". This means that once users reach platinum membership, they will be offered 24-hour support for hotel bookings. Bonus+ customers can earn cash rewards in addition to their air miles programmes and rewards can be redeemed in conjunction with cash back sites and promotional codes. Ebookers spokesperson Rob Define said "Following extensive research to identify exactly what it is our customers are looking for in a rewards programme, we're extremely excited to launch Bonus+, a programme that will ensure our customers get instant access to rewards, resulting in a little more sizzle, a lot more zing and a few more 'oh go-on-thens' out of their holiday. "We are proud that our rewards programme will stand out against our competitors as the most mobile-centric programme in the industry. This is a big focus for us with bookings through our mobile app up 60% year on year."

15 September 2014 – Source Travel Weekly

Tui directors agree terms of merger with German parent

Agreement has been reached on the terms of the proposed merger between TUI Travel and

Germany's Tui AG, the two travel giants confirmed this morning. The combined group will have a value of approximately €6.5 billion (£5.2 billion).
A majority of shareholders of the two firms must now vote in favour of the merger if it is to go ahead. Resolutions are expected to be put to shareholders by the end of next month.
Corporate streamlining will lead to potential cost savings of at least €45 million (£36 million) a year in addition to a seven per cent fall in tax rates to 24%. Additional cost savings are expected to be achieved through the integration of inbound services into the mainstream tourism business, resulting in net cost savings of €20 million (£16 million) a year. The deal will see the creation of the world's number one integrated leisure tourism business, "clearly positioned as a fully vertically-integrated tour operator with enhanced long-term growth prospects". The agreement provides the potential for the combined group to double the pace of existing Tui AG content growth through further vertical integration – more than 30 additional hotels and up to two additional cruise ships Historic annual performance suggests a potential contribution to earnings of €1.4 million (£1.1 million) per hotel and a substantial contribution per ship under the Tui Cruises business model. Acceleration of content growth is expected to drive customer and top-line growth, the two companies said. Peter Long and Friedrich Joussen will be joint CEOs of the combined group, with Long to become chairman of the supervisory board of Tui AG and Joussen leading the combined group as sole CEO from February 2016. Long said: "The merger will strengthen and future-proof our combined business by enhancing the certainty of long-term unique holiday growth, and by reinforcing our competitive advantage through further control over the end-to-end customer experience.
"Friedrich Joussen and I are committed to working closely to ensure that we achieve significant synergies, cost savings, commercial benefits and long-term growth as the world's number one integrated leisure tourism business. All of which will contribute to significant earnings accretion from the first full financial year post-completion and growth in shareholder returns." Joussen said: "We have conducted the negotiations goal orientated, seriously and fairly and have completed them successfully. The result is a clear and joint commitment to the merger of the companies. "The potential cost savings are significantly higher than expected at the start of the negotiations. "The new Tui will be the leading integrated tourism group in the world and an innovative pioneer in the industry. "We will set new standards in our industry with respect to growth, quality as well as brand promise and create significant opportunities for shareholders, customers and our employees. "Our shareholders benefit from faster growth, higher margins and an attractive dividend policy. Our customers receive unprecedented access to exclusive products and services and thereby individual and unique holiday experiences around the globe. "Our 74,000 employees worldwide in approximately 130 countries will have completely new development and career prospects. The new Tui will definitely be a truly international group and thus also one of the most international employers in Europe."

15 September 2014 – Source Travel Weekly

Thomas Cook introduces premium long haul service

New economy and premium in-flight services will feature on Thomas Cook Airlines' Airbus A330 long haul fleet in time for next summer. The economy cabin will include ergonomically designed light weight seats, alongside 8.9" touch screen on-demand in-flight entertainment system and a range of films. Customers will also receive a three-course meal designed by celebrity chef James Martin, snacks as standard, 23kg baggage allowance (20kg on non-US routes) and 6kg hand baggage allowance. The airline's four Manchester-based A330s will feature the new premium cabin, with 49 seats in a 2-3-2 configuration, with more legroom and width. With adjustable headrests and footrests, the seats will also have personal in-arm tray tables and feature the 8.9" touchscreen on-demand system with a wider range of

