

# WEEKLY BRIEFING

11 October 2024



## ECONOMIC, POLITICAL AND SOCIAL UPDATE

### **Warning of UK slowdown despite August pick-up**

The UK returned to growth in August but the "broader picture" is one of a "slowing" economy in recent months, the official statistics body has said. A bounce back in construction and strong month for accountancy, manufacturers and retail businesses helped boost the economy by 0.2%, after it failed to grow in the previous two months.

However, economic growth is weaker compared with the first half of the year, the Office for National Statistics (ONS) said. Its latest figures come as the government prepares for the new Budget at the end of October.

Prime Minister Sir Keir Starmer has warned the Budget will be "painful", with the government admitting some taxes will rise.

### **Fresh rise in mortgage rates predicted**

Falls in mortgage rates could come to "an abrupt halt", according to brokers, with expectations that home loan costs may rise in the coming days. Lenders have been locked in intense competition for borrowers in recent weeks, which has led to consistent falls in the interest rates charged on new fixed mortgage deals.

This has led to more activity among buyers and sellers in the UK housing market. But one lender, the Coventry Building Society, is putting up mortgage rates on Friday, and others are expected to follow suit in the coming days. "The mortgage market has seen rates falling in recent months but that may be coming to an abrupt halt", said David Hollingworth, associate director at broker L&C Mortgages.

## **Chancellor Rachel Reeves will deliver Labour's first Budget on Wednesday 30 October**

The government has promised no return to “austerity” for public services and a boost to government investment, designed to kickstart growth. But to honour those commitments the chancellor will need to “grasp the nettle” and come up with £16bn more on top of the £9bn tax rises set out in the Labour manifesto, the IFS said.

There is an expectation that more of the tax burden will fall on higher earners, following the government’s surprise decision to limit winter fuel payments to the poorest pensioners. Some also hope for an end to the two-child limit for benefit payments.

## **TRADE UPDATE**

### **ABTA releases their 2024/25 Holiday Habits Report:**

ABTA has released its latest ‘Holiday Habits 2024/2025’ report, which demonstrates that travel remains as important as ever to the UK public. The report shows that of the people that have been travelling this year, 84% took more holidays than the previous years, with young families proving to be the most prolific travellers.

The number of holidays taken this year has increased, despite the fact that the proportion of people taking them has remained the same. On average, people went on 3.9 holidays per person over the past 12 months, in line with the highest level over the past ten years. However, the proportion of people travelling remains the same as last year – 84%. This suggests that the overall demand for holidays has been strong over the past 12 months, but is coming from a group of ‘habitual holidaymakers’. Europe was the leading top choice for UK holidaymakers heading overseas, with 83% of travellers enjoying a break there over the past 12 months. While there has been little change in the top ten countries, the UAE has moved up two places to the 10th most popular country. The USA stands at fourth with 15% of travellers visiting the destination over the past 12 months.

The study also looked at types of holidays taken, showing that ‘beach holidays’ and ‘city breaks’ remain the two most popular types of holidays. 15% had taken a multi-destination trip, 12% adventure holidays, and 7% a well-being break. Package holidays continue to be the most popular way to travel overseas, booked by 62% of people who travelled abroad in the past 12 months. There has been a slight uplift in people saying they booked a package because of price (42% to 44%), with more people also appreciating the time they save by booking a package holiday (34% to 38%).

**Luxury travel to move from “Fly and Flop” to “Fit, Flat and Fun”:**

Dr Antonia Ward, chief futurist at Stylus, has said it's no longer “fly and flop” – tomorrow's luxury consumer wants “fit, flat and fun”. For 2025, adventure awaits, and forward-thinking luxury brands should look to evolve their offering for the 42% of global travellers who are seeking experiences that boost both their physical and mental well-being. ‘Sleep tourism’ is booming, with HTF Market Intelligence predicting this market will grow by \$409.8 billion by 2028, with travellers seeking restorative analogue activities, which encourage people to unplug and immerse themselves in their surroundings.

