

UK Market Update

January 2022

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UK Update – January 2022

- This month we present a summary of recent research into UK consumer sentiment as the UK (hopefully) passes the crest of the Omicron wave.
- Presented here are insights and thoughts gleaned from recently published reports by Deloitte, Travel Weekly (UK) and BVA / BDRC (UK) as they assess the travel industry and UK consumer sentiment for 2022.
- In addition, we will look at the projected passengers each of the major UK tour operators will be carrying for 2022 – and how this compares with pre-pandemic 2020.
- Finally, we will add in the market feedback gained since WTM London in November 2021 and give our thoughts on the UK market for the summer ahead.

“Don’t look
back in
anger...”

2020 v 2022

More than **1 in 2**
plan **overseas
holiday** in 2020



38% plan an
overseas holiday
in 2022, +7pts YoY, but -15pts on 2019
(22% of adults took a holiday abroad in 2021)



UK Domestic & Overseas Holidays

2018 v 2022

47m
overseas
holidays, 2018



58m
domestic
holidays, 2018



20.3m
intend to take
an overseas
holiday in 2022



28.6m
UK adults took
at least one domestic
break in the last 12 months



29.4m
intend to take
a UK break
in 2022

*Figures based on Service Science/Kantar
consumer research for this report, October 2021*

Disposable income 2020 v 2022


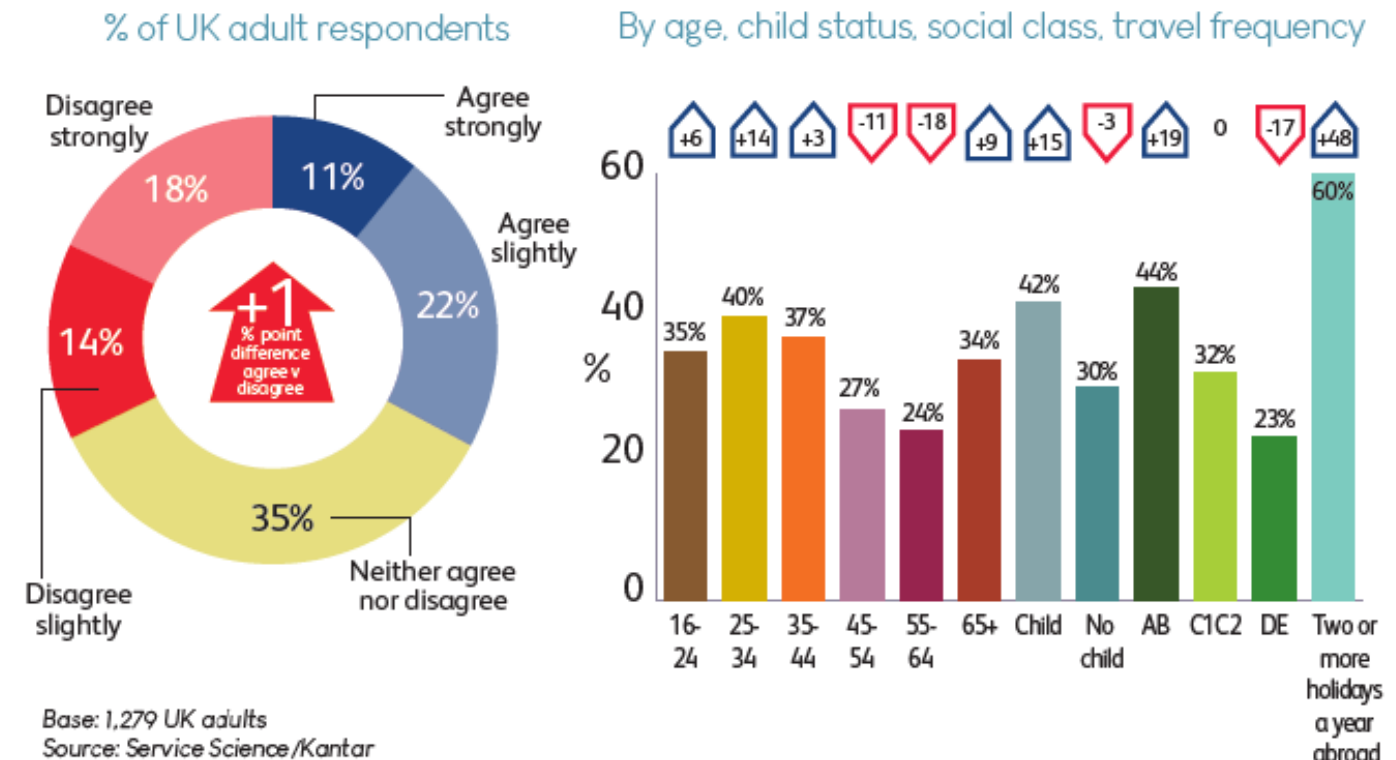
1 in 3 UK adults have **more to spend** than pre-pandemic, 1 in 3 less 

