

WEEKLY BRIEFING

20 January 2023

ECONOMIC, POLITICAL AND SOCIAL UPDATE

Food prices keeping inflation at a 40-year high

Inflation fell to 10.5% in the year to December from 10.7% in November. Petrol and diesel costs eased last month but food prices continued to soar, reaching the highest since 1977. Millions of people are struggling with the cost of living which has been rising steadily as Covid restrictions eased and Russia launched its assault on Ukraine. Food prices rose 16.8% in the year to December as many families splashed out for Christmas, according to the Office for National Statistics (ONS). Basics such as milk, cheese and eggs saw the largest increases. Prices for sugar, jam, honey and chocolate as well as soft drinks and juices also jumped.

Fresh pay offer given to rail workers in a bid to end continuing strike action

The Rail Delivery Group (RDG) has made a new offer to the RMT union, which includes a backdated pay rise of 5%, up from a previous offer of 4% for 2022, and a 4% increase this year. However, the deal depends on changes to working conditions. RMT general secretary Mick Lynch said: "The national executive committee will be considering this matter and has made no decision on the proposals nor any of the elements within them". An update is set to be given in due course.

There have been 16 days of strike action since June 2022 involving RMT members working at both train companies and Network Rail, with Network Rail members additionally striking between Christmas Eve and 27 December 2022. Train drivers in the RMT are also due to join members of the main drivers' union, Aslef, in strikes on 1 and 3 February 2023.

The UK economy unexpectedly grew in November, helped by a boost from the World Cup

The economy expanded by 0.1%, helped by demand for services in the tech sector and in spite of households being squeezed by rising prices. The Office for National Statistics (ONS) said pubs and restaurants also boosted growth as people went out

to watch the football. However, it is still unclear whether soaring costs will tip the UK into recession.

Although the November reading of gross domestic product - a measure of all the activity by businesses, the government and people in the UK - was much better than anticipated, the overall picture still suggests the economy is stagnating as food and energy bills go up and people cut back. The November increase marks a slowdown from a 0.5% rise in October, which was largely as a result of a bounce back from businesses shuttering to mark Queen Elizabeth II's funeral in September. Economists have suggested that the latest data makes it less clear whether the UK will have entered a recession at the end of last year.

Wages have grown at the fastest rate in more than 20 years, but are still failing to keep up with rising prices

Average pay, including and excluding bonuses, rose by 6.4% between September and November 2022 compared with the same period in 2021, official figures show. It is the fastest growth since 2001, excluding during the height of Covid, but when adjusted for rising prices, wages fell in real terms by 2.6%. Pay packets failing to keep pace with the rising cost of living has led to thousands of workers striking over pay and working conditions in recent months. Strikes have disrupted everything from train services to postal deliveries and hospital care, and more industrial action is set to take place in the coming weeks. In total, 467,000 working days were lost due to strikes in November 2022 - the highest number in more than 10 years.

TRADE UPDATE

Foreign Office issued France travel warning as flights and trains are cancelled

Travellers heading to France were expecting two days of disruption over Thursday and Friday (19 - 20 January) owing to two days of French national strikes over pension reforms. Air services were said to be affected by the action, while most trains in France were cancelled on Thursday. The Paris metro has also been heavily disrupted with many staff at many theatres and music venues expected to join the action. The Foreign Office (FCDO) advised those due to travel to or from France during the strike period to check the latest advice with their operators before travelling, avoid demonstrations, and follow the advice of local authorities. Eurostar has confirmed it would run a revised timetable over 19 - 20 January, with the strike set to impact the availability of crew and opening hours on the high-speed line it uses in northern France. There will also be a knock-on effect on 20 January, the company warned. EasyJet, meanwhile, advised passengers to check the status of their flight on its website or through its app before heading to their departure

airport. The airline added that as national and local rail services may also be affected, travellers should plan their journey in advance and allow plenty of time to get to and from the airport. The strikes have been called by unions opposing the French Government's plan to increase the retirement age by two years to 64.

