

United Kingdom

Key Market Message

There is evidence of some improved trading conditions being reported by partners. We have seen this in recent arrivals figures for the UK market (May and June arrivals up by 5 per cent) but we are not clear on the longevity of this given the shift to even shorter lead times. These bookings are a result of continued discounting by airlines and Australian suppliers to further drive shorter lead times; airlines continue to be aggressive in their fares to Australia with fares available for approximately £400. Extremely hot weather in the UK in late June and early July may however impact holiday sales as Brits choose to holiday at home.

The abolition of the departure taxes by the Netherlands and Belgian governments in July 2009 have renewed concerns and strong opposition amongst UK travel industry regarding the Government's impending increase to the Air Passenger Duty (APD) in November. Under the proposals, the APD will be charged on international departures from the UK on a new four-level scale related to the distance from the UK to the capital city of the destination country. The increases are due to take effect from November 2009 with a further rise set for November 2010.

Source: Anecdotal feedback from trade, <http://www.guardian.co.uk/business/2009/jul/16/imf-warning-uk-recovery>, <http://www.telegraph.co.uk/finance/financetopics/recession/5836719/Record-UK-unemployment-figures-will-get-worse-warn-economists.html> News accessed on 20 July 2009

1. Key Market Results and Achievements

- Tourism Australia participated in a number of events as part of our sponsorship of the inaugural G'day UK programme. The G'day UK campaign has been supported by Tourism Australia along with the Australian and State and Territory Governments and industry partners to promote Australia as both a travel destination and an attractive investment and trade hub. Key tourism activity included an online promotion with Lonely Planet; an Aussie Specialist training event; a Tourism Australia-hosted trade roundtable lunch for key travel trade contacts which discussed a number of issues such as the current economic crisis and long haul travel and the environment.

- STA Travel, in association with Tourism Australia and Qantas, launched a £10 Pom promotion in early July. The promotion provided 150 lucky travellers with a valid Working Holiday Visa and the chance to travel to Australia for just ten pounds. The £10 tickets were available from 5 August. This promotion is part of the UK's Youth Project which encourages 18-30 year old Brits to travel to Australia on the Working Holiday Visa.
- Tourism Australia, exhibited with 15 Australian seller companies at IMEX, held in Frankfurt from 26 to 28 May 2009. IMEX is one of the largest exhibitions targeting the meetings and incentive travel industry, and this year hosted 3,779 buyers from 60 countries with 3,500 exhibitors from 157 countries.

2. Australian Travel Market

2.1 Market performance

- UK arrivals in May were 30,800 representing an increase of 3 per cent relative to May 2008. In the year ending 31 May 2009, there were 657,100 arrivals, a decrease of 4 per cent relative to the previous 12 months.
- UK arrivals in June were 29,100, an increase of five per cent relative to June 2008. For the six months to June, visitor arrivals totalled 324,000, a decrease of four per cent relative to the same period in 2008. For the year ending June 2009, there were 658,600 arrivals, a decrease of four per cent relative to the previous 12 months.
- The Department of Immigration and Citizenship reported an increase of 20 per cent in Working Holiday Visas for UK nationals for the year to date May 2009, bringing the total number of visas granted to 37,459.

Sources: Australian Bureau of Statistics, Department of Immigration and Citizenship, anecdotal feedback

2.2 Airline Issues/Changes

- Singapore Airlines have announced that from 29 September, its Melbourne route will be operated by an A380, replacing the existing daily Boeing 747-400 service. It will be the second city in Australia and sixth worldwide to receive an SIA A380.
- The Association of British Travel Agents (ABTA) is leading a summer campaign to make holidaymakers aware of rising air passenger duty charges. Currently passengers pay £40 for a trip to Australia in Economy and £80 for premium cabins. This will rise to £55 and £110 respectively from 1 November 2009 and again to £85 and £170 from 1 November 2010. www.abta.com
- For the Lord's second Ashes test from 16 to 20 July, Qantas teamed up with British Airways to offer return Economy fares from London to Sydney based on the first innings results. The price of flights has been determined by Australia's first innings score of 215, with availability of seats determined by England's innings of 425 (i.e. 425 seats to Sydney available at £215). Fares are valid for travel from 7 August to 22 September 2009.