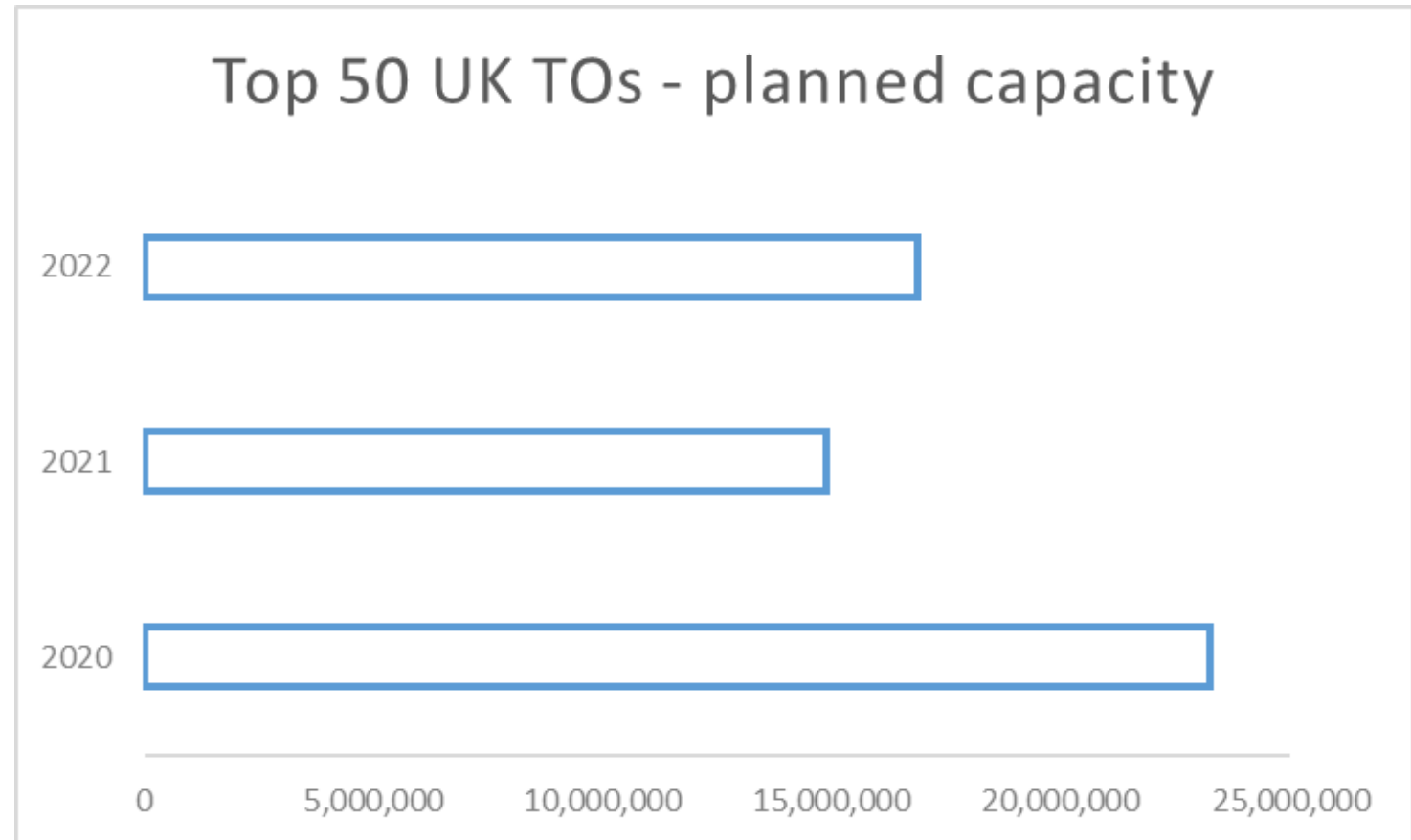
FIGURE 8: 'I HAVE MORE MONEY TO SPEND ON HOLIDAYS DUE TO PANDEMIC SAVING'