Mexico smoking ban extended to beaches and hotels

Tourists could be fined or jailed for ignoring strict new anti-smoking laws in Mexico, which includes a ban in all public places, such as beaches, hotels and town squares. The law came into effect on Sunday and has been described as 'one of the most stringent in the world'. It's an extension of the country's previous anti-smoking laws, which applied to public transport, bars, workplaces and restaurants. The only legal place to smoke in Mexico is inside private homes or private outdoor spaces, and tourists who smoke face fines of between \$50 (£40) and \$300 (£240) if caught smoking in public. Anyone who refuses to cooperate could be jailed for 36 hours. It's also reported that electronic cigarettes and vapes can't be used in public spaces in Mexico. However, there are doubts as to whether the law will be enforced. The UK Foreign Office has not yet updated its advice to include the new law.

World Cup drove tourism sector growth in December

Tourism sector output grew last month thanks to the FIFA World Cup, according to the latest Lloyds Bank UK Sector Tracker. It found that the number of UK sectors reporting output growth more than doubled in December 2022 with seven of the 14 industries monitored by the tracker experiencing month-on-month growth compared with November 2022. A reading above 50.0 on the Tracker indicates expansion, while a reading below 50.0 indicates contraction. One of the sectors seeing growth was the tourism sector, which posted a reading 50.2 last month compared with 44.6 in November. However, despite the boost – which Lloyds attributed to the World Cup in late November and early December – growth in the tourism sector was often "mild". Jeavon Lolay, head of economics and market insight at Lloyds Bank Corporate and Institutional Banking, said: "While the economy held up better than expected in recent months, the impact of temporary boosts such as the World Cup and first Covid-19 restriction-free Christmas for three years is evident. The mixed performance across UK sectors is likely to remain a rolling theme in 2023 as the strains from rising prices and higher interest rates impact both households and firms disproportionately."

Brand USA has revealed the details of its next "mega fam" for the UK and Irish trade

The trip, which will see the company host 60 agents across six itineraries, will take place on 19 April 2023. To secure a spot on the fam, agents must log their bookings made with American Airlines and British Airways from 16 January - 28 February 2023 and complete the Mega FAM Airlines Badge on the USA Discovery Program UK and

Ireland website. Additional information about the six itineraries will be released in due course. Jackie Ennis, vice president of global markets for Brand USA, said: "Brand USA Mega FAMs allow agents to really get under the skin of a destination to better sell the US."

Lata to host first-ever trade roadshow in 2023

The Latin American Travel Association (Lata) will host its first-ever agent roadshow later this year. The association will host the first event in Bristol on 14 March, the second in Birmingham on 15 March and the third in Manchester on 16 March. The programme will showcase the region and provide agents with key contacts, information and the tools needed to sell the region. Tourist boards, tour operators and hotel groups will also provide a taste of Latin America.

The deadline for tourist boards and tour operators to register their interest in participating is 31 January.

AIRLINE UPDATE

EasyJet

EasyJet has confirmed the new Manchester - Paris Orly route will be operational five days a week from 27 March 2023 with seats now on sale. The route will offer customers more choice when planning their city getaway. The airline will also introduce an additional Airbus A320neo to its Manchester roster, bringing its total to 21 aircraft operating at the airport.

Emirates

Emirates plans to ramp up services to mainland China and Hong Kong over the coming weeks and months after various long-standing Covid restrictions were eased. Hong Kong relaxed its testing and vaccine pass requirements late last year, while China reopened its borders for the first time since the start of the pandemic on 8 January 2023. The Gulf carrier will restore a twice-weekly Shanghai service from 20 January, increasing to a non-stop daily service from 1 March. Daily non-stop Beijing flights will resume from 15 March, while from 1 February, Emirates will extend its current four-times-weekly Guangzhou service to a non-stop daily service. Emirates will then extend its Hong Kong schedule with an additional non-stop daily service starting 29 March, in response to "growing demand on the route".

