

WEEKLY BRIEFING

5 July 2024



ECONOMIC, POLITICAL AND SOCIAL UPDATE

Labour Party win general election

Sir Keir Starmer is the UK's new prime minister as of this morning, after his Labour Party swept to power in a landslide general election victory. The Conservative Party suffered a huge collapse after a tumultuous 14 years in power, which saw five different prime ministers run the country. Rishi Sunak - the outgoing PM - accepted responsibility for the result and apologised to defeated colleagues during a brief statement outside a rainy 10 Downing Street. He said he would resign as party leader in the coming weeks.

Sir Keir Starmer warned against risking growth with taxes

Sir Keir Starmer has been warned that tax rises would threaten crucial UK investment as the new Labour Government seeks to boost Britain's economy. Goldman Sachs upgraded its forecasts for UK growth for the next two years on Friday in the wake of the Labour leader's historic victory. The economy is now expected to expand by 1.6pc in 2025, slightly higher than its previous forecast of 1.5pc. However, it said that the increase will largely be driven by higher public spending, with its reforms to the planning system, the party's net zero policies and forging closer ties with the EU more likely to impact growth in the medium term.

The UK service industry is experiencing its biggest slowdown in seven months

Growth in the UK service sector slowed last month amid a "seize-up" in activity as companies put projects on hold in the run-up to the general election. The latest snapshot from the data provider S&P Global showed growth in the UK's dominant service sector - which includes transport, IT, finance, communications, property and business services - slowed in June to the lowest level in seven months. Prior to Labour's win this morning, City analysts suggested a Labour win could give Britain a stability premium in global markets, encouraging businesses to invest in the UK at a time of rising political unrest across other western economies. However, some financial planners have said their wealthy clients are selling assets and property in the fear that Labour could then look to increase capital gains tax to offset this.

TRADE UPDATE

Retailers hope for post-election upturn in sales after June slowdown

The trade has blamed the build up to the general election for distracting customers from booking holidays, but remains hopeful of a late boom from next week. Agents said political uncertainty around the result of this week's election, and in particular fears of tax rises under a new government, had caused hesitancy in the lates market. Across the trade, agents noted slower-than-expected trading for June, but stressed sales were still up or level with the same month last year. It follows recent bullish sales reports despite the election and UEFA European Football Championships. Spear Travels managing director Peter Cookson said: "The general election has had far more of an impact as it was announced so late, rather than the Euros which everyone had planned for anyway." He described June as "tough" with the "odd positive spike".

UK-US flight numbers to hit record level in July

This month is projected to see the highest number of UK-US flights on record, with more than 4,670 one-way flights during this July. According to aviation analytics firm Cirium, this means that on average in July, a flight will depart the UK for the US every 9.5 minutes. On July 4 alone, 149 flights were scheduled to depart the UK bound for the US. Flights between the UK and US are also up 1.5% on July 2019 levels, as transatlantic travel recovers after the pandemic. Over the last decade, UK to US transatlantic services have also increased by more than 21% – comparing July 2024 to July 2014 – as demand for travel between the UK and US continues to soar, said Cirium. This month, 10 airlines will offer direct flights from the UK to the US – with British Airways taking the lead, followed by Virgin Atlantic, American Airlines, United and Delta.

Global air passenger traffic continues to rise, outpacing capacity

Global air passenger demand continues to rise and outpace increasing capacity, according to airline association Iata's latest air traffic figures. Iata recorded a 10.7% increase in global air traffic year on year in May ahead of an 8.5% increase in capacity. International air traffic rose by more, up by 14.6% year on year, but closer to the worldwide increase in capacity of 14.1%. Iata director general Willie Walsh noted: "Strong demand for travel continues [and] airlines filled 83.4% of their seats [in May], a record for the month." He said ticket sales for early peak-season travel suggest "the growth trend shows no signs of abating". However, Walsh warned that air navigation service providers (ANSPs or air traffic control) in Europe and the US face "unresolved challenges".

Tributes paid to Charitable Travel founder Melissa Tilling

Tributes have been paid to Charitable Travel and Sustainable Journeys founder and chief executive Melissa Tilling, who died suddenly at the weekend. An industry veteran of more than 30 years, Tilling was well known for her roles at private enterprises, social entities and charities. In 2020, she founded Charitable Travel before launching Sustainable Journeys, with a focus on making environmentally and ethically responsible travel more accessible. Ally Ware, Head of Marketing at Charitable Travel, added: "Melissa was a well-known, highly respected and much-loved member of the industry and will be a huge loss to many, both professionally and personally."

AIRLINE UPDATE

Aer Lingus - Aer Lingus has cancelled 76 more flights as work-to-rule industrial action by members of the Irish Airline Pilots Association (IALPA) continues. The Irish Times has reported that the Aer Lingus pilots will vote on Labour Court proposals to end their pay row with the airline.

Air France-KLM - A "significant avoidance" of Paris by international travellers ahead of the Olympic Games has been reported by Air France-KLM. The carrier expects to take a hit on revenues of between €160 - €180 million for the period from June until August. Similar trends are visible in the hotel bookings, according to projections issued by the Paris tourism board.