films. Premium passengers will have 2x23kg (USA) or 1x30kg (non-USA) baggage, 10kg hand baggage, special check-in and bag drop, fast track security for departures and advance boarding. They will receive a welcome drink, a three-course James Martin meal, free alcoholic drinks as well as an amenity kit, headphones, pillows and blankets. Customers who have already booked existing premium economy seats on board prior for departures prior to May 2015 will be seated in the new cabin once aircraft are refurbished. The new premium service will begin in May 2015. The refurbished A330 fleet will to serve the airline's long haul programme from Manchester, Gatwick, Stansted, Glasgow and Belfast to destinations including New York, Miami, Las Vegas, Orlando, Cuba and the Caribbean. The fleet includes four aircraft which will offer a configuration of 273 economy seats and a 49-seat premium cabin on routes from Manchester. These aircraft will also fly Belfast to Florida and Las Vegas routes in summer 2015. Two other A330S will operate long haul routes from Glasgow, Stansted, and Gatwick. Airline CEO Christoph Debus said: "It's great news for our long haul customers in 2015 that they will experience our new and significantly enhanced on-board cabins and service. "As more and more customers book flight-only seats, it's also important that we compete with scheduled airlines on these routes, combining great value and great service to provide outstanding value for money for the savvy long haul traveller. "Our brand new long haul economy cabins and service will challenge perceptions of our airline, and our new premium will ensure those customers experience a great range of services, whether they are celebrating a special event and want to fly in style or need to relax on a business trip." Holidays and flights on the refurbished A330 aircraft go on sale this week with New York return leading in at £389 or £649 for premium.

19 September 2014 – Source Travolution

Why Google's designs on travel aren't good news for the big OTAs

Is the travel industry going the way of publishing - unwillingly turned into a digital product which is under the effective control of a single dominant player, such as Amazon or Google? Until fairly recently I'd have laughed out loud at this kind of techno babble suggestion. Travel is quite clearly completely different from publishing and being honest I'd be a wealthy man worth many millions of pounds if I'd have pocketed a £1 from each and every person who said Google is coming after travel. Well, truth be told Google hasn't actually done very much in travel to date and to compare its baby steps with Amazon's omnipotent control of the publishing sector has until now been frankly risible. Yet over the last few weeks I've slowly started to change my mind. Big changes are afoot in the world of digital travel and we may eventually end up in a market place where Google has indeed built a dangerously powerful position. My damascene conversion to the threat from Google has been prompted by a number of varying encounters and observations over the long summer months. The first epiphany came via a friend in publishing who is trying at a very senior level to fight off Amazon's predatory pricing regime. He observed - with a deep sigh - that all business battles are in essence a fight between brands and channels, all mediated by the customer's experience of both researching and then consuming a product. In the good old days before the internet we physically shopped for product of course, and welcomed the choice and variety on the high street. In the new digital age the reality is very different. We welcome lots and lots of brands producing varying products but in reality we actually only want a few channels to market and distribution. No-one really takes pleasure in shopping in the digital 'mall' unlike the real world ones where there are nice coffee shops and fun places to visit and spend your money. So the internet has the net effect of drastically reducing the avenues of distribution. Book publishers thought the internet would be revolutionary and promising whereas what they've actually discovered is that everyone bar Amazon has failed to make a profit (and even they struggle) distributing the elusive 'content'. So in simple

