

United Kingdom

Market Summary

Monthly visitor arrivals increased in September and October. This has generated greater confidence within the trade and an increase in operators reporting a return to sales growth. Although visitor arrivals for the ten months to October decreased comparative to the same period in 2008, UK arrivals performance continues to outperform the forecast. It is expected that the year-end position for arrivals will be better than the forecasted overall decline of nine per cent.

Holiday Visits, the largest segment, is down year to date (YTD) comparative to 2008; however it grew in the month of September and is unchanged in October. The Visiting Friends and Relatives (VFR) segment, driven by competitive airfares has increased to show promising signs for the leisure industry. However, Business Visits continue to suffer in a difficult environment, with many organisations restricting business travel. Demographically, the 60 years and over age group and the youth segment continue to show resilience with growth both YTD and for the month of October comparative to 2008.

Airfares have risen to over £900 for departures in late 2009 and early 2010, reflecting reasonable loads on the airlines through to Easter 2010, taking into account raised APD levies from 1 November 2009. As operators have been finalising their brochures there has been discussion and concern expressed about the growing value of the AUD.

1. Market news

- Britain's recession, already the deepest since the Second World War, has now become the longest, lasting for six consecutive quarters. Contrary to widely held expectations that the economy had started to recover over the summer, it shrank by 0.4 per cent compared with the level of activity in the second quarter. Meanwhile, The Bank of England has left the UK base rate of interest on hold at 0.5 per cent for the seventh successive month.
Source: The Economist, October 23 2009

- The UK enjoys the highest net income in Europe but the poorest quality of life according to research commissioned by USwitch.com. Long working hours, lower holiday entitlement and a high cost of living all contribute to the UK's

poor quality of life. Factors such as net income, taxes and the cost of essential goods such as food and fuel were examined along with lifestyle factors such as hours of sunshine, holiday entitlement, working hours and life expectancy.

Source: USwitch.com, press release, October 1 2009

- The recession has brought an unexpected windfall in the form of lower mortgage interest rates for those with tracker loans. Consumers with these types of mortgages and in secure employment have helped keep cash tills ringing.

Source: The Evening Standard, October 23 2009

- The Office for National Statistics (ONS) said unemployment defied expectations of a rise to 2.5 million in the three months to September with the unemployment total rising by a smaller-than-expected 30,000 to 2.46 million, or 7.8 per cent of the workforce. That was the lowest increase since May last year. Youth unemployment also remained below the one million mark at 943,000, although it means one in five under-24s are not working.

Source: The Guardian, November 11 2009

2. Consumer insights

- The number of long stay travel insurance policies sold to customers aged over 35 by the Insure and Go company has increased by 23 per cent this year. The company estimates that 250,000 people are taking a career break and are using redundancy payments to travel.

Source: The Daily Telegraph, October 17 2009

- British workers who have been made redundant are taking off on extended holidays. Australia is the most popular destination (56 per cent) followed by the US (27 per cent) the Caribbean (14 per cent) and round the world trips (7 per cent).

Source: ebookers.com, September 30 2009

- British consumers are making more online purchases - 53 per cent of online adults say that they are conducting more transactions online than they did in the past due to the economic climate and the ability to compare products and prices.

Sources: Travel Industry Wire, October 19 2009

- Almost half of UK consumers often don't believe what they read on the internet until they have checked the facts in the mainstream, traditional media. In addition, 31 per cent of UK consumers say they would be interested in interacting with their favourite brands through social networking sites.

Source: www.webershandwick.com, October 16 2009

- Half of all UK holidaymakers book indirect flights to save money according to a poll commissioned by cheapflights.co.uk. Cutting costs is the primary reason for taking an indirect flight while 7 per cent said they chose a connection because of a better arrival or departure time.

Source: TTG, October 27 2009

- The 'soliday', solitary holiday, is on the rise as the recession hits holiday budgets. Recent research found one in six Britons decided to travel alone due to friends and family being unable to afford the trip as a result of the recession this year.

Source: www.travelbite.com, November 17 2009

- More than half of UK holidaymakers will cut the number of overseas holidays they take due to the rise in Air Passenger Duty. 13 per cent said they would stop overseas holidaying all together due to the APD increase, which will see the tax increase by a minimum 10 per cent this year before a further increase next November. A poll for World Travel Market shows that 52 per cent of the 1,030 people asked, all of whom took a holiday this summer, would reduce their overseas breaks due to the increase in APD effective 1 November 2009.

Source: *Travelmole*, November 2009

3. Trade Update

- Nick Hughes has left Kuoni, with Joanna Edmunds replacing him as Managing Director of the UK operation.
- The Titan Group (Titan HiTours, Tailor Made Travel, Connections) has been purchased by Acromas Holidays Limited, who owns Saga Holidays and the AA.
- Travelmood has opened the first of their new look re branded stores in Leeds.
- Trailfinders has reported a £7.4 million profit for the year to the end of February 2009, down from £18.6 million the previous year. The independent, tailor-made specialist blamed the decline on the recession and fears of terrorism.
- Travel experts warned at the ABTA conference in Barcelona that summer 2010 bookings would be affected by soccer fans being glued to the television watching England compete in the World Cup in South Africa.
- As at November 2009 there were 3,016 Aussie Specialist agents, of which 63 per cent were fully qualified.