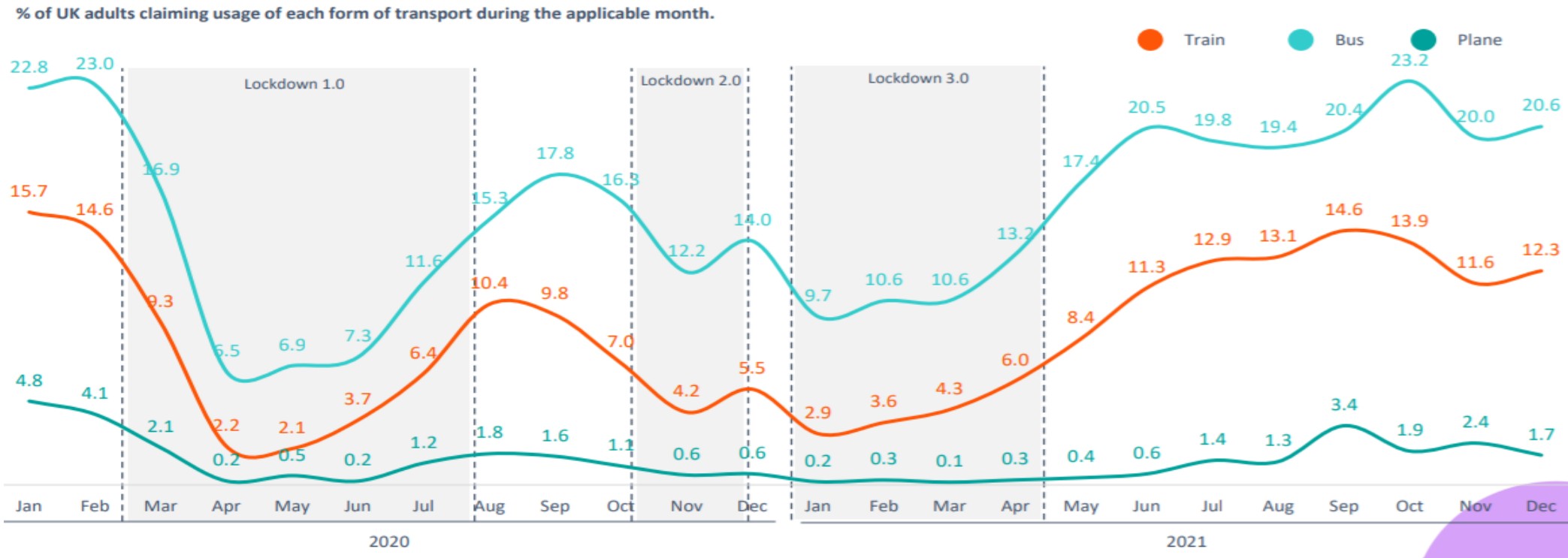
SOURCE : Deloitte / Travel Weekly Annual Insight Report 2021

