

UK Market Update

November 2020

www.intelligenttravelsolutions.co.uk



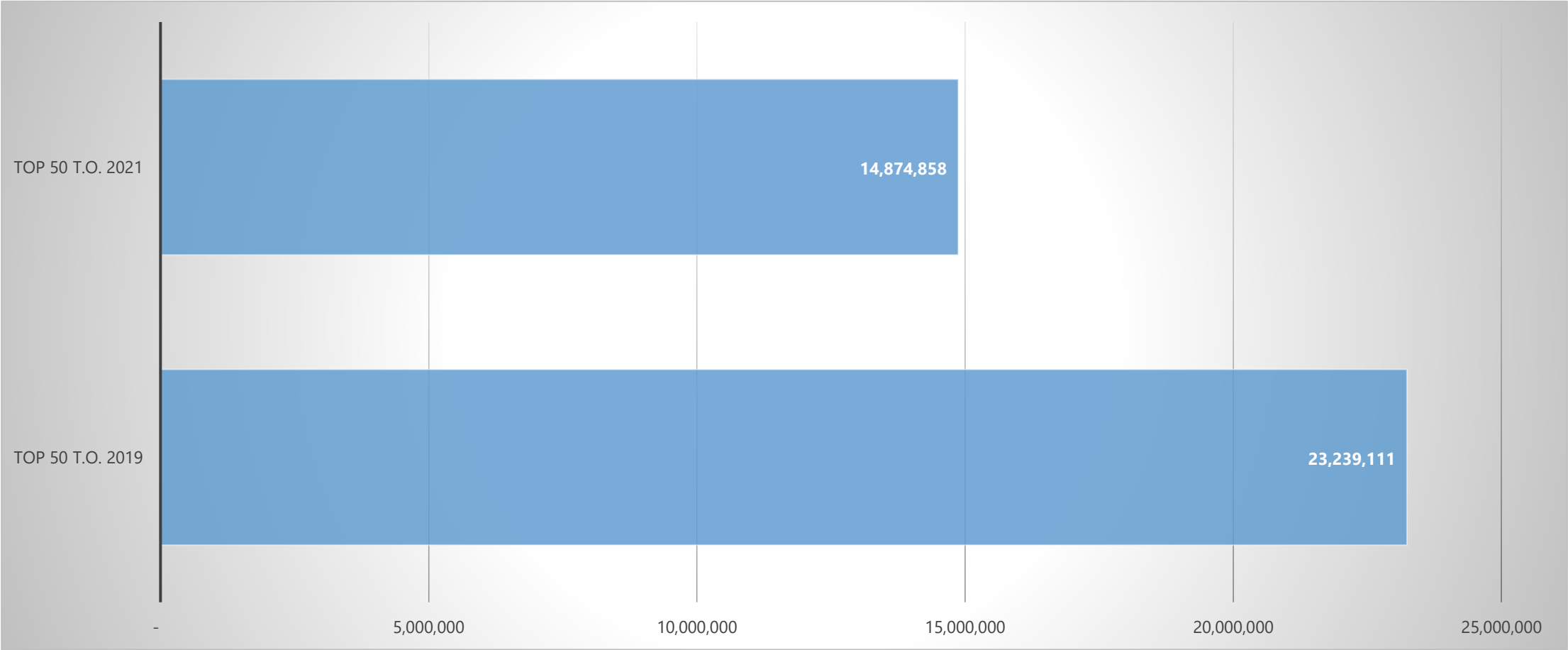
UK Update – November 2020

This month we are looking at the projected passengers each of the major UK tour operators will be carrying for 2021.

This is compared against 2019 volumes.

All figures come from the UK CAA and are as recorded under the UK government's ATOL (Air Tour Operating Licence) scheme.

