

WEEKLY BRIEFING

2 February 2024



ECONOMIC, POLITICAL AND SOCIAL UPDATE

Bank of England is moving closer to interest rate cut

The Bank of England has held interest rates at 5.25% but indicated it is edging towards cutting borrowing costs. At its latest meeting, the Bank said it had discussed cutting rates, with inflation - the pace of price rises - set to fall quickly this year. For the first time since the 2020 Covid pandemic, one Bank policymaker voted for an immediate cut. The Bank has been raising rates steadily over the past couple of years to try to reduce inflation, with the last rate rise in August last year.

Post-Brexit controls on food and farm imports begin

Post-Brexit controls on food, plant and animal imports to Britain from the EU have come into force. Health certificates will now be required on EU goods ranging from cut flowers, to fresh produce including meat, fruit and vegetables. Some industry bodies raised concerns the rules could cause delays and push up costs, but others said they would help UK farmers be more competitive. From next week, the main change will be the introduction of "export health certificates" on imports of "medium risk" animal products, as well as plants and plant products imported to Britain from the EU.

TRADE UPDATE

Agencies overcome initial concerns to record bumper sales with thanks to payday

The payday weekend proved to be lucrative for travel agents across the country with several reporting yet more record sales days. Scottish-based Barrhead Travel recorded its fourth successive record-breaking Saturday (27 January), Hays Travel achieved "above-target sales" over the weekend and other agencies - including Baldwins Travel - confirmed Saturday was the busiest of the three previous ones this month. Hays Travel recorded above-target sales this weekend, with cruise and long-haul bookings particularly strong. The UK's largest agency believes sales were boosted by customers waiting until the end of the month before booking.

Turkey sees a leap in UK arrivals in 2023

UK visits to Turkey reached 3.8 million last year, a 12.8% increase on 2022. The "above expectation" figure compares with the pre-pandemic total of 2.5 million in 2019, the Turkish Tourism Board said. Turkey has concentrated on attracting the UK market following the pandemic and a slump in the value of the Turkish lira against sterling. A pound now buys 38 Turkish lira compared with 18 two years ago. As a result, operators including Jet2 and Tui have hugely increased their programmes to the destination. In May, Tui predicted it would take 40% more clients to the country in 2023 from across all its markets than it did in 2019.

Airports and airlines warn of cancellations and disruption as German security staff walkout

Travellers flying to and from Germany's main airports face widespread flight cancellations on Thursday (1 February) after the trade union representing airport security staff confirmed strike action. Around 25,000 employees in the country's aviation security sector will walk out at Frankfurt, Hamburg, Bremen, Berlin, Leipzig, Dusseldorf, Cologne, Hanover, Stuttgart and Dresden airports. Frankfurt, which is a hub for long-haul connections via flights from the UK regions, said: "Transfer and connecting passengers should also expect strong disruptions and delays due to the strike."

AIRLINE UPDATE

Alaska Airlines - Chief executive Dave Calhoun at Alaska Airlines has said this week that Boeing has "more work to do" to improve safety and quality processes, amid the continued fallout from the Alaska Airlines 737 Max 9 panel blowout. The chief executive gave a message to staff as the US aircraft manufacturer posted a reduced fourth quarter 2023 net loss of \$30 million against \$663 million in the same period in 2022. Annual losses for last year were halved to \$2.2 billion as revenues grew by 17% to \$77.8 billion. Boeing's commercial aircraft arm swung back into the black in the final three months of 2023 with earnings of \$41 million against a loss of \$603 million in the last quarter of the previous year as revenues rose by 13% to \$10.5 billion.

WizzAir - Wizz Air is putting on special flights for England supporters to attend group matches in the European Football Championships in Germany this summer. The dedicated return flights will run from Luton airport to three German airports in June. The first flight will serve Dortmund on June 16 for the England team's first game against Serbia, hosted 15 miles away in Gelsenkirchen. A second flight will depart to Frankfurt on June 20 for England versus Denmark in the city. The third special flight will depart on June 25 for England's encounter against Slovenia in Cologne against Slovenia. Fixed-price fares costing £149 have gone on sale.

TOUR OPERATORS, TRAVEL AGENCIES, OTA UPDATE

EasyJet Holidays - EasyJet holidays has launched a 'Grans Go Free' deal to encourage multigenerational travel. The deal, available from noon on February 1, will allow a grandparent to travel free of charge on family bookings to several European destinations, including Spain, Greece and Italy. EasyJet holidays cited research suggesting that 51% of families had never gone on holiday abroad with grandparents, while 56% said they regretted not spending more time with their grandparents and 54% reported that they hoped to bring them on upcoming trips.

