

WEEKLY BRIEFING

22 September 2023



ECONOMIC, POLITICAL AND SOCIAL UPDATE

U.K. inflation forecast to be highest of advanced economies

The Organisation for Economic Co-operation and Development (OECD) said UK inflation would average 7.2% in 2023, the highest rate in the G7 group, which includes the US, Germany, France, Japan, Canada and Italy. The OECD, a globally recognised think tank, raised its forecast for UK inflation by 0.3 percentage points from its previous estimate for 2023, and predicts UK inflation will fall to 2.9% in 2024. Clare Lombardelli, chief economist at the OECD, said the UK had "seen slightly higher inflation than previously expected" and that the Bank of England was "taking the right action in raising rates" to tackle it. Since December 2021, The Bank of England has put up rates 14 times but announced on Thursday that interest rates would be held at the current level of 5.25%. The UK government said it was confident it was "on the right track to halve inflation" by the end of 2023 and added that the OECD's forecast "illustrates yet again why we need to stick to the plan that we have set out".

Rishi Sunak 'absolutely confident' UK will hit international and domestic net zero targets

The PM Rishi Sunak has confirmed he will be easing a series of green policies under a "new approach" designed to protect "hard-pressed British families" from "unacceptable costs". In an interview with the BBC, Sunak said he was not slowing down efforts to combat climate change, after a major overhaul of some green policies including a five-year delay in the ban on the sale of new petrol and diesel cars and the pushback of phasing out gas boilers. The Prime Minister said he was "absolutely unequivocal" about sticking to the commitment to reach net zero carbon emissions by 2050 but that he wanted to take a "more pragmatic, proportionate and realistic approach".

King Charles calls for action in fight against climate change

During a visit to France this week, King Charles called for the U.K. and France to step up their fight against climate change, branding it “our most existential challenge of all”. The King’s 18-minute speech in the French Senate called for a renewed “entente cordiale” to tackle the “biodiversity emergency” more effectively. In Paris, His Majesty spoke of the “unprovoked aggression” on our continent and the “resolute solidarity” in which both the U.K. and France stood with Ukraine. The historic speech marks the first time a British sovereign has spoken in the ornate chamber at the Luxembourg Palace.

TRADE UPDATE

Government launches review to UK Package Travel Regulations

The government launched a review of the Package Travel Regulations (PTRs) this week which will include proposals to remove UK domestic package holidays from the regulatory requirements. A 12-week ‘call for evidence’ on the PTRs by the Department for Business and Trade (DBT) will form part of the government’s ‘Smarter Regulation to Grow the Economy’ programme launched in May. Proposals include the removal of UK domestic package holidays from the regulations, removal of arrangements which do not include travel, such as a hotel stay with an activity and removal of packages below a certain price threshold.

Prime Minister confirms no new taxes on flying as approach to net zero shifts

ABTA pledged to ensure the interests of members are “taken into account” by the Prime Minister after Rishi Sunak ruled out any new taxes on flying as he confirmed a major shift on the government’s approach to achieving net zero by 2050. Sunak ruled out new taxes on flights as part of a push back on a range of green measures. Listing government proposals he was scrapping, Sunak said these included creating new taxes “to discourage flying or going on holiday”. Responding to the speech, ABTA chief executive Mark Tanzer said: “The aviation sector is committed to making greater use of sustainable aviation fuels (SAF) and needs continued government support for investment to help bring down emissions.”

Tourism Minister outlines a plan to tackle industry skills shortage

The government is committed to developing a youth mobility scheme to help address the skills shortages in the industry, tourism minister Sir John Whittingdale confirmed on Tuesday. Addressing a Tourism Alliance policy conference in London, Whittingdale said: “I know skills are high on the list of immediate challenges, with the sector carrying a 20% vacancy rate, and I know you’re concerned about Level 3 tourism courses [which are to lose funding].” He said: “The government is working

on educational and skills reform with the Tourism Industry Council, including working on a youth mobility scheme to allow students to study and work here."

Gatwick ATC improvements "not a quick fix" says Nats

Gatwick and air traffic control body Nats have declined to say whether the often weekly imposition of air traffic restrictions at the airport due to a shortage of air traffic controllers will end before next summer. Disruption on Thursday last week was due to "short notice staff absence", according to Nats, which took over air traffic control (ATC) at Gatwick two years ago. Gatwick and Nats acknowledge the shortfall in staff, with the issue being managed by reduced staffing "at quiet times and for short periods". A Gatwick spokesperson said: "New air traffic controllers have been recruited and others are due to start after completing their training, in line with the plan when Nats took over."

AIRLINE UPDATE

British Airways - British Airways is set to add a second daily San Diego flight from London Heathrow Airport. The double daily service starts on April 20, 2024. British Airways has been operating San Diego flights daily for over a decade. The new San Diego service will be operated on a 214-seat Boeing 787-8 Dreamliner jet. The airport says demand has increased on the route since the pandemic shutdown, with passenger traffic up 28% on 2019 levels.

