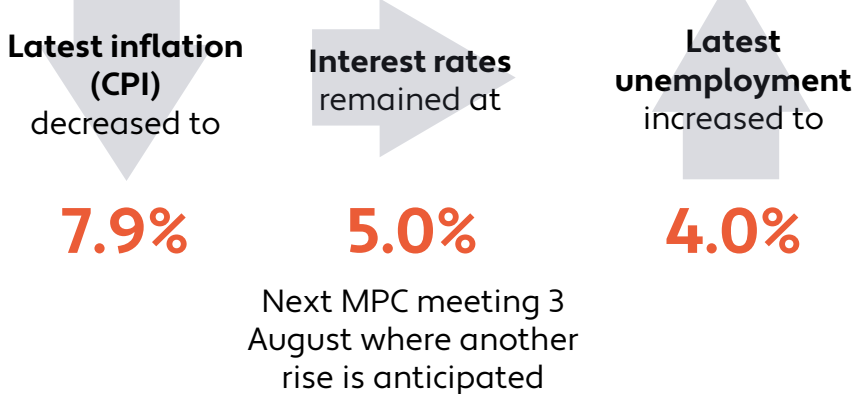


Travel companies continue to release strong trading statements. But the trading environment is getting more challenging. There are early signs that the holiday spending splurge is beginning to plateau as the impact of interest rate rises and persistent cost of living inflation combine with tough prior-year comparatives. You can find out more below.



## Consumer backdrop



Against rising interest rates and a decline in consumer confidence, the latest Nationwide and Barclays data showed continued year-on-year spend growth on non-essentials in June 23. Compared with May 23, growth has slowed marginally across many leisure categories. There are signs of shifting behaviours, with spending on takeaways and subscriptions rising at the expense of restaurants and other entertainment categories.

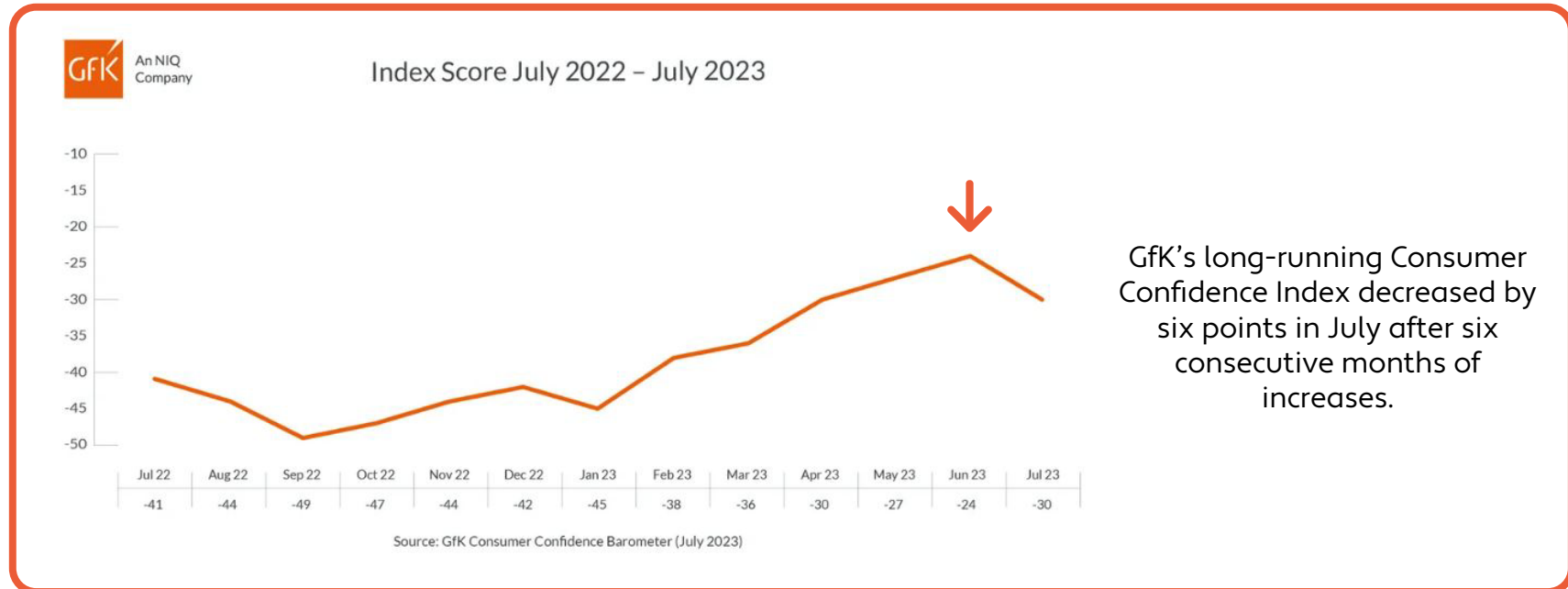
**Nationwide**  
Building Society

NON-ESSENTIAL SPEND (June 2023)