Brightsun Travel - Brightsun Travel has been ranked 15th out of 100 best small businesses in the UK. The operator was honoured by the Elite Business 100 (EB100) in a series of categories from community engagement to innovation and growth. Hounslow-based Brightsun has offices in Manchester and Dublin as well as two in India and specialises in tailor-made holidays.

Gold Medal - The country's largest trade-only brand, Gold Medal recorded strong sales momentum during the first three weeks of January, surpassing the brands expectations. Year-on-year sales volumes with Gold Medal increased by +14% in the first week, +17% in the second week and +24% in the third week. Dnata has also seen lengths of stay increase for both its Incredible Journeys and Pure Luxury brands, and there was also a 165% jump in agents transacting via Gold Medal's website and using the "holiday funnel" search engine. Meanwhile, a number of key destinations – Australia (42%), Thailand (34%), United Arab Emirates (24%), Maldives (22%) and US (16%) – have experienced year-on-year growth.

Saga Travel - Saga predicts its cruise and travel business will be back in profit following an "outstanding year" but confirmed it may seek a partner to operate its ocean cruises. In a trading update covering the period from August 2023, the over-50s specialist said Saga Group, which includes an insurance business as well as cruise and travel, was on track for "significant" revenue growth in 2023/24. It confirmed media speculation that it was seeking a partner for its two ocean ships. Saga said ocean cruise revenue growth is expected to be 30% higher, with a load factor of 87%, compared to the previous 75% and per diem of £331 against £318 in the prior year.

Travel Counsellors - Travel Counsellors' sales for January hit a record £125 million in January. The peaks performance was up 12% on the same month last year and up 68% on pre-pandemic levels. This meant that January was the best sales month in the company's 30-year history, ending a record quarter. A total of £47 million in sales were for tailored TC packages, making it the biggest month of sales for them, building on the company's position as a tour operator. The company saw seven of the top ten best ever sales days in January, with as much as £7.5 million recorded in

a single day. The company said that 414 Travel Counsellor business owners achieved their best ever month and 110 made total sales of more than £200,000. The top five most booked holidays were Spain, cruise, US, Greece and United Arab Emirates.

SOCIAL UPDATE

TikTok adds new cutout option

TikTok has added a new video editing tool which makes it easier to add an alternative background to clips. The new "Cutout" editing option enables users to easily replace the background of a video with an alternative scene, by isolating the focus element of the clip. This is almost the same as the green screen effect, which people have been using in the app for years, however it now provides more editing capacity without having to plan ahead, which could be good for situations where users do not like the look of a setting or cannot get the lighting right.

Threads sees increased download momentum in December

Despite Meta's Threads app being in its early stages and having a way to catch up with competitors, recent data from Appfigures suggests it's still attracting users at a solid rate. While download numbers and active users are different metrics, the continued interest in Threads is a positive sign, with more users trying out the new app. Threads' growth potential is expected to cross 200 million monthly users shortly, compared to X's claimed 500 million monthly active users.

MICE UPDATE

AI focused research highlights need to upskill

A comprehensive white paper authored by The Hague & Partners Convention Bureau and Ottawa Tourism has been released, highlighting the accelerating integration of Artificial Intelligence (AI) in the global association conference and event sector. It underscores the need for widespread upskilling in the use of the technology and a need to understand the ethical implications of its use. The research, which investigates the current and potential impact of AI within the sector, is based on qualitative and quantitative methods, including a global survey with over 100 participants from the industry. The key findings reveal that 63% of associations and not-for-profits are currently utilizing AI in event organization.

However, a notable knowledge gap exists, as 72% of these entities are not engaging in AI education. Furthermore, a staggering 85% of them have no allocated budget for AI training. In December, initial highlights from the research were revealed, including the fact that 63% of global association buyers are either 'very concerned' or 'slightly concerned' about the ethical implications of using AI in event organising. In response, although 63% think governments should legislate on the use of AI, 65% also think those same governments lack the required knowledge to legislate effectively.

LIGHTER NOTE

Lighter note: A Californian zoo has launched a Valentine's Day fundraiser that lets you name a cockroach or rat after your 'love rat' ex – before feeding it to an animal 'resident'. See more information [here](#).