

WEEKLY REPORT

7 February 2025



ECONOMIC, POLITICAL AND SOCIAL UPDATE

UK faces economic stagnation amid rising inflation

The Bank of England has lowered interest rates to 4.5% in response to the UK's economic stagnation, with growth for 2023 revised down to just 0.75%. The decision comes amid rising inflation, especially from increasing energy prices. Inflation is expected to approach 4% by autumn, contributing to stagflation—a mix of low growth and high inflation. Despite avoiding a technical recession, the economy is forecast to remain flat for much of the year, with unemployment expected to rise. Additionally, uncertainties surrounding global trade, particularly President Trump's policies, add to the challenges. The economy's productivity has also been impacted by factors like the pandemic and Brexit. Overall, the UK faces a tough economic environment with little growth and rising risks.

UK's AI ambitions raise concerns over water shortages

Concerns are growing that the UK's push to become a leader in Artificial Intelligence (AI) could exacerbate water shortages. Data centres, essential for powering AI, require large amounts of water for cooling systems, potentially straining already stretched water supplies. The government plans to build several new data centres to stimulate economic growth, but these are being located in areas already at risk of water shortages, like southern England. Environmental groups urge the government to ensure data centers report their water use and adopt more sustainable practices. While the tech industry is developing more efficient cooling methods, questions remain about their effectiveness. As the UK's water demand rises due to climate change and population growth, balancing AI development with sustainable water use will be a critical challenge.

Miliband dodges personal stance on Heathrow expansion and Rosebank oil field

Ed Miliband, the Secretary of State for Energy Security and Net Zero, has refused to state whether he personally supports the expansion of Heathrow Airport or the Rosebank oil field. Although Chancellor Rachel Reeves recently announced Labour's backing for the third runway at Heathrow to promote economic growth, Miliband, as a former Labour leader, had previously opposed the expansion due to environmental concerns. He maintained that, as a government minister, he abides by collective responsibility and the decisions made by the Cabinet. Miliband also expressed his belief that economic growth and net zero goals can be reconciled through clean energy, which he sees as a major economic opportunity. He highlighted that energy bills are likely to keep rising without a transition to clean, domestic energy sources.

TRADE UPDATE

InsideJapan Tours lures off-peak travellers with price cuts and favourable exchange rates

InsideJapan Tours is offering significant discounts on its Japan itineraries to attract travellers during off-peak seasons. The company has reduced prices on several tours, including the 14-day 'Japan Unmasked' journey, which now starts at £3,995 per person, down from £4,495. This initiative aims to make Japan more accessible to a broader audience and to encourage travel during less busy periods. The favourable exchange rate between the British pound and the Japanese yen has also contributed to making Japan a more affordable destination for UK travellers. With the yen at a decades-long low against the pound, tourists are finding that their money goes further, allowing for more luxurious experiences at lower costs. These developments reflect a broader trend of tour operators and destinations adjusting pricing strategies to attract travellers during off-peak times, leveraging favourable currency exchange rates to enhance affordability.

State of emergency declared on Santorini as earthquakes trigger mass evacuations

The Greek government has declared a state of emergency on the island of Santorini until March 3, 2025, following a series of undersea earthquakes. Since Sunday, thousands of tremors have been recorded, with magnitudes reaching up to 5.2. More than 12,000 people have evacuated the island by air and ferry. Authorities have closed schools, dispatched rescue teams, and advised residents to avoid ports and indoor gatherings due to the high risk of landslides. No injuries or major damages have been reported so far. Prime Minister Kyriakos Mitsotakis is expected to visit Santorini today to assess the situation.

Survey reveals decline in consumer focus on carbon footprint for travel companies

A recent survey by The Specialist Travel Association (Aito) reveals that the importance of a company's carbon footprint among consumers has decreased to its lowest level in three years. Only 33% of respondents considered a specialist travel firm's carbon footprint important, a slight decline from 37% in 2024 and 38% in 2023. Despite this, 80% still regard a company's sustainable credentials as important, consistent with previous years. Additionally, 75% believe that travel is 'always and often' a force for good, and 46% feel it benefits the local economy. Industry professionals acknowledge the challenge of promoting sustainable travel options, noting that factors like cost and time can deter clients from choosing eco-friendly travel methods.

AIRLINE UPDATE

Norse Atlantic - Norse Atlantic Airways has entered into an agreement to lease one of its Boeing 787 Dreamliners to Indian carrier IndiGo, with operations commencing in March 2025. This initial lease term is set for six months, with the possibility of extension up to 18 months, pending regulatory approvals. The aircraft will be utilised

by IndiGo to serve long-haul routes from India. Both airlines are exploring opportunities to lease additional aircraft and further their collaboration. Norse Atlantic's CEO, Bjorn Tore Larsen, emphasised the significance of this partnership, stating, "This contract represents an important milestone for Norse as we partner with one of the largest and most reputable airlines in the world. We look forward to supporting IndiGo's long-haul services and to delivering an exceptional travel experience to their customers."