Top 50 ATOLs 2021 v 2019 – passengers



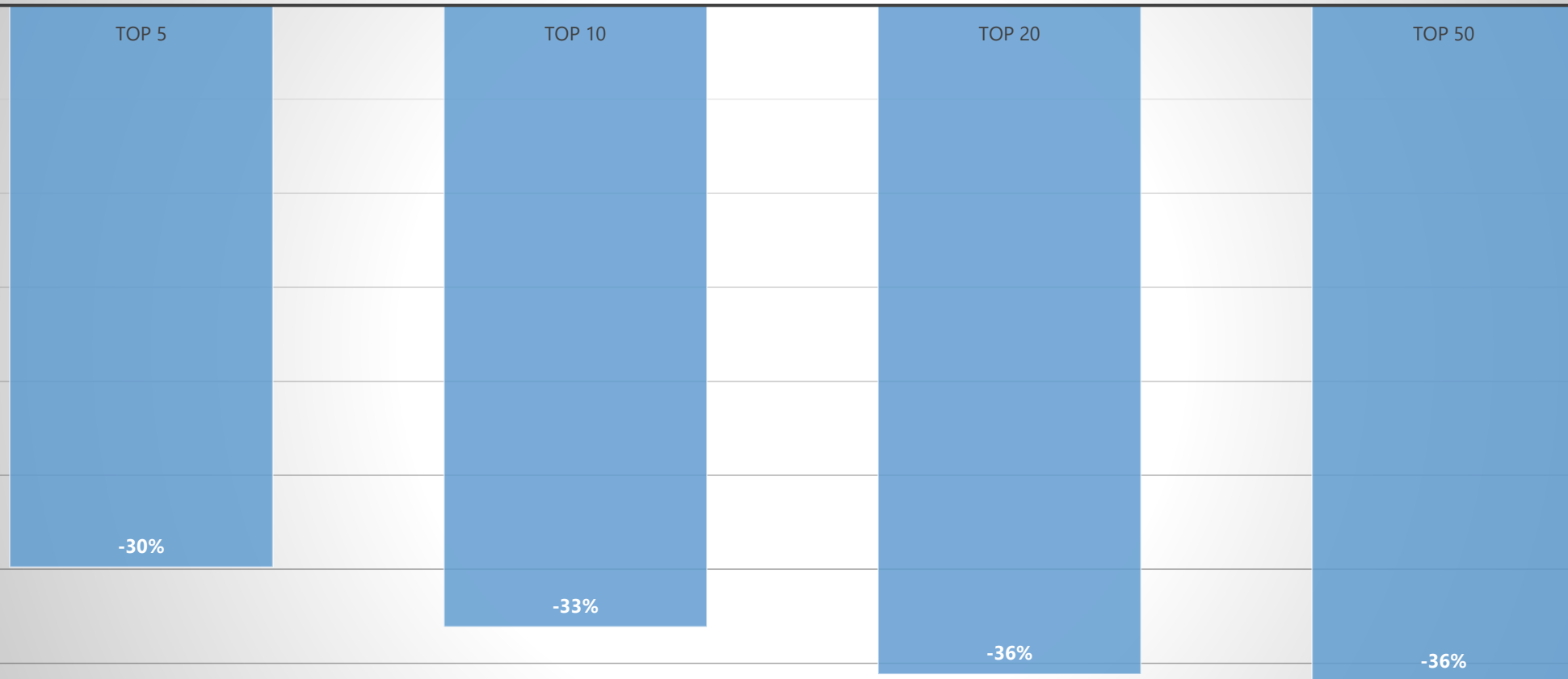
Top 50

- The top 50 UK tour operators (T.O.s) have shrunk their projected passengers by 36% since 2019.
- Thomas Cook UK are included in the 2019 figures.
- In 2020, much of their capacity was planned to be absorbed by TUI UK, Jet2, Love Holidays, On The Beach and British Airways Holidays – the current “top 5” of UK operators.
- UK T.O.s are required to pay a financial bond that will cover the repatriation of their passengers in the event of the T.O.s failure.
- It is possible to increase your ATOL if sales are going well – and pay the necessary bond – but you can not reduce it.
- Thus, T.O.s are clearly being very, very cautious for 2021...

