

WEEKLY REPORT

14 October 2022



COVID-19 UPDATE

The number of people testing positive for COVID-19 has increased by 21.1% between 1 October and 8 October. Meanwhile, the number of deaths within 28 days of positive test results has risen by 14.9%. As of 9 October, 69.5% of people aged 12 and over in England have received their first booster or third vaccination. Over-50s in England have now been invited to book an appointment to receive their COVID-19 booster and flu jab. The Scottish government has announced that it will begin inviting 50 to 64-year-olds very soon.

ECONOMIC, POLITICAL AND SOCIAL UPDATE

Royal Mail staff begin 19 days of strikes

General Secretary of the Communication Workers Union (CWU), Dave Ward, has stated that workers face the “biggest ever assault” on jobs, terms and conditions “in the history of the Royal Mail” as members begin the first of 19 days of industrial action. The strike will include Black Friday (25 November) and Cyber Monday (28 November) and will likely cause disruption to the delivery of letters and parcels. The Royal Mail has been accused by the CWU of planning structural change, which would effectively see employees in secure, well-paid jobs turned into a “casualised, financially-precarious workforce overnight”. The union has been urged by the postal company to cancel the walk-out and accept invitations for talks as this industrial action threatens the job security of postal workers, as the business is planning to make up to 6,000 people redundant by August 2023. It has been said that losses are a result of “the direct impact of eight days of industrial action” as well as lower volumes of parcels being posted. Royal Mail has stated that if workers go ahead with further walk-outs “the loss for the full year would increase materially and may necessitate further operational restructuring and headcount reduction”.

Consumers urged to cut energy use this winter

Ofgem, the UK's energy watchdog, is set to launch a campaign in an attempt to reduce energy use this winter. The public information campaign will help households to cut their gas and electricity consumption in order to reduce their bills as energy costs continue to rise. Ofgem's chief executive, Jonathan Brearley, said that reducing energy consumption was "not only the most direct way of reducing our bills [but] it directly helps with security of supply". This came amongst growing fears that households could experience a series of three-hour power cuts this winter if Putin shuts off gas supplies from Russia, or if Britain experiences a cold snap, according to the National Grid, though Brearley does not think a supply emergency is likely.

Mini Budget U-turn

Since announcing plans to cut a number of taxes in their mini-budget last month, chancellor of the exchequer Kwasi Kwarteng and prime minister Liz Truss are facing calls to change the plan to calm market turbulence and reassure the party. Many Tory MPs believe further changes are inevitable, following a previous U-turn on the scrapping of the top rate of income tax. The mini-budget included £45bn of tax cuts, funded by borrowing, which spooked financial markets and prompted a drop in the value of the pound as well as a drop in public confidence in the prime minister. Truss is expected to hold a press conference later today in which she will announce the rise of corporation tax, abandoning one of the flagship tax cut promises from her Tory leadership campaign.

TRADE UPDATE

ABTA and Deloitte launch Climate Action Guidebook

ABTA and Deloitte have launched a new Climate Action Guidebook which outlines how businesses can lead the way to decarbonisation and make travel and tourism more sustainable. The manual, which was launched at ABTA's Travel Convention, will help business leaders gain technical knowledge and understanding on carbon reduction and the practical steps their businesses can follow to take action.

Travel agents see 95% September surge in overseas holiday spend

Card spending on overseas travel in September continued to be "significantly up" on last year despite the cost of living uncertainty continuing to impact other sectors. Travel agents saw the largest spend growth per customer at almost 95% last month, followed by airlines at 60%, the latest Barclays UK consumer spending report revealed. People are more confident to holiday abroad than this time last year when COVID-19 travel restrictions limited overseas trips.

Stansted strike threat ends after workers accept 'improved' offer

The threat of strike action at Stansted has ended after more than 1,000 workers agreed a new pay offer from airport bosses. A strike by firefighters, security officers, cleaners and passenger ambassadors was on the cards when workers rejected an offer of 7.5% and a one-off payment of £250. Following the ballot for industrial action by Unite the Union, fresh talks were held with owners Manchester Airports Group and an improved offer was put forward. The offer of a 10% increase plus an additional £250 payment was accepted by workers. Lowest paid workers were offered an 11% raise over the year.

Suppliers hold off pricing holidays for 2023 amid uncertainty over costs

Pricing inbound holidays for 2023 is proving difficult with suppliers reluctant to commit to prices far in advance amid rising costs. The head of one tour operator highlighted the problem, saying "We do a lot with the U.S. market, so we're smiling with the exchange rate, but we have hotels that won't quote for us for the end of next year. They're working just 12 months ahead." She added "Hotels don't want to commit to pricing because they don't know what their energy costs will be." The head of a destination management company agreed, arguing "We're closing quotes now for 2023 and my base price for quoting is made up because I don't know the price of hotels, I don't know the price of guides, and it could be a margin catastrophe".

AIRLINE UPDATE

Air Canada expands UK services for summer 2023

Air Canada has expanded two of its services to the UK as it increases its international network for summer 2023. The carrier will expand its Toronto to Heathrow service from three to four daily flights and its Toronto to Edinburgh service from six times a week to daily. In addition to boosting its UK schedule, the airline has extended routes to major European cities and added new flights to Brussels, Toulouse and Copenhagen from Montreal and Toronto.