Top 50 UK tour operators' planned capacity

2020 - 2022



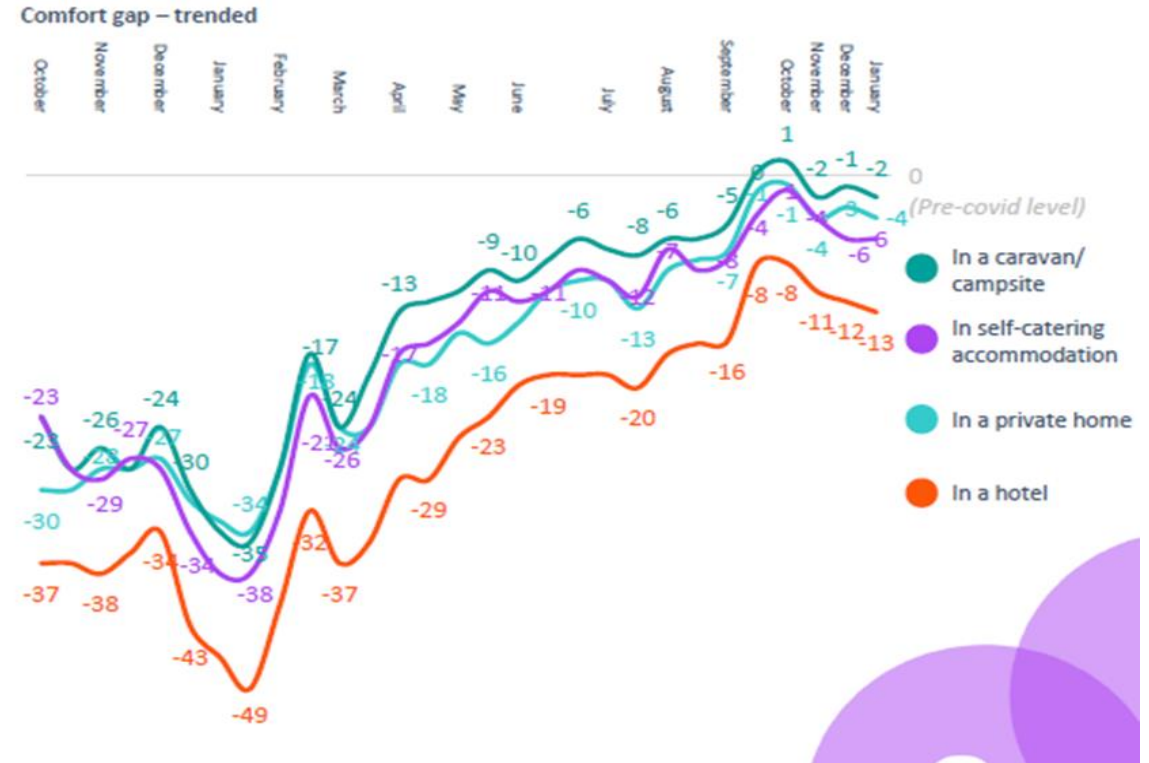
Despite growing infection rates and the introduction of restrictions, the incidence of those using bus and rail travel increased month-on-month ahead of the festive period.



SOURCE : BVA / BDRC – Clear Sight on Recovery Dec 2021

So What's the Story?
 UK Consumers are comfortable travelling again

Focusing on accommodation stays, the comfort gap remains relatively stable. There is a way to go to close the gap for hotel stays, though the picture is far more positive than summer 2021 when COVID-19 cases were far lower