Easyjet - EasyJet has extended its existing summer route from Menorca to Gatwick to operate throughout the winter, so the Balearic island will now be served year-round. The extension of service will provide an additional 16,000 seats throughout the winter with flights set to launch on November 6, operating twice weekly on Wednesdays and Saturdays.

Lufthansa - The European Commission has given a green light to the Lufthansa Group's acquisition of a substantial stake in Italian carrier ITA Airways with a view to a subsequent takeover. The Commission has approved Lufthansa's purchase of a 41% stake in ITA, successor to Alitalia, subject to certain conditions including the release of slots at Milan Linate airport. The transaction, which is set to be completed in the final quarter of this year, will see the Italian economic and finance ministry (MEF) initially retain majority control of ITA Airways.

Qatar Airways - Qatar Airways achieved record annual financial results as it clocked up more than 47 million combined followers on social media. The Gulf carrier now claims to be the world's number one airline across social channels as the most followed airline in the world on Facebook, YouTube and TikTok. The development of social media is part of an ongoing strategic approach to building "deeper, more meaningful relationships" with global audiences.

TOUR OPERATORS, TRAVEL AGENCIES, OTA UPDATE

Tui becomes preferred tours and activities partner to lastminute.com

Tui Group has become preferred tours and activities partner to lastminute.com.

Europe's largest tour operating business will provide a new platform featuring thousands of experiences in city-break and beach destinations in more than 100 countries. This will integrate with existing lastminute.com channels, including website, CRM and SMS. The two companies will also explore different initiatives related to telesales and direct sales in destinations in addition to online channels.

Peter Ulwahn, chief executive of Tui Musement, the tours and activities division of Tui Group, said: "We have worked with lastminute.com for years, but now take our collaboration to a whole new level, leveraging our strong operator relationships, omni-channel distribution capabilities, and full curated portfolio of experiences, including unique excursions developed in-house by our team."

Wendy Wu Tours launches Cruise & Tour range

Wendy Wu Tours has launched a range of cruise and tour holidays with a selection of itineraries in Asia. It said the collection has been created in response to growing demand for “comprehensive travel experiences that offer both relaxation and cultural immersion”. The holidays are operated in partnership with cruise lines such as Celebrity Cruises, Royal Caribbean and Azamara. Gary King, head of trade sales at Wendy Wu Tours, said: “The early interest and bookings highlight the demand for such comprehensive travel experiences. “This launch is fantastic news for our travel agents as it empowers them to offer an even broader array of unique and captivating holiday options to their clients.

Sandals and Beaches resort hit by Hurricane Beryl

Sandals and Beaches resorts in Jamaica have been hit by Hurricane Beryl, which has already devastated parts of the eastern Caribbean. The deadly storm hit Jamaica and the Cayman Islands on July 3, after causing widespread damage in Saint Vincent and the Grenadines and Grenada on Monday. Karl Thompson, Managing Director at Unique Caribbean Holidays Ltd (UCHL) – Sandals Resorts and Beaches Resorts’ UK tour operator – said: “We continue to assist local communities across the Caribbean, and our thoughts and prayers are with all those affected by Hurricane Beryl. “Our charitable arm, The Sandals Foundation, is already working with teams in each of the impacted islands to help with the recovery response.”

SOCIAL UPDATE

Threads reaches a new milestone

Meta has broken the news that Threads has reached 175m users since its launch last year. Threads set a record of the most number of sign-ups (100 million) within days of its release in 2023. Three months later it reached 100 million active members - growing to 150 million in April. Threads has been adding 5 million users over the last 3 months. This has slowed from 7.5 million in the previous 3 months, representing a 30% decline in growth rate. Even with this news, Threads is tracked to surpass X in active users by October next year.

Meta set to launch custom AI bots

Meta is set to launch custom AI bots more widely, which will enable Instagram creators to make an AI version of themselves. This feature, which is part of the first stage of Meta’s “AI Studio” platform, will allow creators to engage with followers via DM, with the bot able to reply to questions in the same tone of a creator’s account. Live testing of this feature has begun in the US with selected Instagram creators.

MICE UPDATE

The Business of Events publishes Policy Agenda

The Business of Events has published a series of recommendations to boost the UK economy. The report features seven critical recommendations aimed at enhancing the UK’s economy and promoting advancements in knowledge exchange through events.

This comprehensive agenda is designed to inform and influence the incoming administration and policymakers about the vast opportunities within the UK's event ecosystem. Following an extensive UK-wide policy consultation conducted in 2023, TBOE (The Business of Events) have highlighted eight specific policy initiatives that hold the potential to unlock significant growth within the UK events economy, paving the way for a more robust and prosperous sector.

LIGHTER NOTE

Sausage vending machines are booming in Germany

Hungry Germans craving a sausage in the dead of night are increasingly turning to vending machines for their bratwurst, bockwurst, and barbecue meats. The machines are "booming" outside German cities where shops are less likely to stay open for long hours, according to a survey by the German Press Agency.

Learn more [HERE](#).