BA owner reports 'no sign' of forward booking weakness

The owner of British Airways delivered a better than expected summer performance and indicated no signs of weakness in forward bookings. International Airlines Group, which also runs Aer Lingus, Iberia and Vueling, saw its shares rise by as much as 10% on the announcement on Thursday. Operating profits from the summer peak quarter to September 30 2022 are expected by the company to be in the region of €1.2 billion against a loss during the pandemic at the same time last year. IAG said "Trading during the third quarter has been better than expected due to passenger

revenue strength. Forward bookings remain at expected levels for the time of year, with no indication of weakness, and accordingly our fourth quarter expectations remain unchanged as of today."

Virgin Atlantic seeks to recruit 200 additional cabin crew

Virgin Atlantic is looking to recruit an additional 200 new cabin crew. The roles will be part of an initial six-month fixed term contract with a view to extend. The intake follows the drive to recruit 400 new crew earlier in the year. Applicants from all backgrounds, no matter age, gender, ethnicity, sexual orientation, disability, religion or beliefs are encouraged to apply, according to the carrier. Cabin crew are offered regular training to support career development and opportunities in the travel industry and beyond.

Ryanair has inked a new long-term pay settlement with its UK cabin crew

Ryanair has inked a new long-term pay settlement with its UK cabin crew, one it says will offer pay and benefit improvements through to 2026. Brokered with Unite the Union, the new collective agreement will restructure cabin crew pay to speed up pay restoration. The new terms also include upfront and annual pay increases, and "other pay and benefit improvements" for all UK-based cabin crew. Over the next year, Ryanair plans to grow to 115% of pre-COVID-19 capacity. The airline said that prioritising job security for existing crew would be a key "foundation for growth".

TOUR OPERATORS, TRAVEL AGENCIES, OTA UPDATE

Travel Counsellors reports record-breaking sales figures for 2022

Travel Counsellors has announced record-breaking sales figures for 2022, with leisure and corporate bookings outpacing pre-pandemic levels. The homeworking group has amassed £700 million in new bookings so far this year, more than 20% up on full-year figures for 2019, with September sales alone up to £75m. All markets in which Travel Counsellors operates are outperforming full-year 2019 figures, reported the firm, with corporate travel up by 20% versus pre-pandemic figures.

Royal Caribbean International reports 'robust consumer spending'

Royal Caribbean International is seeing a return to typical booking patterns with "robust" spending by consumers, despite cost-of-living concerns. Michael Bayley, president and chief executive at Royal Caribbean International, told delegates at ABTA's convention in Marrakech, "We have yet to see a crisis of confidence from consumers. Looking to the remainder of this year, 2023 and early 2024, we see a very

normal, typical return to booking behaviour by consumers. He added “We are seeing very robust consumer spending, especially with onboard spending. It was strong as we came out of the pandemic and we thought it would wane, but it has continued.”

TTC Tour Brands boss ‘cautiously optimistic’ despite rising prices

The new boss of The Travel Corporation Tour Brands is “cautiously optimistic” about bookings as she and her team prepare for a return to a more traditional peak selling season in the new year. Kelly Jackson, managing director of the EMEA region for brands such as Trafalgar, Insight Vacations and Contiki, told a Travel Weekly webcast that the challenge of COVID-19 has been replaced by economic and cost-of-living crises and the war in Ukraine – as well as issues around availability, capacity and airfares. She said 2023 tour prices are higher because the costs have risen throughout the supply chain around the world.

SOCIAL UPDATE

TikTok adds Photo Mode for still images

TikTok’s new Photo Mode looks exactly like Instagram, with users able to post carousels of still images that users can scroll through in the app. This option could open up new creative options to enhance the overall offering of TikTok. In addition to this, the app has added new editing tools to make it easier to refine clips before posting as well as officially launching its longer captions, with creators now having up to 2,200 characters to accompany each clip.

Instagram tests out new ad options

Instagram has announced the testing of new ad options, in the hope of maximising its revenue intake, while also providing new opportunities for brands. The social networking service is adding ads into the first Explore page as well as testing ads in a profile feed which users scroll through after visiting another account’s profile. This could present monetisation opportunities for creators in the future as this activity would be tied back to an individual profile and content.

MICE UPDATE

New study reports shifting preferences and priorities in incentive travel

The newly released 2022 Incentive Travel Index (ITI) reports that overall the incentive travel industry is strong, with recovery progressing, programme design evolving and increased interest in new destinations. According to the survey, buyers are increasingly focused on destinations that aren’t too far and are favouring resort

destinations at the expense of urban destinations. However, they are still looking for something new and 62% are seeking destinations they haven't used before. Activities that promote relationship building are the most appreciated activity as key to a successful programme, followed by group cultural experiences, luxury travel experiences and group dining. In terms of destination selection criteria, value for money and safety are considered the most important according to 89% and 87% of respondents respectively.

LIGHTER NOTE

Therapy ponies bring joy to Peterborough care home residents

Charlie and Pickles, two therapy ponies, have been visiting hospitals and care homes to provide comfort and joy to patients and residents. Watch [here](#).