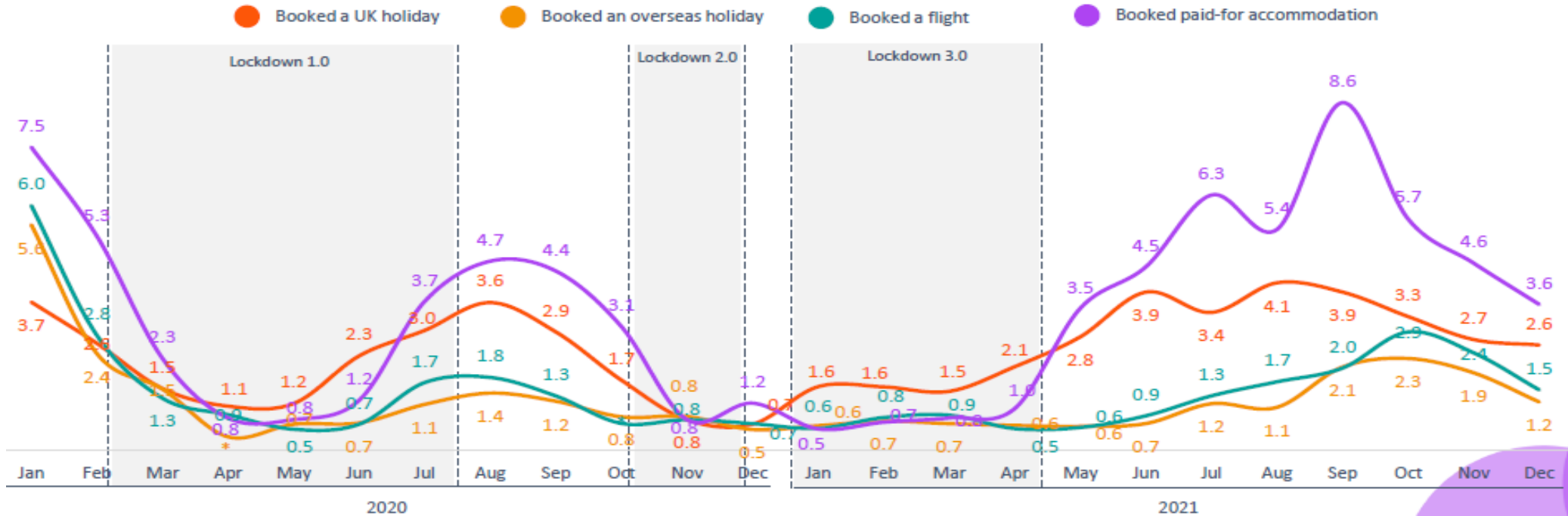


SOURCE : BVA / BDRC – Clear Sight on Recovery Dec 2021

Accommodation Stays

The incidence of those booking holidays, flights and accommodation declines month-on-month, with seasonality as well as Omicron at play. If our glass is half full, three times as many Brits booked accommodation in December 2021, relative to December 2020!

