

WEEKLY BRIEFING

31 March 2023

ECONOMIC, SOCIAL AND POLITICAL UPDATE

Recession avoided in 2022 due to UK growth

The UK economy performed better than previously estimated at the end of last year, revised official figures show. It was thought the economy had not grown in the last three months of 2022, but new data from the Office for National Statistics shows it grew by 0.1%. The latest figures confirm that the UK economy avoided falling into recession at the end of 2022. The ONS said telecommunications, construction and manufacturing had all fared better than initially thought and household finances had been helped by the government's energy bill support scheme. The services sector (main driver of the economy in the UK), was boosted by a sizable jump for travel agents. Chancellor Jeremy Hunt tweeted the figures "show there's underlying resilience in the UK economy". However, he added that "families are still facing real pressure".

Heathrow airport strikes to go ahead for 10 days over Easter break

Passengers at Heathrow may face longer queues to get through security during the Easter holiday period after the airport was unable to negotiate a deal with security worker unions over pay. More than 1,400 security officers in the Unite union are going ahead with a ten-day strike beginning on Friday 31 March after talks broke down late Thursday night. Ahead of the strike, Heathrow asked airlines to stop selling tickets and allow customers to change travel dates. British Airways pre-emptively cancelled 300 flights and Virgin Atlantic confirmed it had limited new ticket sales and introduced a flexible policy. Heathrow is deploying 1,000 extra colleagues to assist passengers and is advising travellers to check the status of their flight before journeying to the airport. They recommend arriving at Heathrow no earlier than two hours before short-haul flights and three hours before long-haul flights, and being ready for security.

UK house prices see biggest annual fall since 2009

House prices fell at their fastest annual pace for 14 years in March, according to the latest figures from building society Nationwide. The lender said prices were down 3.1% compared with a year earlier, making it the largest annual decline since July 2009. Nationwide said the housing market reached a "turning point" last year after the financial market turbulence which followed the mini-budget. "It will be hard for the market to regain much momentum in the near term since consumer confidence remains weak and household budgets remain under pressure from high inflation," said Robert Gardner, Nationwide's chief economist. A drop in house prices would be welcomed by potential first-time buyers however, the reality is that renting has become more expensive and mortgage rates are higher than they might have planned for. The ongoing rise in many regular bills and food prices are adding to the financial strain.

Sir Richard Branson's rocket company Virgin Orbit lays off 85% of staff

Investment troubles led British billionaire, Sir Richard Branson, to announce an 85% cut in staff at his rocket company Virgin Orbit. The engineering firm said the decision was made "to reduce expenses in light of the company's inability to secure meaningful funding." Around 675 employees across all Virgin Orbit departments will be let go, while the others were reportedly told that the firm is suspending activities until further notice. The company temporarily paused its operations weeks ago to help with finances, but this break is now in place for the foreseeable future. A US regulatory filing noted that \$10.9m was spent on funding "severance and other costs related to the workforce reduction". The company's shares plunged by more than 44% in after-hours trading in New York on Thursday. Earlier in 2023, a Virgin Orbit rocket failed to complete the first ever satellite launch from UK soil.

TRADE UPDATE

Consumers placing more emphasis on sustainable travel, operator finds

Customers are beginning to place more emphasis on sustainable travel options, according to tailor-made operator Audley Travel. The company surveyed 3,369 people in December 2022, with respondents including people who have travelled, booked or enquired about trips with the firm, as well as those who had expressed an interest in information from Audley. Nearly half (49%) of respondents said they wanted to know more about how to travel sustainably and a similar amount (48%) are more likely to book with a company that prioritises sustainability. Almost a third (32%), are willing to pay more to incorporate sustainable options in their travel plans. Meanwhile, just over a third (35%) of respondents said they expect to upgrade from their usual travel comfort level for 2023 trips, with 41% claiming they plan to spend more than usual on travel.