4. Airline news

- Emirates have delayed the introduction of their third daily Dubai – Sydney service from 01 December 2009 to 01 January 2010. The service will run three times per week in the interim.

Source: *Travel Daily UK*, October 19, 2009

- British Airways (BA) and Iberia Airlines have reached a preliminary agreement for a merger, expected to be completed in late 2010.

Source: *Travel Daily UK*, November 13, 2009

- From 1 December 2009, Emirates is launching a new service which will reduce the flight time from Glasgow to Sydney from more than 30 hours to 22 hours 25 minutes.

Source: www.planet-talk.co.uk, October 2 2009

- British Airways and Qantas services to/from Singapore, Bangkok and Australia have moved from London Heathrow Terminal 4 to London Heathrow Terminal 3 on 29 October 2009 following a multi-million pound refurbishment of the Terminal.

Source: TTG, October 29 2009

- To celebrate the 75th anniversary of the first scheduled flights between Australia and England, Qantas Holidays is offering two trips on an exclusive 21-day or 22-day trip, covering 17 destinations. The trip will include travelling one way on the classic Convair CV580, the original aircraft to fly the route in December 1934, and returning on Qantas' A380. The tour is priced from £21,900 per person.

Source: <http://www.prlog.org/10390411-relive-the-original-1934-aerial-route-to-australia-on-an-exclusive-trip-in-classic-convair-cv580.html>, October 27 2009

5. Competitor news

- Sri Lanka attracted 16.9 per cent more UK tourists in August than the same period last year. According to the Sri Lanka Tourist Promotion Bureau, forward bookings for the rest of the year are strong.

Source: *eturbo news*, October 7 2009

- During the first seven months of 2009 758,576 British tourists visited Thailand. Thailand's target market remains the pre and post family sectors, with the 45+ age group still providing the largest and most affluent group of visitors from the UK.

Source: *Tourism Authority of Thailand*, November 9 2009

- British travellers to the United States are getting a better deal thanks to the renewed strength of the Pound Sterling against the US Dollar. Travel company Hayes & Jarvis reported they would get 24 per cent more now (November 2009) than at the Pound's low point against the Dollar in March 2009.

Source: *Source: eturbonews.com* November 19 2009

- British travellers are beginning to take long-weekend holidays to Egypt making the most of the current promotions in the market, according to the Egyptian State Tourist Office.

Source: www.southalltravel.co.uk/news October, 23 2009

- Lufthansa has announced that UK customers will benefit from 12 new destinations in the US and Puerto Rico after launching a code sharing agreement with JetBlue. The destinations include Buffalo, Pittsburgh, Tampa and New Orleans.

Source: *Travel mole*, September 2009

- The number of visits abroad by UK travellers slumped by 14 per cent or 9.8 million to 60.8 million in the year to September. Business trips by UK residents abroad were down by 16 per cent in the 12 months to September, compared with a year earlier. Visits abroad in the peak summer quarter between July and September fell by one per cent to 14.7 million with associated spending of £7.6 billion. Source: Travelmole, November 2009

6. Key Campaigns and Activities in Market

| October and November campaigns and activities | | | | |
|---|------------------|--|--|---|
| START DATE | END DATE | DESCRIPTION | TARGET AUDIENCE | PARTNERS |
| 1 October 2009 | 31 March 2010 | <i>Miles Morgan Australia</i> . Introduction of dedicated Aussie Specialist desks in all Miles Morgan Travel shops supported by direct mail and regional press campaigns. | Experience Seekers residing in Cotswolds local catchment | Miles Morgan Travel |
| 1 October 2009 | 30 November 2009 | <i>Austravel Unmistakable Value</i> . In store and direct mail campaign positioning the value of Australian holidays through Thomson/First Choice Retail outlets. | UK First Time Experience Seekers | Austravel |
| October 2009 | November 2009 | <i>International Media Hosting Program visits:</i> <ul style="list-style-type: none"> • <i>Condé Nast Traveller</i> travelled to Ningaloo Reef in Western Australia, • <i>The Guardian</i> newspaper travelled to Sydney to cover the new YHA, • <i>OK!</i> magazine travelled to Sydney to research a 'hip Sydney' piece, • <i>FHM</i> travelled to Western Australia and South Australia to research a piece on the Nullarbor Links golf course, • A freelancer travelled to the new Wolgan Valley property in the Blue Mountains, to research commissions for <i>The Daily Telegraph's</i> luxury travel magazine <i>Ultra, House & Garden</i> and <i>Spears Magazine</i>. | UK First time Experience Seekers | Qantas, Tourism Western Australia; Tourism New South Wales, Tourism Victoria, Tourism Tasmania, Tourism Queensland, Tourism South Australia |
| 17 October 2009 | 28 February 2010 | <i>Milestones Australia</i> . Direct mail and print campaign designed to showcase Australia touring product to an affluent market. | 45+ Experience Seekers | Milestones |
| 1 November 2009 | 31 December 2009 | <i>Under the Skin of Australia</i> : Digital campaign designed to raise the profile of Australia's Barefoot luxury experiences amongst affluent Brits through promotional and advocacy activity. | High income earners living in metropolitan areas | Black Tomato |
| 2 November 2009 | 9 December 2009 | <i>Corroboree Europe '10</i> : Applications open for Aussie Specialists from all over Europe on Trade Events Online. | Aussie Specialists across Europe | Qantas & Tourism Victoria |

