

Despite continuing high inflation and rising interest rates, consumers are still spending on holidays, and overall consumer confidence is improving. The recent company announcements also show strong trading and normalising booking patterns. You can find out more below.



## Consumer backdrop

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

**8.7%**

**Interest rates**  
increased from 4.25% to

**4.5%**

**Latest unemployment**  
increased from 3.8% to

**3.9%**

Next MPC meeting 22 June

The latest Barclays Consumer Spending Report shows that consumers are reprioritising how they spend their disposable income - overall spend was up 4.3% year on year but spend growth with travel agents and airlines was significantly higher. The flat YOY spend at hotels, resorts and accommodation may be an indicator that growth in domestic breaks has slowed.



Hospitality & Leisure	9.1%
Digital Content & Subscription	8.6%
Eating & Drinking	4.6%
Restaurants	-7.6%
Bars, Pubs & Clubs	3.7%
Takeaways and Fast Food	9.0%
Other Food & Drink	4.5%
Entertainment	12.0%
Hotels, Resorts & Accommodation	0.3%
Travel	17.5%
Travel Agents	16.2%
Airlines	32.1%
Public Transport	11.9%
Other Travel	8.8%



Despite the less-than-ideal economic situation, there is a positive trend in consumer confidence according to the latest GfK Consumer Confidence Survey. Consumer confidence has been steadily increasing since the start of 2023. Historically consumer confidence has closely correlated with outbound leisure travel, so this bodes well for the sector.



## Company announcements

We've been all ears for recent company announcements to understand how trading is going for the travel sector. Here are a few things we found interesting this month.

### easyJet

Booking windows returning to normalised levels. Summer '23 revenue per seat expected to be +20% on prior year.



"Nights and experiences booked increased 19% in Q1 compared to a year ago... we also saw guests booking trips further in advance... more guests are travelling overseas and returning to cities. Cross-border gross nights booked increased 36% in Q1 compared to last year."



Forward bookings are at 96% of the same position in 2019 and at 26% higher average selling prices. UK summer bookings are +10% vs 2019 with c.64% already sold.



"The company is generating significantly more bookings at meaningfully higher prices than in prior years... consumer spending onboard, as well as pre-cruise purchases, continue to exceed 2019 levels."



The premium segment continues to perform strongly, with growth in both volume and booking values. Booked TTV for 5\* holidays was +17% YoY, and more than double pre-pandemic levels... volumes in the value segment have not yet recovered to pre-pandemic levels.



"We saw strong consumer demand with acceleration in international and big city travel and more of Asia reopening... record lodging levels driving gross bookings up 20% year-over-year, revenue up 18% to its highest ever first quarter levels."



## Airline capacity

European capacity is reported to be still only about 90-95% of pre-Covid levels. But airlines are stepping up capacity and at higher ticket yields.



## Regulatory horizon

- Invitations to renew for September ATOL renewals will be sent out in early June.
- IATA temporary financial assessment criteria ends on 30 June.
- New changes now in place for ABTA Members, including new financial criteria, Bond+ and Premium+ schemes.

## Dates for your diary

- June 2023**
- 5-7:** ITT Conference
  - 12-14:** Phocuswright Europe
  - 13:** ATAS UK Summit
  - 14:** ABTA Travel Matters
  - 20:** TTC ATOL Workshop
  - 22:** TTC Travelcast
  - 29:** Travolution Breakfast Briefing with TTC

## Accounting corner

- June 2023**
- VAT returns and payments relating to the quarter ending 30 April are due on 7 June.
  - You have until 22 June to file accounts for the period ending 30 September.
  - December year-ends must submit accounts to ABTA and IATA by 30 June.