Florida specialist Ocean Holidays plots fresh course after 20 years

A celebration at the US Embassy in London last week took place to mark Ocean Holidays' 20th anniversary, but the Florida specialist has pledged not to rest on its laurels. Co-founder and co-chief executive, Harry Hastings, described the next few months for the company as "a rebirth", one he said would update its image – and bring it closer to the trade. The operator's main package brand, Ocean Florida, began dealing with the trade in July 2020 and accounts for 65% of the group's business, with Ocean Beds, its B2B accommodation brand, accounting for a further 10%. The villa specialist sells properties via OTAs, and has 15 staff based in Florida's Kissimmee. The other brand is Winged Boots, a luxury leisure and corporate travel specialist, which accounts for the remaining quarter of the group's business. Staffed by a team of six agents focusing on wealthy clients needing "almost 24-hour care", it was named TTBG Luxury Retail Business of the Year earlier this year.

UNWTO and Aviareps partner to boost European tourism recovery

AVIAREPS and the World Tourism Organisation have formed a partnership to boost European tourism. It will see the award of a full-service destination marketing grant and four research grants. AVIAREPS, an affiliate member of the UNWTO, will provide a portfolio of destination marketing and research services for free to five countries chosen by UNWTO. The UNWTO + AVIAREPS Destination Marketing Grant will include various digital marketing services. These include campaign websites, webinars, e-learning programmes and virtual events. It is hoped that this suite of digital services will be able to benefit all countries and regions to rebound quickly. In addition the UNWTO + AVIAREPS Destination Marketing Grant will also offer classic PR services and allow countries to participate in AVIAREPS Roadshows.

Los Angeles tourism chief predicts record visits from UK in 2024

The chief executive of Los Angeles Tourism says he is "pretty bullish" about the UK market outstripping record pre-pandemic levels in 2024, following a strong rebound last year. Adam Burke said official figures were expected to show around 250,000 UK visitors in 2022 – well ahead of a projection of around 185,000 – with between 310,000 and 325,000 forecast in 2023. He added: "These numbers are continuing to grow rapidly and I would not be shocked to see us break the all-time UK record next year." The current UK record of 380,000 was set in 2019, and Burke said his "qualified confidence" reflected a strong recovery in airlift, with more than 60 non-stop flights currently operating. Weekly flights and seat capacity between London and LA are both set to eclipse pre-pandemic records due to new routes by Delta Air Lines and Norse Atlantic plus increased services by Virgin Atlantic, American Airlines, United Airlines and Aer Lingus. Delta restarted flights from Heathrow on March 26 after an eight-year break, with 1,967 seats a week. Norse Atlantic enters the arena on June 30 with a daily service from Gatwick offering 2,366 seats a week.

The total number of direct, non-stop weekly flights from the UK and Ireland to Los Angeles in July will reach 98 with 28,119 seats, compared to 83 flights and 23,963 seats in pre-pandemic 2019. "Norse will bring us a completely different market, and Delta's use of the Airbus A330 for its daily Heathrow service is a reflection of how well premium product is currently doing," Burke said.

Swan Hellenic has unveiled a collection of nine East and West Africa expeditions

The voyages, which range from eight to 14 days in length, will take place on either SH Vega or SH Diana between March and November. SH Vega will follow the west coast of Africa northwards offering four expedition cruises: Safaris of the Southwest Coast; Unspoilt Wilds of Southwest Africa; Cultural Crucibles of West Africa; and Volcanic Cultures of Africa's Atlantic Islands. Highlights from the itineraries include a visit to Loango National Park in Gabon, and spending time at a chimpanzee sanctuary in the Conkouati-Douli National Park in the Republic of the Congo. SH Diana, the largest ship in the line's fleet, will sail the north and east coasts of Africa between August and November offering five expedition cruises: Mysteries of Carthage and the Moors; Revelations of Suez, Sinai and the Red Sea; Paradise Islands of the Indian Ocean; Madagascar and its Eastern Islands; and Extraordinary Southern Africa.