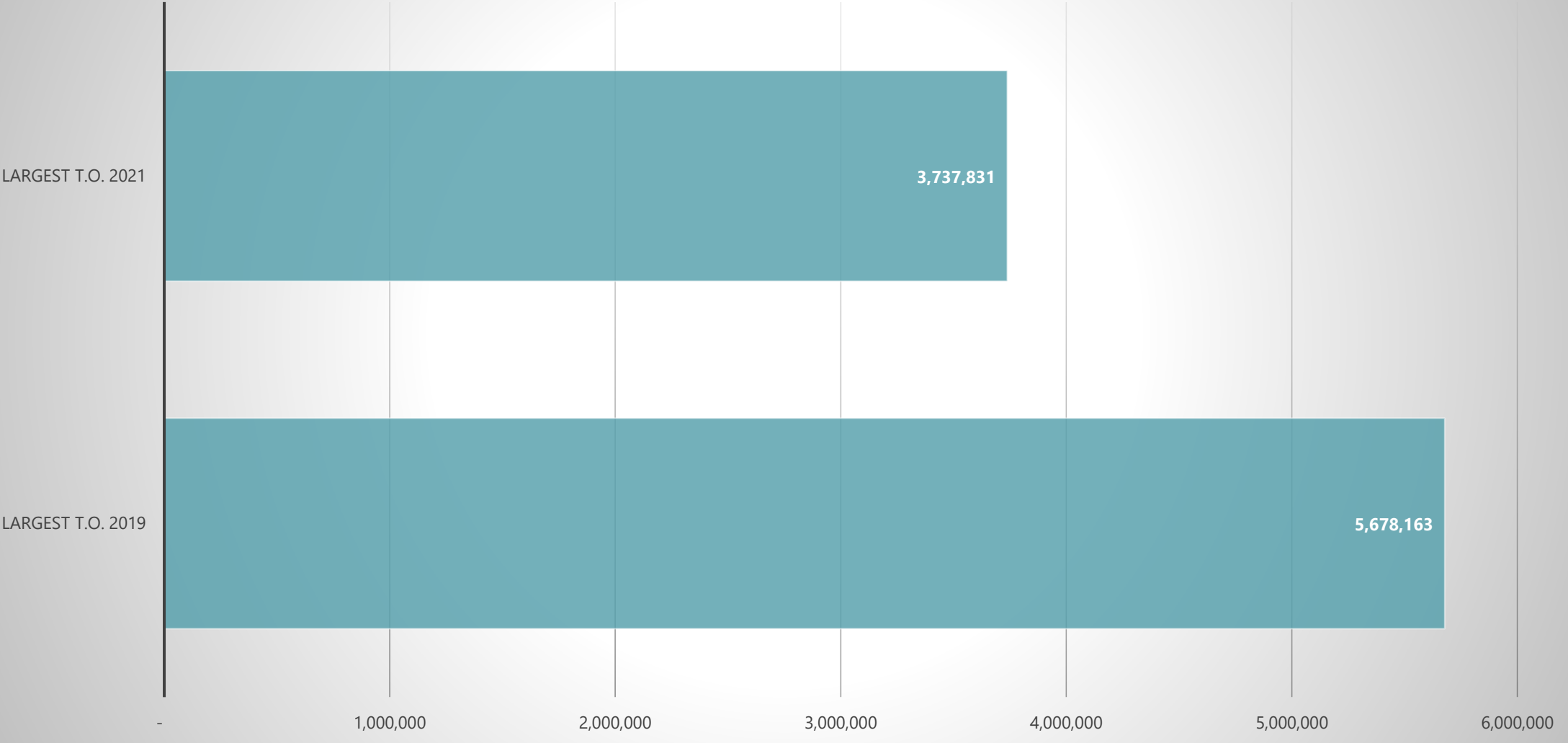
Size matters

- The biggest T.O.s are getting bigger.
- The top 5 now have a higher percentage share of a smaller market.
- 3 of the top 5 own their own airlines so they have high costs, but also high control over supply and thus margins.
- 2 of the top 5 are online T.O.s, employing technology effectively to win business whilst keeping costs low.
- These combinations of integration in supply and distribution have allowed the top 5 to shrink less than others in the top 50.