Luxury travellers will also be flocking to sophisticated, hybrid forms of revelry, offering more than just alcohol and clubbing: “kidults” are drawn to experiences that feel playful and restorative. According to research from Visit California, 43% of global consumers say holidays are their only opportunity for “play”.

**AIRLINE UPDATE**

**Norse Atlantic** – Norse Atlantic Airways achieved a record load factor last month as bookings opened for flights 12 months in advance. The long-haul low fares carrier reported the highest load factor in its history at 89%, up 11 percentage points on September last year. This came as passenger numbers rose by 9% year-on-year to 146,688 across 513 flights including 29 charters. The operator of transatlantic Boeing 787 Dreamliner services from Gatwick and other European airports said that 81% of flights arrived within 15 minutes of their scheduled arrival time. The airline also started a service to Las Vegas from Gatwick in September.

Founder and chief executive, Bjorn Tore Larsen, said: “We are delighted to mark another record month for the airline with 89% load factor being the highest in our history. In September, Norse Atlantic celebrated having sold more than two million tickets since the company's inception in 2022. Furthermore, they have released for sale the final flights in their summer 2025 season going up to the end of October, allowing customers to book ahead and take advantage of the great value fares.

**Aer Lingus** – Aer Lingus has introduced routes to Nashville via Dublin from eight UK airports, allowing passengers to cut down waiting times by completing US customs pre-clearance in Ireland. The flights are on sale now and will begin service in April 2025 from Birmingham, Bristol, Edinburgh, Glasgow, Leeds Bradford, Heathrow, Manchester and Southampton. They will operate four times a week on the airline's new Airbus A321XLR aircraft, with the routes running year-round apart from a six-week suspension in January and February, and outbound flights operating every Tuesday, Thursday, Saturday and Sunday.

**British Airways** – British Airways is blaming air space issues for delays. Increasingly congested airspace and more unpredictable weather have disrupted air travel this summer; Richard Treeves, British Airways head of integrated operations control, states that “Airspaces has become more congested, partly because of the Ukraine War and partly because of demand, and the European airspaces is extremely congested”. Similarly, the “weather is also becoming more unpredictable and the weather we’ve seen over the summer has made it a big challenge to operate the schedule we want to”.

It has been revealed that 42% of BA flights had been disrupted by air traffic control delays this year, up from 24% in 2019, although down on the level of disruption last year. Reeves disputed the fact that BA may be performing worse than other carriers, stating that they “operate more than 850 flights a day and have 100 aircraft in the air at any time – the breadth of our operations means we’re uniquely exposed”. They aim to use more technology and work with Nats (air traffic controls) and airport teams to find ways around the airspace challenges going into the next year.

## TOUR OPERATORS, TRAVEL AGENCIES & OTA UPDATE

**Travel Counsellors** – Travel Counsellors has topped £1 billion in annual sales for the first time amid strong demand for overseas trips and its growing tour operating business. Sales to leisure customers during the 12 months to August 23 contributed £735 million to the personal holiday planner revenue, whilst it also reported £265 million in corporate sales, largely to small and medium-sized businesses. A significant portion of sales – £364 million – was attributed to tailored TC packages, while TC Journeys, one of the latest features built into the company’s tech platform, now offers more than 215 itineraries across 66 countries, building on the company’s position as a tour operator. They recorded more than 155,000 leisure bookings in the 12 months to August, with an average value of £4,717. The holiday destinations in highest demand over the 12-month period included the Mediterranean, the US and southeast Asia.

