

WEEKLY BRIEFING

19 May 2023



ECONOMIC, POLITICAL AND SOCIAL UPDATE

Rishi Sunak seeks closer ties with Japan ahead of G7 summit

Rishi Sunak has agreed new defence and economic deals with Japan in a visit to Tokyo, ahead of the G7 summit in Hiroshima from 19-21 May 2023. Speaking on board the JS Izumo aircraft carrier, the prime minister announced a partnership featuring closer UK-Japanese co-operation between armed forces, cyber agencies and semiconductor companies. He also said Japanese firms would be investing almost £18bn in the UK. The government is emphasising that it sees the region providing economic opportunity for the UK post-Brexit, as well as working with Japan and Australia to counter the strategic threat from China. Around £10bn of the investment is coming from trading and investment business conglomerate Marubeni and is earmarked for offshore wind and green hydrogen projects in Scotland and Wales. The government said both the investments would further solidify "the UK's status as a clean energy pioneer" and would help the UK achieve its net zero target by 2030.

UK economy: Cost of living and strikes weigh on growth

The UK grew weakly in the first three months of the year with the economy hit by strikes, cost of living pressures and wet weather. The economy grew by just 0.1% between January and March 2023, figures showed, and it remains smaller than levels seen before the COVID-19 pandemic. The UK is also lagging behind growth seen in other major economies. This week, the Bank of England said it was more optimistic about prospects, and the UK would avoid a recession. Its comments came after the Bank increased interest rates to 4.5% from 4.25% as part of its continued attempt to slow soaring prices. The ONS figures showed that while the economy grew slightly over the first three months of 2023, in March it contracted by 0.3%, with car sales and the retail sector having a bad month.

Nigel Farage says Brexit has 'failed' and economy 'has not benefited' but Downing Street disagrees

Speaking to BBC's Newsnight on Monday, the former UKIP leader admitted that the country had "not actually benefited from Brexit economically" and blamed this on "useless" Tory politicians "mismanaging" the departure from the bloc. Responding, Number 10 pointed to freedoms being enjoyed in the British farming sector as an example of how the divorce from the EU was allowing the UK to take a more tailored approach to policies. The row comes as the UK economy continues to stagnate, with gross domestic product (GDP) shown to have increased by just 0.1% between January and March 2023. Newsnight presenter Victoria Derbyshire said to Mr Farage: "A poll from last month showed that 53% of people say it was wrong to Brexit - around one in five Leave voters regret it."

COVID-19 contracts: messages reveal extent of Tory donor access to Matt Hancock

Newly released WhatsApp messages and emails between Tory donors and the former health secretary Matt Hancock reveal the extent of ministerial access they enjoyed when government COVID-19 contracts were being awarded. Two major donors to the Conservatives, Mustafa Mohammed and Mohamed Amersi, had direct access to Hancock, and used it to promote companies offering COVID-19 services with which they were involved. Both Mohammed and Amersi said they made no financial gain from the contacts and that they acted purely to help in a time of national crisis. Hancock insisted the contacts were in response to a call for help with testing and that all leads were passed on to officials in an appropriate way. However, the messages raise new questions about the influence politically connected people had during the pandemic as a result of their relationships with Tory ministers.

TRADE UPDATE

Transatlantic travel almost back to pre-pandemic levels

Travel between the UK and the US is almost back to pre-pandemic levels, according to fresh data. Figures published on 12 May 2023 by aviation analytics firm Cirium show that transatlantic travel in May is at 99% of 2019 levels with 4,414 flights scheduled to depart and more than 1.1 million seats available. This is up respectively 22% and 493% compared to 2022 and 2021 levels, with New York JFK remaining the most sought-after airport, followed by Los Angeles, Newark and Chicago. The data comes as the US government has formally ended its COVID-19 vaccination requirements from 12 May 2023 following industry pressure.

Cost of living squeeze continues to not put holidaymakers off overseas travel

British holidaymakers are prioritising trips abroad “more than ever” this year, despite the cost of living. A survey of 2,000 British adults carried out by easyJet revealed that Brits are placing more value on travel as the current economic climate fails to deter travellers from taking an overseas trip. 57% said that despite the cost of living, they will “always” protect their summer holiday, and travelling is now considered more important as people “need something to look forward to”. The research also found that the majority of Brits (87%) will spend more or about the same amount on holidays this year than last year, with many placing high value on taking a break (42%) and believing that making memories is more important than anything else (37%).

Travel Counsellors reports a rise in all-inclusive bookings

Travel Counsellors says that all-inclusive holidays are more popular now than before the pandemic, with 26% of bookings since January 2023 being for all-inclusive breaks compared to the same period in 2019. Research has also shown that 70% of its customers are thinking about going all-inclusive for their next trip away. Jim Eastwood, global sales director, has said “all indicators show that we expect this trend to rise throughout the year as customers continue to make their holidays a priority while at the same time wanting to manage their spend and have greater flexibility which can often be done more effectively by booking an all-inclusive trip.” The most popular all-inclusive destinations include the Maldives, Greece and the Caribbean, Travel Counsellors said.

Major Travel ramps up trade engagement as it targets rapid growth

The trade only operator Major Travel is ramping up trade engagement as it targets rapid growth following the list of COVID-19 restrictions in long-haul destinations. Head of commercial, Rute Magalhaes, said that the company was keen to showcase its credentials as it targets 20,000 passengers in 2023, which would be 65% up on 2019 numbers. The operator has plans to host its first post pandemic FAM trip in June 2023, taking six agents on a luxury seven night trip to Dubai and Ras Al Khaimah. Another FAM trip is also planned for later this year, as well as more face-to-face training sessions.