% of UK adult population making each of the following bookings in each month



SOURCE : BVA / BDRC – Clear Sight on Recovery Dec 2021

Holiday Bookings

FIGURE 2: UK OUTBOUND HOLIDAY MARKET, 2019

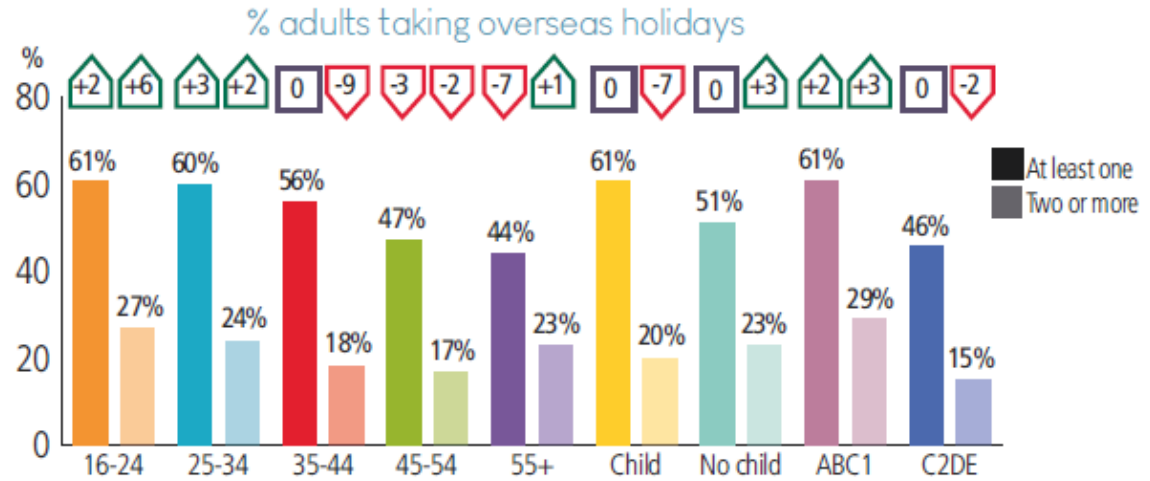
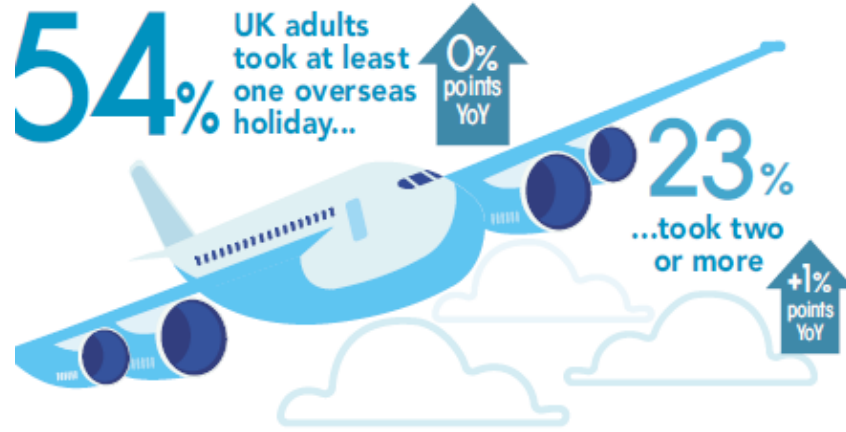
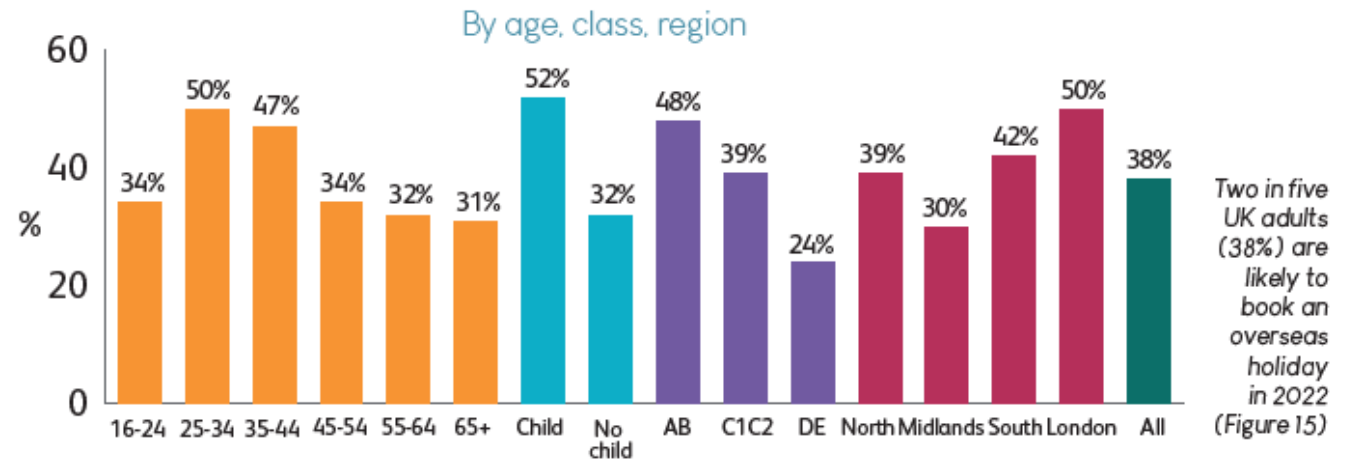
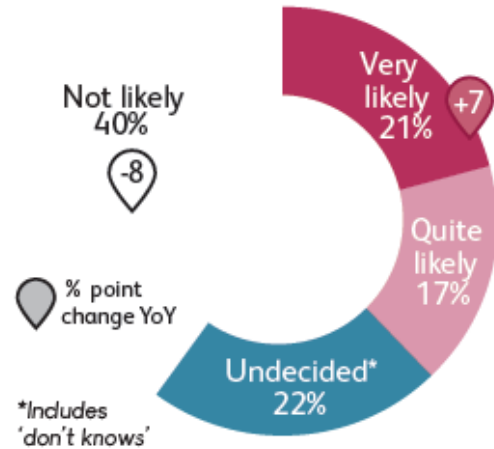