Source: *Travelmole*

2.3 Trade Information Summary (including Business Events)

- The new owner of Harvey World Travel has put the business into administration, blaming ABTA's decision to terminate its membership forcing him "to cut short his business turnaround plan". Stuart Arnott, owner of Global Member Vacation Travel, who took 57-strong Harvey World off Stella Travel's hands in April, has bought back just over half of the network through a new company called Vacation World. The 25-shop business will now become a member of the Hays Independence Group, run in the interim by acclaimed travel retailer Simon Maunder who previously sold his successful Lets Go travel business to Harvey World.

Source: <http://www.travelweekly.co.uk>, accessed 13 July 2009

- Travel money expert Thomas Cook has introduced four new versions of its leading Cash Passport prepaid cards; the 21st century plastic traveller's cheque. Now available in New Zealand dollars, Australian dollars, Canadian dollars and the South African rand, currency is simply loaded onto the cards, which can then used like a debit card in shops, restaurants and to withdraw cash at ATMs.

Source: <http://www.travelweekly.co.uk>, accessed 13 July 2009

- Dagmar Marrocco has left Stella Travel Services to join Kuoni Travel.

Source: <http://www.travelweekly.co.uk>, accessed 13 July 2009

- According to the latest Bellwether Report, event budgets were among the hardest hit of all marketing expenditure in the second quarter of 2009. The IPA Bellwether Report - 2009 Q2 found that the "All Other" category of marketing spend - which includes conferences, exhibitions, corporate hospitality, live product launches and experiential, as well as PR and market research - was revised down by 23.8 per cent for the quarter. This was the hardest hit of all categories, including media, sales promotion, direct marketing and the internet. Overall, all marketing budgets were revised down in the second quarter of 2009 for the seventh consecutive quarter.

Source: www.C&ITMagazine.com, accessed 13 July 2009

- Further to the 28 redundancies at THA reported last month, it has now been confirmed that 48 of the THA Group's 56 staff have been made redundant and KPMG has been appointed administrator of the THA Group and Thomas Hannah & Associates. The decline in spending in the corporate entertainment sector was blamed. THA's Belgium office has also gone into administration.

Source: www.C&ITMagazine.com, accessed 7 July 2009

- THA Group's sister company, Quorn Business Travel had been placed into administration but was acquired by Hampshire-based Meon Valley Business Travel which saved the jobs of 25 Quorn employees.

Source: www.C&ITMagazine.com, accessed 13 July 2009

- As at June 2009, there were 1,969 qualified Aussie Specialist agents in the UK with a further 1,254 agents are in training.

3. Current and Upcoming Activities in Market

3.1 Consumer Marketing:

Dates	Project / Event	Partners
November 2008 – December 2009	<ul style="list-style-type: none"> Ongoing luxury campaign with Turquoise Holidays in <i>Condé Nast Traveller</i>. 	Turquoise Holidays
March – September 2009	<ul style="list-style-type: none"> Responsible Travel online campaign 	Responsibletravel.com
1 April - 30 June 2009	<ul style="list-style-type: none"> Brand Transformation Working Holiday Visa online campaign. Targeting Brits aged 18-30, the activity will raise awareness of work and travel opportunities in Australia. 'Win a Working Holiday' promotion in partnership with STOs. www.australia.com/workingholiday 	(promotion only): Tourism Queensland, Tourism New South Wales, Tourism Victoria, South Australia Tourism Commission, Tourism Northern Territory, Tourism Western Australia
May – June 2009	<ul style="list-style-type: none"> Retail Co-operative Programme with Premier Aussie Specialists targeting their clients. 	Various Premier Aussie Specialists
May – July 2009	<ul style="list-style-type: none"> TUI UK retail campaign. 	Austravel
16-17 June 2009	<ul style="list-style-type: none"> Tourism Australia had a stand at The Guardian Recruitment Fair to talk to university graduates about the benefits of travelling to Australia on a Working Holiday Visa. 	Nil
June – July 2009	<ul style="list-style-type: none"> £10 Pom campaign to attract Working Holiday Visa applicants. 	STA Travel, Qantas
June – July 2009	<ul style="list-style-type: none"> International Media Hosting Programme (IMHP) activities for the period included journalists from <i>Tatler Magazine</i>, <i>The Observer</i> and the <i>Yorkshire Post</i> as well as a crew from the television programme <i>By Any Means</i>. Tourism Australia also sent four UK journalists down to attend ATE. The journalists were from the following publications: <i>Selling Long Haul</i>; <i>TTG</i>; <i>Travel Weekly</i> and <i>ABTA Magazine</i>. For the month of June 2009, the PR team generated coverage worth an equivalent advertising value of AUD\$1,261,836 delivering key messages to our target audience. 	Qantas, South Australian Tourism Commission, Tourism New South Wales, Tourism Northern Territory, Tourism Queensland, Tourism Victoria
June– September 2009	<ul style="list-style-type: none"> Kuoni 'My Australia' campaign. 	Kuoni travel