Ryanair - Ryanair's passenger growth in January 2025 was limited to a 2% increase, reaching 12.4 million passengers, due to delays in receiving new Boeing 737 aircraft. The airline's load factor improved from 89% to 91% year-on-year. This performance contributes to a rolling annual total of 172.6 million passengers, a 9% rise over the previous 12 months. The growth was constrained by 38 delayed Boeing deliveries. In response to these delays, Ryanair has revised its annual growth targets downward. The airline now expects to carry 206 million passengers by the end of its financial year in March 2026, a 3% reduction from the previous target of 210 million.

Wizz Air - Wizz Air reported a 4% year-on-year increase in passenger numbers for January 2025, carrying 4.93 million passengers. This growth was achieved despite a slight 0.8% reduction in seat capacity, resulting in a load factor of 86%, up four percentage points from the previous year. The airline attributes this positive performance to a favourable yield environment and strong booking trends. However, Wizz Air has faced challenges due to engine-related aircraft groundings, with approximately 20% of its fleet grounded due to ongoing engine issues. This situation has led to increased operational costs and has impacted the airline's financial performance.

TOUR OPERATORS, TRAVEL AGENCIES & OTA UPDATE

Barrhead Travel - Barrhead Travel has reported a record-breaking start to February following its annual 'Back to the Floor Day' on February 1, 2025. On this day, 60 members of the senior management team, head office staff, and supplier partners returned to frontline sales roles across various branches. Trading on that Saturday saw a 58% increase compared to the first Saturday in February 2024, with the weekend overall finishing 43% up year-on-year. President Jacqueline Dobson expressed satisfaction with the company's performance, noting that customers are unwilling to compromise on holidays, often opting for alternative destinations to maximise their budgets. Popular choices include all-inclusive holidays, cruises for families, and bucket-list trips to destinations like Japan, Canada, and Australia.

Intrepid Travel - Intrepid Travel has acquired Dutch tour operator Sawadee Reizen from Travelopia, marking its largest acquisition to date. This strategic move is expected to add 20,000 customers and increase Intrepid's annual revenue by approximately AUS \$100 million. The acquisition enhances Intrepid's presence in non-English speaking markets, with the Netherlands becoming its fourth-largest source market. Intrepid plans to retain the Sawadee Reizen brand initially and aims to expand further into European markets through additional acquisitions of native language tour operators.

Titan Travel - Titan Travel's new trade distribution director, Shane Lewis-Riley, aims to increase the company's online agency bookings from the current 20% to 50% by the end of this year. To achieve this, Titan is enhancing its online booking portal to make it more user-friendly for agents. Additionally, the company is investing in its Cape Town call centre, focusing on staff training and process improvements to better support travel agents. Lewis-Riley emphasises the importance of listening to agent feedback and has identified key areas for improvement, including booking support, ease of booking, flexibility, incentives and training, and access to the sales team. Plans are also underway to expand Titan's trade team to provide more localised support for agents.

SOCIAL UPDATE

Instagram introduces a WhatsApp sticker for Stories

Instagram has created a new WhatsApp sticker that users can add to their Stories, which, when clicked, will direct the audience to a direct chat. Users will need to provide their phone number for verification to allow the sticker to link to their WhatsApp presence. This feature could help increase awareness of businesses' WhatsApp channels and assist in driving greater direct discussions with customers.

LinkedIn introduces video feed updates

With LinkedIn reporting a 36% increase in watch time on video content year-on-year, the platform has rolled out a series of updates for video posts. Firstly, there will be a full-screen, vertical video display format for desktop viewing, similar to the view on the mobile app display. With this new immersive video display, LinkedIn is also trialling a follow option that is more prominent. New video metrics are also being made available, such as average watch time, to allow brands and creators to understand which content is attracting the longest viewing times and engages their audience the most. The platform has also created new courses on video creation for users.

MICE UPDATE

Bookings now open for ABPCO's Festival of Learning

Bookings are now open for the Festival of Learning, 28-29 April, run by ABPCO. The Association of British Professional Conference Organisers aims to unite the somewhat fractured industry of conference organisers in the UK (including a large number of association organisers, as well as corporates). They provide information about how professional conference organisers (PCOs) can run better events, attract new members, gain more engagement and build better data. The Festival of Learning is ABPCO's flagship event, and the main port of call for conference organisers to meet and hear case studies addressing their major pain points.

LIGHTER NOTE

Seven abandoned kittens have been adopted by Mrs. Slocombe's Cat Cafe in Chatham, Kent, named after characters from *Are You Being Served?*. The cafe aims to support animal rescue charities and mental health initiatives, offering a therapeutic space for visitors to interact with the cats.