AIRLINE UPDATE

British Airways - British Airways has added Aruba to its Caribbean route network – the first time it has offered direct London flights to the island. BA flight 2157 from Gatwick touched down at Queen Beatrix International airport in Aruba's capital Oranjestad on Sunday afternoon (26 March). BA will operate the route twice a week on Thursday and Sundays, via Antigua, using a three-cabin Boeing 777-200 aircraft offering Club (business), World Traveller Plus (premium economy) and World Traveller (economy). Flights will depart Gatwick at 10am, arriving in Aruba at 5pm local time. Returns will depart Aruba at 6.30pm, arriving into Gatwick at 10.25am the following day. Flights are timed at 11 hours 30 minutes including the short stop in Antigua. Aruba's minister of tourism, Danguillaume Oduber, said the new service came as a "significant milestone in the history of Aruba's tourism industry".

Air India - The Indian flag carrier will launch routes from the London airport to Ahmedabad, Amritsar, Kochi and Goa, switching them from Heathrow and flying each three-times a week. Flights to Ahmedabad and Amritsar started on Sunday (26 March), with services to Kochi starting on Monday (27 March) and to Goa on Tuesday (28 March). From Heathrow, Air India will add five additional weekly frequencies, with flights to Delhi increasing from 14 to 17 times a week, and to Mumbai from 12 to 14 times a week.

The carrier also plans to upgrade the equipment on its Heathrow to Delhi and Mumbai routes with Boeing 777 aircraft, expected to be added from May 2023, allowing for its First Class service to be reinstated.

Luton airport - Luton airport's hopes of almost doubling its annual passenger capacity have taken a major step forward. The airport is seeking consent to increase passenger numbers from 18 million a year to 32 million. This will involve adding extra terminal capacity, extending the current airfield platform, creating new airside and landside facilities, and making accessibility improvements, including extending the recently opened Luton Dart service. Other ambitions include landscaping, ecological and infrastructure projects Luton says will help the airport achieve zero-emission ground operations by 2040. The wider Luton Rising application for a development consent order (DCO) was lodged late last month following more than four years of consultation, and has this week been cleared to proceed to a detailed examination by the government's Planning Inspectorate – a process likely to take around 18 months. It means subject to consent being granted, preliminary construction work could start in early 2025.

Fiji airways - Fiji Airways has resumed its services from Hong Kong and Tokyo for the first time since the pandemic. The carrier announced on Wednesday (29 March) it will restart bi-weekly flights from Hong Kong to Nadi from 1 April, while flights from Tokyo Narita airport will resume on 4 April. The Hong-Kong connection will be available to UK tourists via British Airways and Cathay Pacific, while the Tokyo connection will be operated by the UK legacy carrier as well as Japan Airlines. Tourism Fiji chief executive Brent Hill said the new connections will make it easier for UK tourists to “enjoy the warm ‘Bula’ welcome and unique slice of paradise that we offer here in Fiji”. “January saw the highest number of visitor numbers from the UK to Fiji since before the pandemic and February saw the lifting of all Covid restrictions for arrivals to Fiji,” he added.

Air Canada - Starting from June 2023, the service will operate daily during the summer peak and continue three times weekly into the winter season until 8 January. After that, the service will restart in early spring 2024. The route will be served by a Boeing 787 Dreamliner aircraft offering economy, premium economy and Air Canada Signature Class cabins. General Manager UK and Ireland Sales, Steve Gerrard, said: “Our newly extended service from Edinburgh will not only provide our customers in Scotland with a direct link to Canada during both the summer and winter seasons, but also allow convenient onward travel options across North America.”

TOUR OPERATORS, TRAVEL AGENCIES, OTA UPDATE

'Phenomenal' wave period drives Carnival corp to 'record-breaking' quarter

Carnival Corporation has neared pre-pandemic revenue levels after higher ticket pricing, strong consumer demand and a "phenomenal wave period" drove the company to a "record-breaking" quarter. In a recent trading update covering the three months to 28 February 2023, the company said it was "very encouraged" with the improving demand environment, kicked off by an early start to its wave season. During the period, the company experienced the highest booking volumes for all future sailings for any quarter in its history. Both the company's North America and Australia (NAA) and Europe segments broke records, contributing to the company's record-breaking quarter. Carnival's booking window continued to return to "historical" patterns, providing further confidence in the continued strengthening of the demand environment and facilitating improving revenue yields over time.