3.2 Trade Marketing:

Dates	Project / Event	Partners
June 2009	<ul style="list-style-type: none"> Tourism Australia was the headline sponsor in Conference & Incentive Travel magazines' "Brand Book" featuring the top six sectors of Automotive, Financial, IT, Pharmaceutical, Retail and Telecoms. Tourism Australia's advertorial sponsored the Pharmaceutical sector. 	Nil
6 – 15 June 2009	<ul style="list-style-type: none"> Pre-ATE luxury famil trip; participants included Seasons in Style, Cox and Kings, and Turquoise Holidays. 	Qantas, Australian suppliers
10 – 15 June 2009	<ul style="list-style-type: none"> Pre-ATE UK Premier Aussie Specialist famil: 15 Premier Aussie Specialists flew to Australia thanks to our partnership airline Qantas for a three day famil trip in Victoria prepared and hosted by Tourism Victoria before participating in ATE 2009. 	Qantas Tourism Victoria
15 -19 June 2009	<ul style="list-style-type: none"> ATE was held in Melbourne with 34 buyer companies and 17 Aussie Specialist agents attending from the UK. 	Qantas, Tourism Victoria, Various suppliers
25 June 2009	<ul style="list-style-type: none"> G'DayUK agent training event: As part of G'DayUK, Tourism Australia hosted an Aussie Pub Quiz for 48 Aussie Specialists in London. Agents learned about Australia in a casual atmosphere with a chance to win two return tickets to Australia with Qantas amongst other prizes. 	Tourism Queensland, Tourism New South Wales, Tourism Victoria, South Australia Tourism Commission, Tourism Western Australia
26 June 2009	<ul style="list-style-type: none"> UK industry roundtable. 	Various tour operators, Various suppliers, Tourism Queensland, Tourism New South Wales, Tourism Victoria, South Australia Tourism Commission, Tourism Northern Territory, Tourism Western Australia, Tourism Tasmania, Travel Weekly
15 July 2009	<ul style="list-style-type: none"> Summer Carnival – networking event partnering with 20 other tourism boards to showcase destinations to corporate, meeting & incentive buyers. 	Nil

4. Media Environment

- 'Bagging a late minute' summer holiday bargain was a focus again in the media in June and July. In preparation for the upcoming summer school holidays, inexpensive short-haul breaks and features on holidaying at home were prevalent in the media this month. Destinations not in the Eurozone, such as Turkey, were regularly featured.
- The peak summer European cruising season has begun, with the travel pages reflecting this with large cruising features in this reporting period.
- *The Daily Telegraph's* circulation was down 3.5 per cent year on year in June to 835,419. *The Independent* again had the biggest drop in the newspaper market, down 14.4 per cent year on year while *The Guardian* was marginally up on May at 336,034. *The Times* remained stable at 590,900.
- *The Daily Telegraph* was the only newspaper to grow its web traffic from April to May. *Telegraph.co.uk* reported 25,246,936 unique users last month, up 5.8 per cent month on month and 36.5 per cent on the same period last year.
- iPhone and iPod touch users can now download interactive personalised and fully searchable Lonely Planet guidebook content from the iTunes App Store.
- Micro-blogging site Twitter has emerged as the fastest growing major website in the UK in the past year.

