

UK Market Overview 2013 - UK Travel Industry

The UK Travel Industry

- Approximately 36 million overseas holidays are taken each year.
- 22 million are booked independently and 14 million as a package.
- The UK holiday industry is dominated by two major tour operators: TUI and Thomas Cook.
- Over the past decade, these groups have been acquiring specialist businesses to grow their non-mainstream programmes. TUI has had great success in building its business. Since the appointment of their new CEO, Harriet Green last year, Thomas Cook has started to turn its fortunes around and share prices are rising.
- In the long haul market, Kuoni and Trailfinders are major brands, and in the mainstream short haul beach market, Cosmos and the online operators such as On The Beach and Low Cost Holidays, are making an impact. Other major players in the UK to US market are Virgin Holidays and specialist tour operators such as Bon Voyage, America As You Like It and North America Travel Services.
- Online booking and DIY packaging are important and brands such as Expedia and eBookers are taking power from traditional high street retail travel agents. However, a different form of retailing is emerging, as tour operators such as Virgin Holidays and Kuoni expand their presence, opening more high street shops and franchises within department stores.
- Air Passenger Duty rose again in April 2013 in line with inflation, despite heavy lobbying from the UK travel industry and consumers. APD on an economy flight from the UK to the USA is now £67 per person. There is another rise planned for April 2014.

2013/14 Trends

- The top destinations for Brits are still Spain, France, Greece, Italy, Turkey, Cyprus and the USA. The problems in Egypt have left a hole in the Winter holiday market. The Canary Islands are already very booked up for Winter 2013/14 as a result.
- Long haul travel in general fell last year. In 2012, the number of trips to North America fell 7.5% from 3.7 million to 3.4 million, while travel to other countries outside Europe dropped 2% from 9.1 million to 8.9 million.
- Despite a fall of 1.8% in UK visitor nights spent abroad, spend rose in absolute terms by 2.4% to a total of £32.4 million in 2012.
- The booking window is shrinking, with tour operators reporting that around half of all holiday bookings are made within 10 weeks of travel.
- The UK had its first hot summer in years in 2013.
- Cruise and all-inclusive sectors have done well throughout the economic downturn, as they allow for up front budgeting. The luxury travel market has also flourished. Those in the UK at the top end of the market who have retained their jobs, still have plenty of money to spend on holidays.
- Experience-based holidays are growing in popularity, as are soft adventure holidays. As the population ages, healthcare is improving and older people are leading more active lifestyles. Tour operators in the UK now refer to the 'over 55s' as the third agers, rather than the 'over 50s'.
- Ski is finally seeing a small improvement with a reported 1% growth in the 2012/13 season following four years of decline.

Information provided by KBC PR & Marketing

Sources: The Travel Convention 2013, Consumer Holiday Trends Report (ABTA 2013), Travel Weekly, TTTG, Travelmole, Nigel Huddleston, Head of Travel, Google, Crystal Ski, BBC.

UK Market Overview 2013 - Economics and Consumer Behaviour

Economics

- The UK economy is now showing small signs of recovery. The UK is expected to emerge fully from recession in 2014/15.
- Unemployment figures are dropping and it is predicted that house prices will return to pre-recession levels in 2014. House prices are a major driver in consumer confidence.
- The worst hit by the recession were the middle income families suffering from job insecurity and high utility and food bills while wages remained static and house prices fell. The government has introduced a widespread apprentice scheme to assist the unemployed under 24s.
- There remains great concern about the situation in Greece, Cyprus, Portugal, Italy and Spain. Their credit ratings have dropped and their position within the European Union is insecure. It is likely there will soon be a referendum on Britain's membership of the EU, although the timing for this is still being debated in Parliament.

Consumer Behaviour

- According to the 2013 ABTA Consumer Holiday Trends Report, one in five Brits intends to increase their trip spend for next year.
- The British still see holidays as a necessity, not a luxury despite the recession, and holidays are the discretionary item that Brits are least likely to cut back on.
- 22% of Brits say that their desire for sunshine is their main reason for taking an overseas holiday.
- Media are still very important. Newspapers and online sites continue to offer travel features. Traditional TV and Radio travel programs have all but disappeared, replaced by lifestyle programs with destination backdrops such as cookery or outdoors adventure shows.
- Responsibility is back on the agenda. There is a growing interest in sustainable tourism, and sales in eco-travel and transport increased 11.8% in the last five years.
- The most important factor when making large purchases like travel, cars and appliances remains **value for money**. Holidays do not need to be cheap, in fact the luxury travel sector is one that has flourished throughout the economic downturn, but they do have to offer value. Holidaymakers will switch destinations, resorts and hotels in order to achieve value for money.

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UK Market Overview 2013 - Digital Trends

Digital Trends

- Social media networks such as Facebook and Twitter continue to influence travel decisions. Facebook has 26 million UK users, a figure which has plateaued in the last year. Twitter usage is growing and Twitter now has over 10 million active UK users.
- 80% of UK users access Twitter via mobile devices. This compares to an average of 55% worldwide, reflecting the widespread usage of mobile phones in the UK.
- The average Brit looks at their mobile phone **150 times a day**. 26% of Brits use their smart phone to research holidays, but only 12% book on them whilst 66% book using their desktops. **Mobile marketing is vital** for all travel businesses wishing to reach the UK consumer.
- TripAdvisor is far and away the most influential travel website in the UK. It is the UK's most used travel website with 5.1 million unique visitors per month.
- Video is a key influencer in travel decision-making, and most of this is shared online via social networks. Video converts to sale **better than any other travel content**.
- The average Brit spends 2 hours, 19 minutes researching his or her holiday online, looks at 11 different sites within 17 research sessions and spends 73 days within the research stage before booking.
- In an average month, 44% of all people search online for some kind of travel product.
- Google dominates. No other search engine comes anywhere close in the UK.

Contact Us

If you would like to discuss any of the information included in this update, please contact Helena Beard, Managing Director, KBC PR & Marketing

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