AIRLINE UPDATE

Jet2 - Jet2 chief executive Steve Heapy has said that Jet2 and Jet2holidays will commit dedicated resources to launching flights and holidays from its new Liverpool base to agents in Liverpool, the North West and North Wales. Liverpool

is now Jet2's 11th base with Heapy stating that "one of the big reasons we decided to announce Liverpool was the incredible demand from travel agents over the months and years". The Jet2holidays trade team will be led by director of travel trade relationships Alan Cross.

Transatlantic - Transatlantic travel is approaching pre-pandemic levels after the US dropped all entry restrictions. A total of 4,414 flights are scheduled to depart from the UK from the US in May 2023, equating to over 1.1 million seats, according to aviation analytics firm Cirium. Departures from the UK to US are projected to hit 99% of May 2019 levels, when 4,456 flights are secured.

TUI - TUI reveals summer 2023 prices are up more than 25% on 2019 levels. The price of a TUI holiday will be more than 25% higher than it was in 2019. Two thirds of the TUI holidays sold in the UK for summer 2023 are running up 10% of pre-pandemic levels. "Given recent positive booking trends, we are confident in our assumption that capacity for summer 2023 will be close to normalised summer 2019 levels," said TUI in a second-quarter trading update on 10 May 2023. Total group-wide bookings for summer 2019 currently stand at 96% of summer 2019 levels, up 13% year-on-year during the quarter, with bookings in the past six weeks exceeding summer 2019 levels at higher average pricing.

Vueling - The Spanish low-cost carrier Vueling has surpassed 2019 capacity levels with its summer schedule, which includes 23 direct connections from the UK. The airline forecasts growth this year to be 9% above 2019, as demand increases and it aims to offer more flights throughout the year. It currently offers 278 international routes, seventeen of which are from Gatwick and six from other UK airports.

TOUR OPERATORS, TRAVEL AGENCIES, OTA UPDATE

Travel Counsellors - Travel Counsellors is accelerating rapidly towards becoming a £1bn+ business after achieving record annual results in 2021/2022. Total transaction value (TTV) at the homeworking giant increased to £719.4 million last year (year to October 2022), up 14% on the £631 million it achieved in in 2018/2019, and is up more than 300% compared with its 2020/2021 results which were heavily depressed due to the pandemic. The business welcomed 149 new Travel Counsellors last year, growing its ranks to more than 1,800 employees, and earlier this year completed its first acquisition after taking over the Birmingham headquarters of rival Holidaysplease.

TUI - TUI commits to opening more than 20 new high street stores this year in a major show of strength in the high street. Three of the new stores have opened their doors in Liverpool Speke, Oxford and Banbury, with the remaining store locations yet to be announced. Director of sales, Belinda Vazquez said that “despite there being no doubt that the high street has changed over the last few years, the company has seen a resurgence of people wanting face-to-face interactions since the pandemic”.

Panache Cruises - Panache Cruises is looking to grow its team by 30% with a fresh new recruitment drive. The founder and managing director James Cole said that the business has “grown significantly” since it launched back in July 2020, and will be quadrupling the size of its office premises to accommodate its growing team. The business has further expansion planned and recently invested in strengthening its sales team to attract and retain “high-calibre” recruits.

Scenic Group - Scenic Group is set to launch a sales blitz across the UK to celebrate the release of its new documentary, ‘Maritime Masters: Expedition Antarctica’. The luxury line has revealed that its sales managers will hit the road to visit agents with marketing toolkits such as window posters and flyers, website banners and images. The blitz is scheduled to start on 30 May 2023 and last until 11 June 2023, with the first episode scheduled to air in the UK on 4 June.

SOCIAL UPDATE

Instagram adds ‘Broadcast Channel Guests’

Instagram has added a new element to its Broadcast Channels, which will now enable channel hosts to invite other participants as guests to join their chat channel for a conversation. The new guests option will enable channel managers to add another voice to the chat, which will then see the subsequent conversation shared to all channel subscribers. Meta comments, “Collaborators makes Broadcast Channels more fun and informative for fans, whether the conversations are expert interviews, guest Q&As, or even a casual chat among friends. Once a creator adds another participant, they can post new messages, including via text and voice notes as well as through photos and links.”

WhatsApp adds ‘Chat Lock’ for added privacy

WhatsApp has launched another privacy protection feature with its new ‘Chat Lock’ option, which enables users to move private chats out of their main inbox, and into their own, password-protected folder in the app. WhatsApp comments, “Locking a chat takes that thread out of the inbox and puts it behind its own folder that

can only be accessed with your device password or biometric, like a fingerprint. It also automatically hides the contents of that chat in notifications too.” One of the benefits mentioned by the company includes the protection of sensitive content, if perhaps a user often leaves their device where others can see it, or for family members who share a phone.

MICE UPDATE

Lime Venue Portfolio predicts growth in 2023

Lime Venue Portfolio is predicting continued growth in the meetings and events market following the release of its latest Q1 trends data. The data (taken from 90+ venues) shows quarter on quarter growth for the last two periods and predictions for further growth in the second half of 2023. The brand, which supports over 200 enquiries a week, saw a 15% growth in the value of those event enquiries in the last quarter (January – March 2023) compared to the previous. The data also shows positive growth in size and stature of these events. Previously, reporting has shown average delegation sizes of 120, whilst the recent average of these enquiries is now 170. Another trend is the continued reduction in lead times, despite the growth in the average size of event. Of the £15m enquiries, 47% were in the same quarter and 28% were for the following one.

LIGHTER NOTE

Lighter Note

How a Canadian walrus Smooshi ended up in Abu Dhabi. Read more [here](#).