TUI has signed an exclusive three-year agreement with Rixos Hotel Group to fuel its growth in Turkey and Croatia

Ten Rixos properties in 10 resorts in Turkey and Croatia will be available exclusively to TUI customers from summer 2024. "We are thrilled to announce our strategic partnership with Rixos, one of the leading hospitality Groups in the region," said TUI CEO Markets and Airlines David Burling. "Turkey is an extraordinarily important destination for us, and we can build on a very good partnership which developed over more than a decade. "This agreement will strengthen our cooperation further and supports our strategy of an exclusive hotel portfolio. "It will enable us to offer our customers exclusive access to some of the best hotels and attractions in Turkey and Croatia, which we believe will be a key driver of our growth in these destinations." The agreement extends TUI's current exclusivities with Rixos from four to 10 hotel units.

Newmarket Holidays reported a bumper quarter for Europe group tours

Bookings for short haul departures in 2023 are up by 66% on the same period in 2022. It includes a 70% increase in June. Newmarket last week launched a new campaign to help agents capitalize on Europe group tours demand. Top performing destinations are the Scottish Highlands, Croatia and Italy, as it launched new group tours over the past 12 months. Newmarket Holidays launched a 15% saving on a wide range of its European holidays until 31 March, with departures from regional hubs including Aberdeen, Bournemouth and Cardiff. Richard Forde, Head of Trade Sales said: "Our booking trends show that people are desperate to get away and don't want to delay. "This short haul campaign is a great opportunity for agents to capitalise on last-minute travel."

Latin Routes adds Panama and plans more new destinations

Latin Routes has introduced Panama to its portfolio amid plans to expand further in Central America later this year. Panama is the operator's first new destination since 2019 and its second in Central America after Costa Rica. The operator said more destinations would be added in the Central America region later this year. Product Manager Cat Davies said: "Not only is Panama our first new destination since we launched Guyana pre-pandemic, but it's also our second destination in Central America, a region we expanded into with the launch of Costa Rica in 2018.

SOCIAL MEDIA UPDATE

Meta creates new Reels ad options

Meta has created new ads options to capitalise on the increasing popularity of Reels on Instagram and Facebook. The first option is Click-to-Messenger Ads, now available in Reels to promote direct message contact. The second new option will allow WhatsApp conversion optimisation for Facebook Reels Ads. These new ad options are aligned with the shift in app usage behaviour, where users are sharing more content in private chats.

Rise of 'Lemon8'

'Lemon8' was created by ByteDance, the owners of TikTok and is described as a combination between Pinterest and Instagram with content focused on products linked to specific categories such as travel, fashion and makeup. Having already been popular in Asia, Lemon8 has been available since 2020 and is now gaining popularity in the US, ranking in the top 10 of the app download charts in the last week. It will be interesting to watch Lemon8's growth in the coming months to ascertain if this will be a potential new platform for marketers to use.

MICE UPDATE

Association demands change as more return to 'in-person'

More associations are swapping virtual platforms for conference centres – but hybrid is now an established part of the meetings landscape, a new report has found. More than half of associations (51%) said they would be holding their largest meeting in 2023 in person, compared to 41 per cent in 2022 and 14 per cent in 2021. But the virtual option, which became the norm during the pandemic, was still backed by 37 per cent of organisers, with hybrid (33%) being the preferred option, virtual-only (3%), and multi-hub hybrid (1.3%).

Almost all (91%) of associations have changed or will soon be changing their RFPs, with the majority indicating that they will be incorporating aspects such as hybrid/digital options, sustainability as well as legacy initiatives. Most of the respondents (83%) were making efforts to work towards more sustainable events and practices. Meetings and events are still the largest segment of revenue generation for associations (for 51% of respondents this is the main revenue stream) although there is a growing need for associations to diversify their revenue stream to become more financially sustainable for the future.

LIGHTER NOTE

Wildflowers are to be planted at Stonehenge and other historic sites across the UK in honour of King Charles III's coronation. See more [here](#).