

WEEKLY BRIEFING

3 February 2023

ECONOMIC, POLITICAL AND SOCIAL UPDATE

Bank of England says recession expected to be shorter and less severe

The UK is set to enter recession this year but it will be shorter and less severe than previously thought, according to the Bank of England. The slump is now expected to last just over a year rather than almost two as energy bills fall and price rises slow. As a result fewer people are likely to lose their jobs, but the economy remains fragile, warned the Bank. The forecast comes as interest rates were raised to 4% from 3.5%, their highest level in over 14 years.

Energy bills pushed up by electricity charge, research shows

The way electricity prices are set has pushed UK household bills up by £7.2bn over two years, analysis suggests. Under existing rules, energy suppliers pay the highest price for wholesale electricity regardless of how it is produced. Gas-fired power stations are the most expensive way to generate electricity, but only make about 40% of all electricity used by UK homes. The Department for Business, Energy & Industrial Strategy (Beis) said it had "already launched a major review" of the electricity market "to radically cut costs" for consumers in the long term.

Tory backbenchers plan to put pressure on Hunt to cut childcare costs

A handful of influential Tory backbenchers have created an informal pressure group to push the chancellor, Jeremy Hunt, to cut the costs of childcare at next month's budget, as experts say the sector is in crisis. Proposals include changing subsidies and relaxing employment regulations in an attempt to bring down costs quickly, with Britain among the most expensive countries in the world for childcare.

UK house prices fall for fifth month in a row

House prices in the UK continued to fall in January 2023, sliding for the fifth month in a row, according to Nationwide, pushing the average cost of a home 3.2% below the peak seen last August. Nationwide said it was too early to tell whether housing market activity had started to recover, as mortgage rates offered by lenders are returning to normal after they soared following Liz Truss and Kwasi Kwarteng's mini-budget last September.

Demand for mortgages also tumbled to its lowest level since the COVID-19 lockdown in December 2020, according to figures from the Bank of England, which found the number of home loan approvals continued to drop in December.

TRADE UPDATE

Agents' New Year confidence proves well-founded despite pricing worries

Agents headed into the new year with new-found optimism and confidence as peak sales came roaring back in volumes unseen since early 2020. Almost a third of respondents (32%) to *TTG's* Travel Agent Tracker survey of the year told us enquiries had increased month-on-month, with average enquiry numbers standing at 41 - the highest level since the summer. Meanwhile, 40% said their average sales price per person going into January was between £2,001 and £5,000, up from 23% in November 2022. While rising prices don't appear to have stifled sales significantly, price increases did rank as the single biggest issue for agents ahead of peaks.

Tour companies turn to ultra-luxury options to impress wealthy clients

Tour operators and travel advisors are finding new ways to outdo themselves when it comes to offering the next level of exclusive travel experiences to wealthy clients. Demand for exclusive travel experiences is nothing new, but with the end of the pandemic, ultra high-net-worth travellers began looking for the next level of access, and the industry responded.

Post-pandemic, unique experiences have become the most sought-after way to connect people. Some companies, such as Luxury Gold, are stepping up their ultra-exclusive game by reducing the number of itineraries it offers and cutting down group sizes. Doing so enabled the company to focus on products its clients love and to offer what it calls a more "intimate and elegant travel experience."

Border force strikes could wreck half-term holidays

New Border Force strikes will be held during the February half-term holidays, over an ongoing pay dispute with the government. The PCS union confirmed approximately 1,000 staff would walk out on 17th-20th February 2023 at Dover, Calais, Coquelles and Dunkirk ports. A Home Office spokesperson said they were "extremely disappointed" with the decision and warned travellers to "be prepared for disruption", as these strikes will impact those returning from their holidays.

'Outdated' US vaccination mandate delaying pandemic rebound

The US Travel Association has urged the Biden administration to expedite the end of a requirement for international visitors to provide proof of COVID-19 vaccination, something it says is delaying the US inbound sector's rebound from the pandemic. "We have long supported the removal of this requirement and see no reason to wait until the May expiration of the public health emergency, particularly as potential visitors are planning spring and summer travel," said Tori Emerson Barnes, the association's executive vice-president of public affairs and policy. She added it was time to "normalise" travel to and from the US following the COVID-19 pandemic.

AIRLINE UPDATE

Flyr - Norwegian budget carrier Flyr, which launched in 2021, has been forced to file for bankruptcy, days after the collapse of Flybe. The airline confirmed efforts to secure new funding had failed, and that it would cease trading and cancel all flights. "Flyr was unsuccessful with the new financial plan and the board concluded on Tuesday evening that there are no alternatives for further operation," the airline said in a statement.