Jet2 - Jet2 has put its winter 2024/25 city breaks programme on sale earlier than ever off the back of "strong demand" from agents and their customers. The airline and operator confirmed this week that it had put 160,000 city break seats on sale to seven popular Christmas destinations, including Berlin, Copenhagen and Vienna. "As well as seeing strong demand from customers and independent travel agents booking a Christmas market break for this winter, we know that people want to book ahead and get their holidays locked in for next winter too," said chief executive Steve Heapy.

Singapore Airlines - Singapore Airlines Group pointed to "robust" passenger carryings and load factors in August despite capacity being raised by more than a quarter. The last month saw Singapore Airlines (SIA) and low cost offshoot Scoot fly almost three million passengers, a rise of 43.5% year-on-year. The overall load factor was up by 2.8 percentage points over August 2022 to 88.2%. This was achieved while capacity increased by more than 26%.

TOUR OPERATORS, TRAVEL AGENCIES, OTA UPDATE

Classic Collection - Classic Collection Holidays is marking 35 years of trading this week with an anniversary trade incentive. Agents making bookings until the end of the month for travel between November 1 and April 30 next year will earn £35 in addition to regular incentives. The operator is currently sold by more than 3,000 agents. Classic Collection Holidays was founded in 1988 by Arthur Thomson. Under its next boss Nick Munday, the company grew to become a business-to-business provider of short-haul luxury holidays. Following acquisition in 2018, the management has overseen the introduction of long-haul, and a comprehensive repositioning rebrand.

KILROY - Kilroy's new shop opened its doors on Saturday, hosting inspiring travel talks, giveaways and entertainment for Bristol's young traveller population. 32 years on from its launch in Denmark, Kilroy has emerged as the largest youth and student travel agency in the Nordics, before confirming its arrival on British shores earlier this year.

Kuoni - Kuoni is opening a new travel shop within its headquarters based in Dorking. The operator's head office will be home to the new store which will be open by appointment Monday-Friday 9am-5pm from October 4. The Surrey town has been the home of the company's business operations for almost 50 years. The new store will bring the number of Kuoni outlets across the UK to 27 with locations from Aberdeen to Southampton and Cardiff to Norwich.

Lusso - Travel agents' soaring sales have helped make 2023 Lusso's best-ever year, as the trade-only luxury operator reveals plans to target new partners. The year-to-date saw Lusso record £24m in turnover, compared to £18m going into the pandemic. The operator's average booking value has also risen to £20,000, up from £15,000 pre-pandemic. Managing director James Weaver said while rising prices were a factor, he stressed the impact of existing agent partners developing their business with Lusso and new agents coming onboard.

TUI - Tui Group summer bookings are projected to end at 96% of pre-pandemic levels with business in the final month of the season well ahead of last year. Bookings from the UK are 4% ahead of summer 2019 levels, with winter levels also up. The positive momentum continuing into the winter is being supported by higher prices as Europe's largest travel group said it was "well positioned" to achieve financial results targets for the current financial year. However, the performance would have been better without the impact of the wildfires in Rhodes.

SOCIAL UPDATE

TikTok provides more ad metrics

TikTok is looking to provide more insight into the actual performance of TikTok ads, with new “Attribution Analytics”, which will better connect the dots between ad exposure and conversion. TikTok’s Attribution Analytics, built into the TikTok Ad Manager platform, will provide more in-depth insight into how campaigns are driving engagement and response, via various new tracking and display options. The added data will then better enable users to see how their TikTok ads actually drive consumer activity, with more features coming soon.

X is testing an expanded profile bio

X is looking to give users more room to explain themselves, or their business, via an expanded bio section that it is currently in testing. Soon, users will be able to include more detail in their profile section, which visitors will then be able to access by a “view more” prompt beneath their initial bio summary. This enables users to provide more insight into what their personal profile, business or brand is about. There are a range of possibilities for the extended display, which could help drive more connections and get more followers, by adding context.

MICE UPDATE

Incentive programmes regaining popularity, report says

IBTM World’s 2023 Incentive Travel Report reveals that the recovery of the incentive travel sector is strengthening, with its global market value projected to reach £174 billion by 2031. The report, written by IBTM contributor Mike Fletcher, finds that the sector is growing at an annual rate of 12.1 per cent, and predicts that the number of people participating in incentive travel programmes worldwide will grow by 61 per cent in 2024, compared to 2019. The report indicates that incentive travel schemes remain a valuable resource to attract, retain and motivate talent and as a driver of culture and reputation. The importance of authenticity, wellness and sustainability were also highlighted in the report. Employees now place more emphasis on incentives which provide valued experiences, support corporate social responsibility (CSR), and demonstrate concern for employees, with 35 per cent of respondents placing greater value on wellness activities and 44 per cent underlining the importance of CSR-focused team building.

LIGHTER NOTE

A rare spotless giraffe calf has been spotted in the wild, read more [here](#).