

The increase in flight prices is now being partly held responsible for driving the continued high inflation rates. But despite continuing high inflation and rising interest rates, consumers are still spending their disposable income on travel. We're also seeing more customers booking ahead for 2024. You can find out more below.



Consumer backdrop

Latest inflation (CPI) remained at

8.7%

Interest rates increased from 4.5% to

5.0%

Latest unemployment decreased from 3.9% to

3.8%

Next MPC meeting 3 August

Barclays and Nationwide reported strong spending growth on holidays and flights in their latest consumer spending reports. However, for the first time, they also reported transaction growth significantly outstripping spending growth, potentially as a result of more people paying in instalments, a shift towards more mass market last-minute bookings (vs luxury bookings earlier in the year), and/or people already putting deposits down for 2024.



NON-ESSENTIAL SPEND (May 2023)						
Spend category	Total spend May 2023	% change vs Apr 2023	% change vs May 2022	Total transactions May 2023	% change vs Apr 2023	% change vs May 2022
Airline travel	£82,030,549	8%	25%	495,787	18%	41%
Charities	£50,100,724	-8%	2%	2,379,035	-2%	4%
Clothing/Shoes	£245,806,038	6%	-1%	5,694,377	5%	1%
Dating	£1,222,558	4%	1%	47,095	7%	-6%
Digital Goods	£62,601,906	-2%	28%	7,000,000	1%	22%
DIY/home improvements	£270,870,708	0%	-5%	4,447,286	3%	5%
Eating/Drinking	£557,322,384	2%	6%	40,448,061	5%	6%
Gambling	£212,771,982	-4%	-1%	9,424,491	-5%	8%
Gardening/Garden Centres	£42,980,761	25%	12%	1,241,237	19%	13%
General retail/dept stores	£286,575,220	5%	-4%	11,198,326	6%	9%
Health/Beauty	£200,187,005	1%	4%	6,010,421	2%	4%
Holidays	£381,896,661	7%	2%	2,382,097	6%	5%
Leisure/recreation	£173,203,704	-3%	2%	5,895,942	-2%	4%
Other shops & catalogues	£674,288,364	9%	13%	11,324,694	5%	-4%
Subscriptions	£19,667,875	3%	-3%	1,600,729	5%	-3%
TOTAL	£3,261,526,440	4%	4%	109,589,578	3%	6%



	Spend growth	Transaction growth
Hospitality & Leisure	8.4%	4.6%
Digital Content & Subscription	10.2%	1.9%
Eating & Drinking	7.9%	4.1%
Restaurants	-5.3%	-11.4%
Bars, Pubs & Clubs	6.4%	6.4%
Takeaways and Fast Food	13.1%	10.3%
Other Food & Drink	7.6%	-0.3%
Entertainment	7.3%	7.9%
Hotels, Resorts & Accommodation	-4.9%	-2.6%
Travel	13.6%	8.7%
Travel Agents	9.9%	19.9%
Airlines	34.4%	34.5%
Public Transport	6.6%	7.1%
Other Travel	6.2%	7.8%
Other	-1.5%	1.0%
Fuel	-10.7%	-3.3%
Motoring	1.3%	4.5%
Other Services	3.2%	5.2%
Insperience	10.1%	5.5%



Trading environment

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

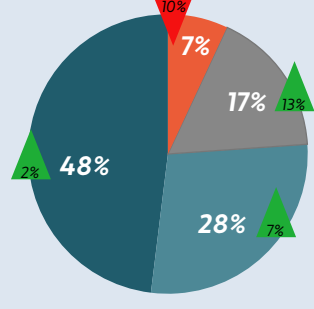
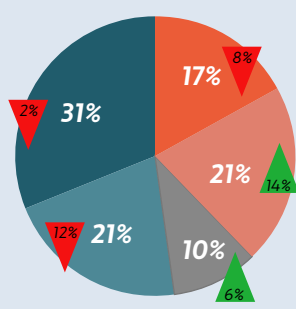
Booking volumes seem to have slowed, with only just over half of businesses polled now ahead of pre-pandemic levels. This is 14ppts lower than the same poll in April. However, average prices remain very strong. Over three-quarters of businesses have achieved **booking values** ahead of pre-pandemic levels, with almost half of companies seeing double-digit growth.

Our final poll confirmed what we've been seeing and hearing about early bookings for 2024. **60% of businesses we polled are seeing higher booking volumes for 2024 departures.** Some key destinations and resorts sold out this year, particularly among specialist products, so customers are being encouraged to book ahead for next year. Inflation rates are also pushing customers to lock in next year at this year's prices and start payment plans early.

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

Volume of bookings/ number of travellers

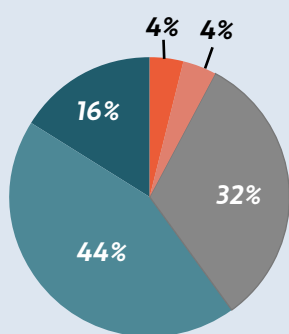
Revenue/value of bookings



■ Behind by 10% or more
■ Behind by 1 to 9%
■ Broadly flat
■ Ahead by 1 to 9%
■ Ahead by 10% or more

Arrows show the changes since April 2023, when we last ran the survey.

For your key departure season, how many bookings have you taken for 2024 departures?



■ > 20% fewer
■ > 10% fewer
■ Same as last year
■ > 10% more
■ > 20% more



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.



"Lead times for our Europe segment continue to lengthen and are now within 10 percent of 2019 levels... our European brands' bookings taken this past quarter for second half 2023 sailings for European deployments achieved double digit percentage increases in both volume and price compared to 2019."



Increased their licence limit by another 320k passengers (18%) - making them the 4th highest ATOL holder.

Regulatory horizon

- 1 August: Deadline for reduced renewal fee for ATOL renewals (valid renewal applications need to file by this date to qualify).

Dates for your diary

- July 2023
- 3-7: Fairer Travel Week with TTG
 - 12: AITO Summer General Meeting
 - 20: ITT Summer Party

Accounting corner

- Companies must submit P11D by 6 July deadline.
- Share Incentive reporting deadline 6 July.