Qatar Airways - Qatar Airways and Airbus have reached an amicable settlement in their long running legal spat, in relation to their legal dispute over A350 surface degradation and the grounding of A350 aircraft. A repair project is now underway and both parties look forward to getting these aircrafts safely back in the air.

Virgin Atlantic - Virgin Atlantic will restart flights to China in 2023 after a more than two-year hiatus due to the COVID-19 pandemic. Daily services from Heathrow to Shanghai will resume on 1 May 2023, with fares starting from £669 per person. Shanghai is the final route to return following the global pandemic, restoring Virgin Atlantic's flying programme to full capacity.

TOUR OPERATOR UPDATE

Crystal - Crystal Cruises details its relaunch under the ownership of The Abercrombie & Kent Travel Group, which includes a tie-in with its new sister company, a shorter name and, for a limited time, larger commissions for travel agents. Crystal's rebirth began on 31st January 2023, with the release of itineraries through 2024, renderings of the remodelled Crystal ships (the Crystal Serenity and Symphony are both undergoing major renovations), longer port stays and opportunities for excursions provided by Abercrombie & Kent.

Exsus Travel - Luxury operator Exsus Travel has claimed its best sales month on record during January 2023, with agent bookings accounting for more than 85% of revenue. Exsus said its overall sales figures for last month rose more than 75% compared to January 2022 – its best monthly performance since the company was founded over 24 years ago. The operator said its sales efforts through the trade have been boosted recently by its personalised marketing assets, e-brochure and the return of in-person events.

Flight Centre - Flight Centre Travel Group (FLT) announced on 31st January 2023 that they are set to acquire luxury tailor-made specialist Scott Dunn in a deal worth upwards of £120 million, and are hopeful to complete a deal by the end of February 2023. FLT will operate Scott Dunn as an independent business unit, with support from the wider group, and plans to retain Scott Dunn's existing management team, who will continue to oversee the brand under FLT's ownership. The acquisition, it said, would allow the group to diversify its footprint in the northern hemisphere, while also underpinning its plan to expand in its core markets and develop a portfolio of global luxury travel brands.

InsideJapan - Specialist operator InsideJapan has paused all new enquiries for travelling before 12th April 2023 after being inundated by demand for its "busiest ever" cherry blossom season. It is the first season accessible to international tourists for four years since Japan reopened its borders to travellers last autumn and InsideJapan said it has seen particular demand for late March to early April. "2023 was going to be about travel getting back on track, but it is more a case of keeping up with incredible demand. It looks like Japan is firmly established on travel wish lists", said Agency sales and marketing manager Matt Spiller.

SOCIAL UPDATE

Facebook usage is increasing as Meta continues to invest in AI

According to a report by the Wall Street Journal, Facebook usage is increasing globally. Despite the rise of TikTok, Reels consumption has increased by 20% showing how the platform has utilised short-form video to drive usage. This success has been attributed to Facebook's investment in AI which has improved relevance models for Reels and ads, showing users content that they are more likely to be interested in.

Instagram founders launch new social app

The founders of Instagram have created 'Artifact', a new social app which will focus more on content rather than social functions. The app will provide users with a tailored news feed informed by machine learning from in app actions. Artifact will remove content that perpetuates misinformation and will be selective about publishers and content permitted on the app.

Snapchat adds 12 million users in Q4 of 2022

In the last quarter of 2022, Snapchat gained 12 million users, bringing the platform to 375 million average daily users and also saw an increase in Snapchat+ subscribers. Most of this growth was seen in 'Rest of the World', especially India with a slight increase in Europe. However, there was flat growth in North America, a region that Snapchat is dependent on for revenue.

MICE UPDATE

'Groundbreaking' biohub aims to change how sector sources food

Lime Venue Portfolio & The Venues Collection, part of Compass Group, have launched a new demonstrator farm that they claim will change the way event food is sourced and managed.

The Biohub at Ings Farm is a regenerative agricultural initiative that will enable the group to grow its own produce using the latest in sustainable and circular agricultural techniques, reusing waste to create quality and diverse ingredients using basic nature. The produce will then be used to help serve partner venues within the Lime Venue Portfolio, of which The Venues Collection is part. The farm itself is a 92-acre plot near Harrogate, North Yorkshire, that has been developed into a biological platform of social and ecological activity.

LIGHTER NOTE

Ripley the Toucan, the bird that behaves just like a lap dog. Find out more [here](#).