language the internet eventually consumes its channels and produces one or two omnipotent distributors. Amazon is quite clearly that channel in books, but what makes us think that Google could eventually offer up that role in travel? Cue my next conversation with a major West Coast VC who is also a good friend and sadly for my first acquaintance a very happy investor in Amazon. This venture capitalists view is simple - Google wants to rip apart the existing model of digital travel (populated by all manner of OTAs) and create a new architecture with it and TripAdvisor at the top of the ecosystem. And once it realises that its vision is slowly becoming reality it'll simply buy TripAdvisor - "I give it three years before it decides to spend a tonne of money on buying Trip". But why on earth would Google want to own the world's dominant review site - one simple word should suffice, search. This elusive term - which means so many different things to different people - is being revolutionised by mobile which is turn opening up a land grab. Google is determined to own lock, stock and barrel this mobile opportunity as part of its strategy to own multiple channels to personalised data. It's intuition is based on something I've been aware of for many years - travel is disjointed and profoundly annoying as a consumer. Every day I look at my inbox and see multiple emails from the likes of Tripit asking me to organise my trips, Hotels.com telling me about yet another private members only sale, Groupon shouting about some amazing local offer and TripAdvisor educating me about some of my favourite places. In sum its confusing and disjointed and for the most part these emails end up in the deleted folder. But rather like the journalists who use Google Alerts to keep them posted of all news about a favourite subject, what if Google could control all those flows of offers, and then personalise them to my own interests ? At minimum I'd let the message into my inbox and may even be tempted to buy off its list. This aggregation of research and search requires three essential components from a supplier : a) I want it to inform me of the latest offers relevant to me b) Tell me about products I trust, in places I like, supplied by people who I've used before or are recommended by friends c) Last but by no means least, some of us may also be interested in a constant social conversation about the product to help shape my friends views (though quite why anyone would actually want to do that is beyond me). This step may involve not only views but also content and video. It's against this backdrop that a bunch of papers by US advisory firm Evercore stand out. Penned by Ken Seda and his colleagues these start to map out precisely what Google may be up to in the world of digital travel and search - and why the OTAs in particular have a great deal to fear. The most recent report is from September and is entitled Google's Travel Plans in a Post-Atomic Era, but you should also make a point of reading the earlier Google’s Summer Online Travel Plans report from March. Seda and colleagues think that Google has essentially decided to cross the rubicon and take on its big customers like Priceline and Expedia. These huge OTAs have been very reliable customers for the search giant but history teaches us that eventually Google decides it can do the job better . Starting with a number of small scale initiatives Google is pushing into the OTA territory, with products such as Limited Offers linked to Google's Hotel finder service. Next up will come a yet to be branded 'captive demand platform' which will allow Google's hotelier customers the ability to upload their secret lists of loyal, valuable customers into the Google engine and then churn out very special rates to customers. Finally all this will be connected back to Google Wallet, allowing the search giant to control the whole process of research and booking. This activity opens up a number of possibilities not least the rise of opaque pricing based on personalised information - a huge departure from the existing rate parity agreements signed with the OTAs, with the potential to push prices below the advertised price on Priceline and Expedia. Key to this push by Google is the bait for hoteliers - they keep the customer lists and transactions and don't have to rely on the existing 'atomic' model managed by OTA merchants where between 15% and 25% of all revenues is taken as commission. Data is now owned by the brand marketing channel, allowing them to

aggressively market to their own private lists of customers. According to Ken Seda at Evercore, the OTAs are going to lie down in this battle, with Priceline in particular fighting back by buying up specialist outfits such as Buteeq, HotelNinjas and Open Table - the game plan here is to effectively build another leg to the business allowing the OTAs to turn into white label customer intelligence and servicing propositions for hoteliers. As these changes start to ripple through the industry I'd wager that we'll see some profound changes, not least for the rabble of OTAs scrapping around for business. The key challenge is that the direct travel model is a classic 'middle man' squeeze waiting to happen. Technology teaches us that eventually the market finds a way to squeeze out the expensive middle man, even if they provide a valuable service. Lurking beneath this push for market control is a cold reality - the OTAs who account 20% of travel ad spend while contributing to 8% of global bookings, and they simply charge too much. According to the Evercore analysts they reckon that Priceline and Expedia "charge hoteliers over 20% of each booking on average (adjusted to account for just hotels), whereas Amazon and EBAY take closer to 13% and 9%, respectively)....". Google is slowly but surely eying up this model and seeing a huge new market especially as mobile helps to redefine everything, almost instantly removing some traditional channel superiority. This'll force the OTAs to plump for one of three options - be the biggest and offer the most comprehensive selection (the Expedia model), start to look at white labelling and working with hoteliers to provide optimisation services (the fast emerging Priceline approach) or become the brand customers trust and base your product around search and knowledge via reviews (the Tripadvisor model). And what of the implications for the rest of the travel sector ? The obvious issue here is that Google has woken up to the simple realty that all travel research is about search and that what helps us all search better is personalised, valuable information. Cut the jargon and one simple fact jumps out - we all want to cut the time we spend online working out what to do next. Evercore cites a Google Travel study presented to its Hotel Finder partners, which cited " that travellers spend an average 55 minutes to book a hotel and flight, visit 17 websites, and click 4 different search ads per travel search, with 90% of those travellers conducting the booking process over multiple screens. The point of its presentation seemed to be a need for a streamlined bookings path, one where Google can retain the traveller from Search to Research to Book". And Google already starts off with an advantage - according to the Evercore paper again "22 billion hotel searches are performed on Google per month with 58% of travellers (64% of business travellers) beginning their travel experience on Google, according to Ipsos MediaCT/Google Travel Study. However, there is some question as to how many of those that start their search on Google were actually led to a booking decision by Google". My own slightly off-beat take on this is that most major existing travel businesses should give up thinking they can stop the Google juggernaut, back it in its fight against the OTAs and then build their own platforms on top of the search giants architecture. And last but by no means least what happens to the poor old customer, befuddled by all the channels and brands? Clearly the big game changer is mobile and the degree to which phones and tablets will become the main digital interface. These relatively constrained devices will lend themselves to modern day equivalents of the old Compuserve walled garden i.e software based architecture that keeps the customer within the world of Google via browsing through Chrome and then paying through Wallet. Or as Evercore's analysts put it "we see the integration of HPAs to Google Wallet, Maps and Now as creating a seamless travel experience for the user (from search, to research, to book -- to travel and return)". And just in case you thought this was all pie in the sky remember that according to analysts at Evercore, "10%-20% of all online-booked occupancy is [already] driven by Google properties, including Search and Hotel Ads (aka Hotel Price Ads). Moreover, this measure roughly equals all OTAs combined". My sense is that customers will happily live within these closed gardens because the net effect will be that

