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Consumer backdrop

Latest interest rates increased 0.5% to **4.0%**

Latest inflation (CPI) down from 10.5% to **10.1%**

Latest unemployment rate remained at **3.7%**

The latest Barclays Consumer Spending Report shows travel and leisure was the highest increase in all categories, though Omicron weighed down on the comparatives. Spend growth is outstripping transaction growth, especially with airlines reflecting the increasing fares.

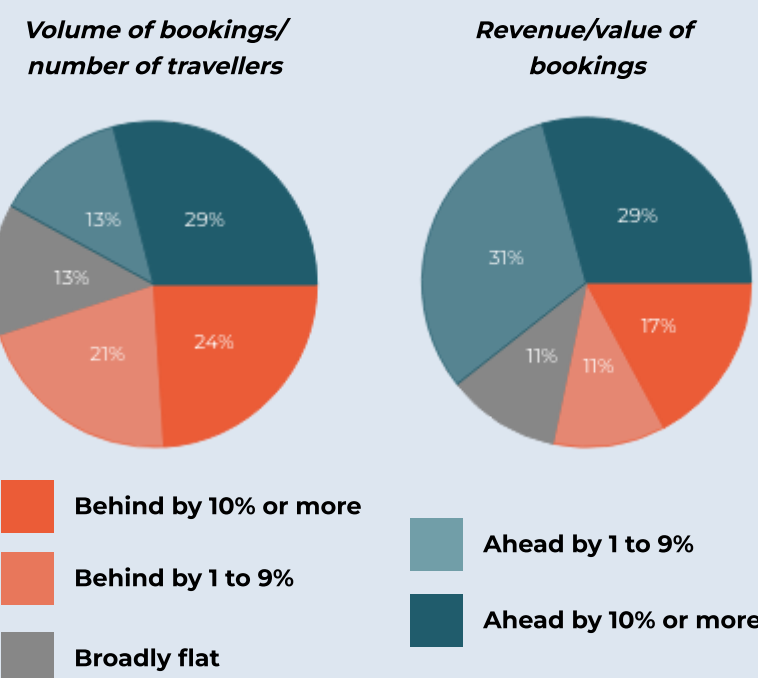
	Spend growth	Transaction growth
Hospitality & Leisure	26.5%	9.0%
Digital Content & Subscription	-0.1%	-6.1%
Eating & Drinking	13.7%	10.9%
Restaurants	4.7%	1.5%
Bars, Pubs & Clubs	18.1%	17.2%
Takeaways and Fast Food	9.0%	10.4%
Other Food & Drink	19.0%	9.5%
Entertainment	21.3%	13.9%
Hotels, Resorts & Accommodation	12.2%	12.9%
Travel	66.1%	24.3%
Travel Agents	83.1%	77.0%
Airlines	75.7%	48.1%
Public Transport	37.9%	25.2%
Other Travel	41.6%	15.1%
Other	7.9%	6.7%
Fuel	9.3%	2.6%
Motoring	10.3%	22.2%
Other Services	6.0%	2.9%

Trading environment

On our TTC Insights Travelcast last week, we asked 100 travel businesses about their cumulative booking position to date.

For your key departure season, where are you cumulatively compared to pre-pandemic?

TUI recently reported their cumulative bookings for the summer season are -11% vs the same time in 2019, but their Average Selling Price is +24%.



For over half of the businesses we polled, **booking volumes** have recovered. They're either in line with or ahead of pre-pandemic levels. One in three is trading more than 10% ahead.

Average prices remain very strong. Almost two-thirds have achieved **booking values** ahead of pre-pandemic levels, with many companies substantially up.

Company announcements

In the past few weeks, travel companies have been announcing their quarterly results and updating on current trading. We've been all ears and some clear themes are emerging. Here are four quotes that sum things up.

Cost discipline



"We continue to remain disciplined on our cost structure. And with the expected improvement from the consolidation of our tech stack and general growth initiatives, we believe we can continue to maintain this lower-cost structure and drive long-term leverage as we deliver accelerating top-line growth"

Normalising lead times



"Heading into 2023, we see a strong backlog for Q1 with longer lead times for bookings in Q4 2022 compared to a year ago...
...We are excited to see the continued strong demand in Q1 2023. We're particularly encouraged by European guests booking their summer travel earlier this year."

Ancillary growth



"Approximately 60% of our guests book some of their onboard activities in advance of their cruise, representing double-digit growth in precruise purchase penetration when compared to 2019 at significantly higher rates."

Price increases



"...The last four weeks, prices were up by 12% compared to 2022 and 24% compared to 2019..."

Regulatory horizon

The CAA is consulting on changes to the ATOL scheme and has issued a Request for Information. [Find out more](#)

Dates for your diary

- March 2023**
- 1-2:** ABTA Travel Finance event
 - 23:** TTC Insights Travelcast
 - 24:** Deadline for responding to the CAA's Request for Information
 - 31:** ABTA and ATOL renewal deadline

Accounting corner

Corporation tax increases from 19 - 25% from April. This applies to companies with more than £50k profit. [Find out more](#)

IATA announced its temporary financial criteria will come to an end for financial years ending 1 January 2023 onwards. [Find out more](#)

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