**Scott Dunn** – Luxury tour operator Scott Dunn has revealed a list of emerging destinations that they predict will be popular for 2025. They are the latest operator to claim ‘coolcationing’ as a trend for 2025, outlining a 26% rise in bookings for Finland and Norway this summer. The brand has said it has seen “major growth” for enquiries for China, with bookings up 600% in the UK market in 2024, and global product and strategy director, Simon Lynch, has said clients were “increasingly looking for alternatives to Japan”. Mexico has seen a 53% increase, driven by “families with teenagers seeking adventure, great food and relaxation all in one trip”. The peak Safari travel month has shifted from December to March as affordability and unreliable weather render seasonality “less relevant than ever”. Cruise also continues to perform well for the operators, and they will launch their ‘Journeys By Land & Sea’ in early 2025, which combines the brands “end-to-end logistics with a small selection of handpicked, boutique luxury cruises”.

**Hays Travel** - Hays travel achieved a 43% leap in pre-tax profits, to £73.4 million, in the year to April. The rise came as total transaction values increased by 17% year-on-year to £2.55 billion. Hay's confidence in rising demand for travel agents among customers comes at a time when the company saw a 9% annual growth in customers, up to 1.9 million, over the past fiscal year. This financial performance has been revealed exactly five years after Hays Travel received the licence to operate Thomas Cook's entire retail estate of 555 shops.

**Tui** - Tui is to operate 92 exclusive routes for across 24 UK airports as part of the expanded 2026 programme with 'thousands' of free child places. An initial 2,000 hotels will be offered when holidays go on sale on October 17, with more to be offered from next year. An increased range of 64 tours has been added as the operator offers more exploration and adventure options, and four new river cruise itineraries are going to be introduced across Europe. More than 100 short- and long-haul 'mix & match' multi-destination holidays are available, while Tui's 2026 'city breaks' programme kicks off with New York, Dubai, Oman, and Abu Dhabi on sale with more to follow. Tui is also making 'thousands' of free child places available across multiple holiday destinations, explained Phillip Iveson, UK & Ireland commercial director, stating that "we're delighted to be expanding our summer free kids' places, as we know how much families value the offer".

## SOCIAL UPDATE

### **X changes its ad revenue creator payment method**

X is making significant changes to its creator monetisation programme. Rather than basing creator payouts on the amount of ads displayed in post replies, now creators will be paid based on engagements with their content from Premium users. This means that when a creator's followers subscribe to X Premium and engage with their content, they support the creator directly. Additionally, the more users who subscribe to X Premium, the larger the payout the creators receive. In a statement X explained that up to 25% of Premium subscription payments will now go directly to creators, meaning that users will effectively be paying their favourite creators by engaging with them. This change in the monetisation programme means that creators on X will now be pushing for users to subscribe to Premium so they are rewarded with larger payments, potentially affecting the content they post.

### **Instagram testing new Whatsapp sticker to encourage DM connections**

Meta is testing a new Whatsapp sticker for Instagram stories for brands that have a connected WhatsApp Business number to their Instagram account. The sticker will take a user to a Whatsapp chat with the brand, allowing businesses to connect with their audience in a more direct and personalised manner. This new feature could encourage more users looking to privately connect with brands to reach out via direct message in a quick and simple way.

## MICE UPDATE

### **Business tourism contributes £158m to London economy**

The London Convention Bureau has reported a record year so far, with business events adding over £158m to the London economy. This is a 32% year-on-year increase, with revenue rising from £120m compared to the same period last year. This also includes a 28% increase in the number of events ranging across fintech, life sciences, and sustainability – up from 25 to 32. North America is still the biggest market for the UK capital, bringing in over 50% of all revenue in 2024 so far. Jumping from £51.4m to £81m, nearly a 60% year-on-year increase. Notable events include the Salesforce World Tour at Excel London, which welcomed 13,000 delegates; the NOAH Conference at Royal Lancaster with 1,500 attendees; and the European Society of Cardiology with more than 25,000 guests alongside 2BUK.

## LIGHTER NOTE

### **Waiting for dog: Cathedral's welcome to canines**

St Edmundsbury Cathedral in Bury St Edmunds, Suffolk, came up with the concept to show how warmly it welcomes our furry friends. See more [HERE](#).