Please visit www.media.australia.com for details about Tourism Australia's International Media Hosting Program (IMHP) and general media information.

IMHP supporters can access publicity results at www.publicity.australia.com

5. General Travel Outlook

5.1 Political and Economic Outlook

- The UK inflation rate has dipped below the government's two percent target for the first time in almost two years. Data from the Office for National Statistics showed inflation as measured by CPI fell from 2.2 per cent in May to 1.8 per cent in June.

Source: guardian.co.uk

- The Bank of England has left the UK base rate of interest unchanged at 0.5 per cent for the third consecutive month.

Source: telegraph.co.uk

- Tourist boards have been urged to keep investing in promoting their destinations, despite the recession. At the WTM Vision conference in London, Australia and Barbados were both congratulated for actively promoting themselves in the current market.

Source: etid.com

- Up to 40,000 of this year's graduates will still be struggling to find work in six month's time, according to figures compiled for the Guardian that reveal the scale of the recession's impact on the class of 2009.

Source: guardian.co.uk

- The British Government is coming under fire for the increasing death toll of British troops fighting in Afghanistan. Eight British soldiers were killed in a 24 hour period, bringing the death toll to 184, more than the total suffered in Iraq.

Source: guardian.co.uk

5.2 Outbound Travel

- The number of passengers taking ex-UK cruises has jumped by nearly a quarter. The Passenger Shipping Association's annual cruise review showed an 11 per cent jump in the number of cruise passengers to 1.47 million in 2008. The Mediterranean remains the favourite cruise destination for the British but Northern/Western Europe overtook the Caribbean to be second favourite in 2008.
- Singapore Airlines' results for June show a drop in demand and a subsequent fall in capacity of 14.4 per cent on last year's figures. Their load factor fell by 3.5 per cent.
- Passenger numbers at BAA's seven UK airports fell during May for the fourteenth month in a row, with a 19 per cent decline at London Stansted Airport due to Ryanair cutting a number of routes.
- Brits are reluctant to use their full holiday allowance because they are concerned about job security, according to a poll of 3,000 people, commissioned by Teletext Holidays. It found that 28 per cent are worried that taking too much time off might make them targets for redundancy. 96 per cent of those surveyed think getting away from it all is important for their health and wellbeing, and almost 90 per cent think going on holiday is the perfect way of reducing work-related stress.
- British Airways has turned in a record pre-tax loss of £401 million from a record profit of £922 million the previous year. The carrier is to further cut capacity next winter by taking out 4 per cent of flights compared to last year, parking up to 16 aircrafts. Chief Executive Willie Walsh hit out at the UK government's move to double Air Passenger Duty from 2009, stating that it would disadvantage the market's position within the airline industry.
- Virgin Atlantic has announced plans to cut capacity by 7 per cent throughout the winter season. The majority of cuts will be to European destinations, but will include cutting its second daily service from Heathrow to Hong Kong, which launched in October 2008.
- Emirates will fly the A380 into Birmingham International on 9 September for the airport's 70th birthday party and official opening of its new £45 million international pier.
- London could lose its place as a main gateway to Europe if the UK Government goes ahead with plans to increase Air Passenger Duty (APD) in November. The warning comes from ETOA, which represents inbound European tour operators. The Netherlands and Belgian governments have this month abolished departure taxes in an effort to give a stimulus to tourism through their international airports.

Sources: TTG Live/ Travel Daily, Travelmole

6. Next 60 Days

United Kingdom						
START DATE	END DATE	MARKET	PROJECT/EVENT	TARGET AUDIENCE	LOCATION	PARTNERS
5 August 2009	5 August 2009	UK	<ul style="list-style-type: none"> STA Travel, in association with Tourism Australia and Qantas, will continue the second phase of the £10 Pom promotion. The promotion provides 150 lucky travellers with a valid Working Holiday Visa the chance to travel to Australia for just ten pounds. The £10 tickets are available from 5 August. This promotion is part of the UK's Youth Project which encourages 18 to 30 year old Brits to travel to Australia on the Working Holiday Visa. 	Consumers	UK	STA Travel, Qantas
September 2009	October 2009	UK	<ul style="list-style-type: none"> Brand Transformation co-op campaign 	Consumers	UK	Confidential