prices - for most - will be driven down, not least by Google taking a hunk out of the OTAs revenues. Sadly this downward pressure on prices will have two nasty knock on effects - more of that opaque pricing via personalised offers and a slow but steady move towards online forms of internet social stratification. In the new world that is fast emerging, power will sit in the hands of those marketers with the right lists of wealthy travellers who also happen to be on the right loyalty card lists and have the right credit scores.

22 September 2014 – Source Travelbiz.ie

Virgin Holidays get license to operate in Ireland

The Commission for Aviation Regulation (CAR) has announced that Virgin Holidays have been granted a licence to operate in Ireland. The company offers holidays to worldwide destinations including the USA, Canada, the Caribbean, Africa, Middle East, India, Indian Ocean, Far East, Australia and the South Pacific. In addition, the company has an established ski programme, a specialist cruise division, 'Virgin Holidays Cruises' and 'Worldwide Journeys' touring holidays. Virgin Holidays has a network of over 100 retail concessions throughout the UK in Debenhams, House of Fraser, Tesco, Sainsbury's and pop-up shops already operating across the UK.

23 September 2014 – Source Travel Weekly

Monarch bidder confirmed

Greybull Capital has been confirmed as the preferred bidder to acquire Monarch from the group's shareholders, principally the Mantegazza family. Completion of a deal remains subject to the successful outcome of ongoing negotiations but could be concluded by the end of October, the airline and travel group announced. Greybull then intends to provide "significant capital" to Monarch in order to grow the group and to capitalise on the long-established and trusted brand name, a statement said this morning. Greybull has a focus on investing in private companies across a diversified range of industry sectors. "It views an investment in Monarch as a long-term opportunity in a very strong brand with great potential in all of its markets, and intends to be supportive shareholders throughout Monarch's next chapter," the statement said. "Conditional upon the successful conclusion of these negotiations with Monarch stakeholders, a transaction is expected to complete towards the end of October." The group revealed in August that it was carrying out a strategic review and identified a number of cost reduction initiatives that needed to be addressed in order to compete effectively in the scheduled European short-haul low-cost market. A number of unspecified initiatives have been set in motion to create a far stronger group with the support of employees, unions, third-party suppliers and regulators.

26 September 2014 – Source Travel Weekly

Airlines cleared for use of electronic devices

Electronic devices such as mobile phones can be left switched on during flights, according to the European Aviation Safety Agency. It found that electronic devices do not pose a safety risk. The announcement clears the way for airlines to permit the use of mobile phones, once they have conducted their own safety reviews, th*e B*BC reported. Currently airline passengers have to switch devices to flight mode and make calls from the airport terminal. The EASA sets the framework for airlines making safety decisions. The agency said each airline would still have to go through an assessment process, ensuring aircraft systems are not affected by the signals from portable electronic devices before establishing their own rules for their operation. As a result there could be a delay in implementing the new rules at some airlines. It also says that airlines may opt for different policies on the use of mobile devices.

29 September 2014 - Source Travel Weekly

Brand USA launches new training module

Brand USA has launched a new module on its online training site to give agents an insight into luxury holiday options in the US. The marketing organisation for America unveiled the new Luxury Specialist "badge" on the USA Discovery Program following a poll of agents. The module provides member with information on high-end accommodation, spas, dining options, ranch holidays and other experiences. A second badge voted for by agents will go live later in the autumn, and will focus on National and State Parks. The new badges will be in addition to nine existing modules on the site, which also includes a Knowledge Forum for agents to share destination tips, and a photo page where users can upload pictures from educationals and holidays in the US. The USA Discovery Program forms a key part of Brand USA's trade support, alongside the annual MegaFam for frontline travel sellers. The online training site was developed for the UK market, and has since been introduced to agents in India, Australia and New Zealand.