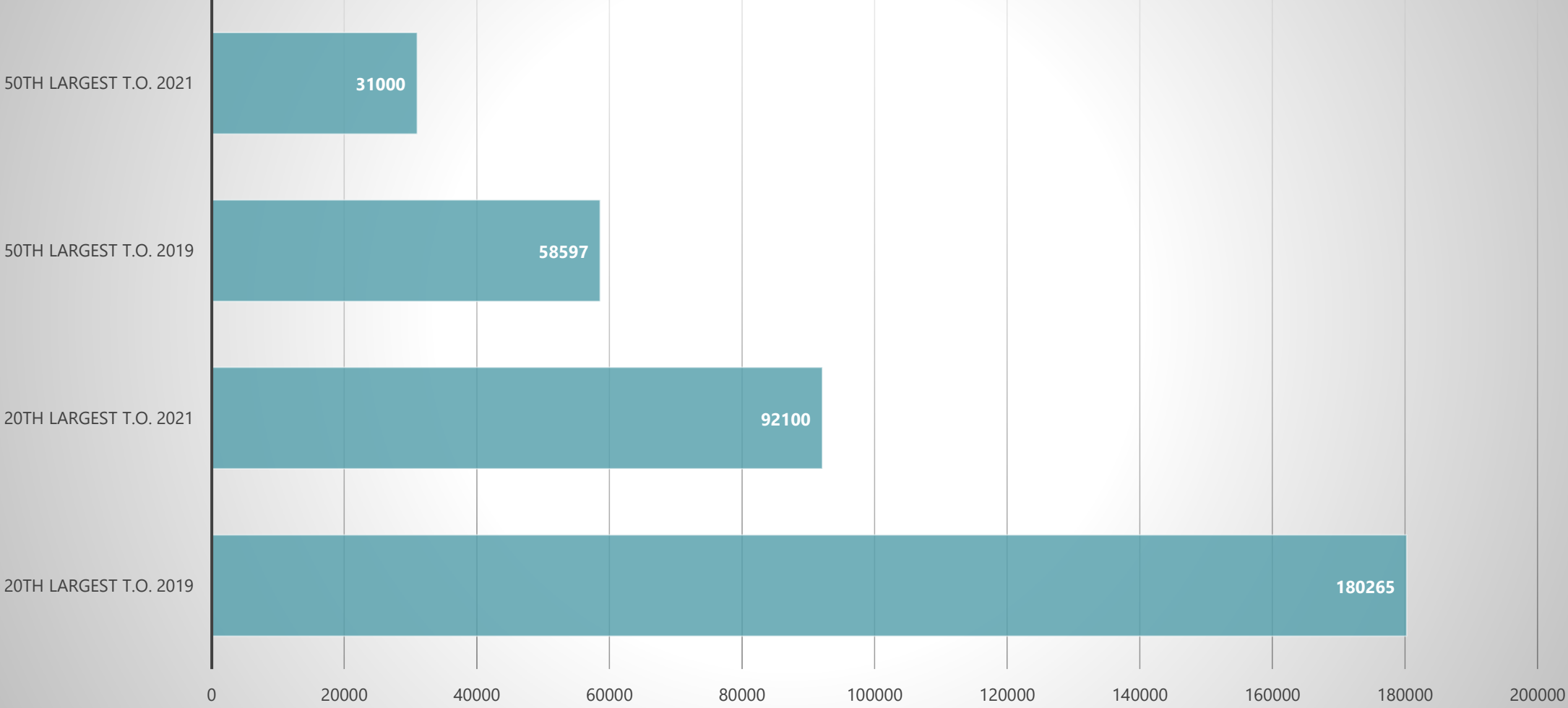
Change in volumes of top UK T.O.s 2021 v 2019



ATOL Licence UK largest operator



Comparison of UK T.O. volumes 2021 v 2019



Size matters - 2

- The UK's largest T.O. has reduced its volume by 34% for 2021.
- Whilst the T.O. at no.20 is now almost half the size of its compatriot in 2019, down by 49%.
- The operator at no.50 forecasts a carrying of 31,000 pax.
- The percentage that each country gets of UK passengers is fairly consistent year on year (excluding lockdowns obviously).
- The volume each region then gets within a country is also fairly consistent (e.g. Mallorca as a percentage of Spanish arrivals).
- It is straightforward to then forecast the change of volumes for each region within the destinations served by UK T.O.s.

Conclusions & Strategies

- The UK market (as all others) is shrinking dramatically.
- There will be less tourists looking to occupy the same number of hotels (and other accommodation) as in 2019.
- Combined with this is a later booking trend – with roughly 4 weeks prior to departure being the prime booking period.
- Additionally, peak season capacity is likely to be tightly controlled by the airlines as they seek margins to offset their losses of 2021.
- Hotels need to plan their distribution and revenue strategies now and prepare for Spring 2021 replacing January / February as the key booking months.
- Discuss with us our further insights & analysis to help you prepare.

Intelligent Travel Solutions

www.intelligenttravelsolutions.co.uk

Let us discuss with you how we can help improve your yield, marketing or sales – all in a cost-effective manner.