Wizz Air

Wizz Air announces four new Turkey routes for Summer 2023, including Istanbul, Dalaman and Antalya from Gatwick and Istanbul from Luton. Gatwick - Antalya flights will start on 26 March, operating four-times-weekly on Mondays,

Wednesdays, Fridays and Sundays. Gatwick-Dalaman flights, meanwhile, will also operate four times a week on Tuesdays, Thursdays, Saturdays and Sundays, starting 23 May.

TOUR OPERATORS, TRAVEL AGENCIES, OTA UPDATE

G Adventures

G Adventures has established a new holding company, bringing existing and new brand acquisitions under the same parent brand, called G Travel Community (GTC). The purpose of GTC is to create a community of travel companies that have 'community-led growth'. The current brands joining GTC are G Touring and TruTravels, both based in the UK.

Travel Counsellors

Travel Counsellors recorded its busiest-ever day on record earlier this week after taking £5.53 million in sales on 18 January. The record-breaking day pushed the homeworking giant's January past £50 million, with the group also recording its biggest-ever Monday for bookings on 16 January as sales topped £4.7 million. A recent survey by Travel Counsellors found customer confidence remains high, with 89% of respondents still looking to travel, despite the ongoing cost of living crisis. Jim Eastwood, global sales director at Travel Counsellors, said: "This is a record-breaking January so far, with [so-called] Blue Monday spurring customers on to book their holidays for the year, in addition to our sizable corporate travel sales." Eastwood added: "These outstanding results show that despite the current environment, customers are still placing great value on travel experiences, while wanting to book with someone they can trust and who will be there for them every step of the way." Popular destinations include Spain, the US, Greece, the UAE, Italy, Finland and Thailand. While "late" bookings for February and March have increased as customers look to get away during the winter for a short break, Travel Counsellors said its sales data suggested customers were also getting back into the routine of planning and booking their summer holidays well in advance, with July and August still the group's biggest departure months.

Riviera Travel

Riviera Travel's trade partner revenue is up by a quarter versus 2019, while January bookings are already running around a third ahead of target. Chief customer officer Simon Michaelides said the company had managed to carry positive sales momentum into 2023 after the company returned to profit for the first time since the start of the pandemic. Riviera carried around 70,000 passengers last year, with a return rate of about 80%, said Michaelides, while river cruise load factors have run

to 95%. Turning specifically to trade sales, Michaelides said trade partner revenue was up by 25% compared with 2019, with average sales prices "about £300" ahead of direct sales. Explaining the £285 discrepancy between Riviera's trade and direct booking values, head of agency sales Tom Morgan told TTG that the company had seen a big increase in trade clients seeking to upgrade their holidays.

SOCIAL UPDATE

TikTok tests new feature to facilitate brand deals

TikTok is adding a new 'Talent Manager' feature to its Creator Marketplace, which will allow agents and representatives of creators to manage their clients' brand deals. This new option won't give agents access to a creator's account but will allow them to manage how brands see their content. TikTok's short form videos are harder to monetise than traditional video content as pre and mid-roll ads can't be added. As such, TikTok is depending on brand deals to ensure its top creators get paid as well as funding through its Creator Fund. The app has also added other means of monetisation with eCommerce and in-stream shopping; however they haven't proven to be key earners.

MICE UPDATE

Meetings and events sector essential to UK economic growth plans, says Lords committee

In a report published on 17 January 2023, the Lords committee said that creative industries such as the meetings and events sector should sit at the heart of the UK's economic growth plans. The UK's creative industries were worth more than £115bn to the UK economy before the pandemic and make up as many as one in eight businesses across the country. Their contribution to the economy in 2019 was more than the aerospace, life sciences and automotive industries combined. The sector also delivers higher levels of innovation than many other areas of the economy.

The Committee warns that the UK risks losing its leading position in this fast-growing industry and that the Government has a major opportunity to put the creative sector at the heart of its future growth agenda but is failing to do so.

LIGHTER NOTE

Watch these happy ponies play in their new home in Thetford heathland. See [here](#).