FIGURE 15: DEMAND FOR OVERSEAS HOLIDAYS 2022

% UK ADULTS LIKELY TO TAKE OVERSEAS HOLIDAY



SOURCE : Deloitte / Travel Weekly Annual Insight Reports 2019 & 2021

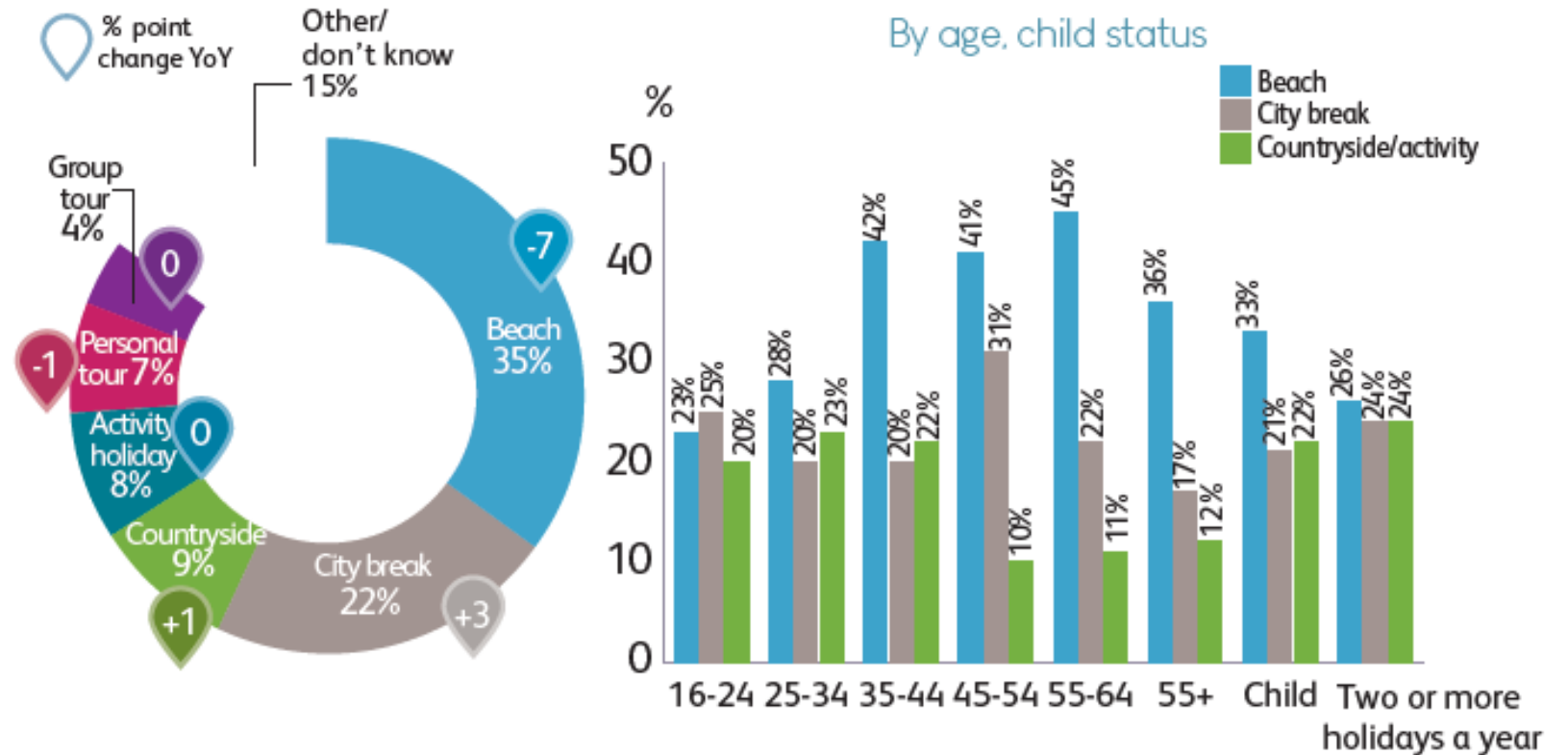
Analysis shows that those most likely to travel overseas in 2022 are younger ; have children and are higher income earners