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|------------------|------------------|---|--|-------------------------------|
| 2 November 2009 | 16 December 2009 | <i>Australia. Sounds like a plan.</i> Online and print campaign to motivate young Experience Seekers to plan a holiday to Australia. | Young Experience Seekers | STA Travel |
| 5 November 2009 | 8 November 2009 | <i>Luxury Travel Fair.</i> Presence at Luxury Travel Fair at Olympia in London focussed on Australia. | UK Luxury Experience Seekers | The Turquoise Holiday Company |
| 9 November 2009 | 30 November 2009 | <i>Two Week Walkabout.</i> Print and online co-operative activity with Qantas. Long copy and half page print ads will feature in national press and online banners, positioning Australia as an achievable two-week holiday destination and promoting the Qantas Walkabout Pass. | UK consumers | Qantas |
| 24 November 2009 | 3 December 2009 | <i>TUI Retail Roadshow.</i> Sponsorship of roadshow to reinforce Australia as a destination through First Choice Retail and Thomson staff. | TUI Retail Staff | Austravel |
| November 2009 | January 2010 | As part of the Tourism Australia luxury project, Tourism Australia has produced a series of advertorials in the December issues (out in November) and February issues (out in January) of <i>Tatler</i> , <i>House & Garden</i> , <i>GQ</i> , <i>Brides</i> and <i>Condé Nast Traveller</i> . Each magazine features a four-page promotion highlighting a range of different luxurious Australian experiences and accommodation as well as a competition. The advertorials are supported by online content on www.condenast.co.uk/australia which features luxury copy and imagery and the competition to win a wine tasting session and a case of wine with Penfolds (November) and a luxury holiday with Seasons in Style (January). To win, entrants must answer a question – the answer to which can be found on australia.com . | High-yield First Time Experience Seekers | Penfolds, Seasons In Style |

| Upcoming campaigns and activities | | | | |
|-----------------------------------|-----------------|---|---|---|
| START DATE | END DATE | PROJECT/EVENT | TARGET AUDIENCE | PARTNERS |
| December 2009 | January 2010 | <p><i>International Media Hosting Program visits:</i></p> <ul style="list-style-type: none"> • <i>The Yorkshire Post</i> is visiting Sydney and Brisbane to research features about the upcoming Ashes series, • <i>Lonely Planet</i> magazine will travel to Victoria for a Great Ocean Road; Mornington Peninsula and Wilsons Prom travel feature, • <i>The Daily Telegraph</i> will travel to South Australia to research a feature on Kangaroo Island, • <i>The Guardian</i> will travel to Victoria to research a Melbourne city feature, • <i>Western Morning News</i> will travel to Queensland to research two pieces. | UK First time Experience Seekers | Qantas, Tourism Western Australia; Tourism New South Wales, Tourism Victoria, Tourism Tasmania, Tourism Queensland, Tourism South Australia |
| 16 December 2009 | Ongoing | New Aussie Specialist website to be launched globally. Aussie Specialists will benefit from a new design and updated content. | Aussie Specialists | |
| 01 January 2010 | 30 April 2010 | <i>Wexas Australia 2010</i> . Print and promotional campaign. | High end consumers | Wexas |
| 26 January 2009 | 26 January 2009 | <i>Australia Day promotion:</i> To celebrate Australia Day, Tourism Australia is hosting a media networking event for key UK journalists. Tourism Australia is presently negotiating a radio promotion as part of Australia Day activity. The details of this promotion are to be confirmed. | Journalists & First Time Experience Seekers | n/a |
| January 2010 | January 2010 | As part of Tourism Australia's luxury project, Tourism Australia is running a promotion with <i>TTG Ultra</i> magazine – the luxury magazine aimed at agents selling to high-yield consumers. The promotion gives agents the chance to win a place on a luxury famil to Emirates' Wolgan Valley Resort and Spa and Southern Ocean Lodge. A journalist from Ultra will travel with the agents and write a feature in an upcoming issue about the Australian luxury experience. The objective of the campaign is to increase agents' knowledge of selling luxury Australia and highlight Australian luxury experiences. | Travel agents | Emirates Airline, Emirates Hotels and Resorts |