Adults who took an overseas holiday in 2019 v. those likely to take a holiday in 2022

Age	2019	2022	change
16 - 24	61%	34%	-27%
25 - 34	60%	50%	-10%
35 - 44	56%	47%	-9%
45 - 54	47%	34%	-13%
55+	44%	32%	-12%
Child	61%	52%	-9%
No-child	51%	32%	-19%
ABC1	61%	44%	-17%
C2DE	46%	32%	-14%

What type of overseas holiday do UK consumers plan in 2022?

FIGURE 61: TYPE OF OVERSEAS HOLIDAY, 2022
% UK adults planning an overseas holiday



Source: Service Science/Kantar

What type of overseas holiday do UK consumers plan in 2022?

1 in 2 to book
all-inclusive
62% of adults with children



13%
of travellers
over 65
plan a
cruise

“The only way is up”

Top 20 UK
tour operators'
planned capacity

2022 v 2021 &
2019

Licence Holder 2022	2022 Passengers	2022 v 2021	2022 v 2019
		Change Pax	Change Pax
TUI UK Ltd	5,122,443	37%	-10%
Jet2holidays Ltd	3,750,000	8%	-2%
On the Beach Travel Limited	1,336,601	9%	3%
We Love Holidays Ltd	1,065,400	-2%	32%
easyJet Holidays Ltd	855,700	56%	
British Airways Holidays Ltd	643,745	8%	-32%
Expedia Group, Inc	410,949	30%	-65%
BravoNext SA	409,960	-5%	-28%
Southall Travel Ltd	248,800	-15%	-32%
easyJet Airline Company Ltd	180,108	-47%	-74%
Gold Medal Travel Group Limited	174,881	263%	-3%
BGAIR Travel Ltd	173,756		
Trailfinders Ltd	161,966	-7%	-43%
Hays Tour Operating Ltd	160,670	7%	31%
Thomas Cook Tourism (UK) Company Limited	145,920	283%	-94%
Virgin Holidays Ltd	134,517	-79%	-79%
Carnival PLC	126,459	262%	-25%
Travel Republic Ltd	116,535	-29%	-79%
Marella Cruises Limited	112,249	-11%	
Classic Package Holidays Ltd	103,257	1%	

Size matters

The top 5 TOs now have a higher percentage share of a smaller market. Roughly 67% in 2022 compared to approx. 55% in 2020.

The top 20 operators now have approx. 85% of the total market compared to 79% in 2020.

9 of the top 20 own their own airlines or cruise ships so they have high costs, but also high control over supply and thus margins.

6 of the top 20 are purely online T.O.s, whilst 4 of the top 20 sell primarily through the travel trade.

By combining integration in supply and / or distribution, the top 20 UK operators are likely to further consolidate their positions.

UK Market Insights

The lifting of pre-departure test requirements in the UK in January 2022 has seen a general increase in bookings, but (at time of writing) the entry requirements in arrival countries is not standardised, so consumer hesitancy remains.

Bookings will continue to be late, roughly within 4-6 weeks of departure.

Much of SE Asia is unlikely to open-up to UK tourists in 2022, displacing a level of demand, most likely back into Europe.

Budget and headcount cuts in the last 2 years have reduced operators' flexibility and capabilities to build new programmes, unless a solid case can be presented for revenue improvements using existing resources.

UK Market Insights

As with hospitality, recruiting new staff at lower levels in organisations (e.g. sales, contract loading) is proving problematic for some businesses.

Debt levels have also risen in tour operators, but the level of failures has been remarkably low. However, this debt needs to be reduced through profitable sales in an environment of rising inflation and (currently) reduced consumer demand.

Focus is likely to fall on key products / partners that can deliver high volumes & customer satisfaction levels at a profitable level.

For niche operators, expect increased demand for high value, unique experiences closer to home whilst COVID remains at large.

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