Spend category	Total spend June 2023	% change vs May 2023	% change vs June 2022	Total transactions June 2023	% change vs May 2023	% change vs June 2022
Airline travel	77,961,182	-5%	38%	513,118	3%	37%
Charities	50,787,950	1%	9%	2,433,364	2%	10%
Clothing/Shoes	252,122,531	3%	6%	5,966,716	5%	10%
Dating	1,164,974	-5%	-2%	44,470	-6%	-6%
Digital Goods	58,572,169	-6%	26%	6,593,238	-6%	21%
DIY/home improvements	258,437,284	-5%	-2%	4,221,060	-5%	7%
Eating/Drinking	532,860,578	-4%	7%	39,169,271	-3%	9%
Gambling	186,460,871	-12%	-1%	8,232,636	-13%	5%
Gardening/Garden Centres	30,918,863	-28%	12%	952,459	-23%	14%
General retail/dept stores	291,218,983	2%	2%	11,439,614	2%	17%
Health/Beauty	210,192,651	5%	13%	6,326,799	5%	11%
Holidays	380,201,008	0%	4%	2,408,176	1%	7%
Leisure/recreation	167,262,174	-3%	1%	5,479,459	-7%	-2%
Other shops & catalogues	649,507,322	-4%	14%	11,525,263	2%	0%
Subscriptions	18,243,390	-7%	-2%	1,514,752	-5%	-2%
TOTAL	3,165,911,928	-3%	7%	106,820,395	-3%	8%

**BARCLAYS**

	Spend growth	Transaction growth
<b>Hospitality &amp; Leisure</b>	7.9%	5.9%
Digital Content & Subscription	8.8%	0.2%
Eating & Drinking	7.8%	5.9%
Restaurants	-8.2%	-12.0%
Bars, Pubs & Clubs	8.4%	8.6%
Takeaways and Fast Food	9.1%	7.7%
Other Food & Drink	10.2%	5.0%
Entertainment	3.4%	3.8%
Hotels, Resorts & Accommodation	5.4%	3.2%
Travel	9.9%	12.8%
Travel Agents	0.1%	3.4%
Airlines	33.5%	32.9%
Public Transport	14.0%	13.5%
Other Travel	6.0%	9.7%
<b>Other</b>	0.3%	3.8%
Fuel	-17.4%	-2.8%
Motoring	7.0%	7.9%
Other Services	10.5%	11.9%
Insperience	7.7%	3.6%



## Trading environment

June consumer data showed airline spending growth remained high, primarily driven by ticket price increases. But there are tentative signs of a stall in spending on holidays and travel agents. Year-on-year growth figures plateaued in June, albeit against some tough prior-year comparatives. And TTC data confirmed a slight shortening of the booking window. Nevertheless, travel agents remain upbeat, and there's been a resurgence in business travel activity.

Consumers are still showing confidence to book their travel plans despite threats of strikes, delays and extreme weather events. However, our booking data review shows lead times for 2023 down 4% compared to 2022.

Source: TTC data

**HOW'S BUSINESS?**

Is your business in a better or stronger place than it was 12 months ago?

78% (+7% vs Q1)    18% (+9% vs Q1)    4% (-2% vs Q1)

How optimistic do you feel about Q3?

71% (+2% vs Q1)    23% (+2% vs Q1)    6% (-4% vs Q1)

According to TTC's Agent tracker survey, travel agents remain optimistic. 78% report being in a stronger position than last year, and 71% feel optimistic about the near future.

Source: TTC Travel Agent Tracker Q2 Report

**The Advantage** Travel Partnership

"Domestic market transaction volumes have recovered to 90.8% of 2019 figures in terms of volume alone for the period 1 January 2023 to 31 May 2023."

Source: Global Business Travel Review Advantage

## 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.

### RYANAIR

"There remain significant H2 uncertainties around ATC [air traffic control] strikes, higher oil prices, inflation and higher interest rates."

### easyJet

"Our Q3 performance has been underpinned by strong passenger demand for easyJet's network and services." EasyJet also "expects Q4 to deliver another record PBT performance."

### IAG INTERNATIONAL AIRLINES GROUP

"Customer demand remains strong across the Group... with c.80% of the third quarter passenger revenue already booked... whilst there is no sign of weakness in forward bookings, we continue to be mindful of wider uncertainties that might affect the full year."

### Royal Caribbean INTERNATIONAL

"Demand for cruising and our brands is exceptionally strong and we have seen another step change in booking volumes and pricing, leading us to now expect double-digit net yield growth for the full year."

## Regulatory horizon

## Dates for your diary

## Accounting corner

### August 2023

- ABTA and ATOL ongoing renewals with deadline on 30 September

- 2: Network ITT Conference
- 13-15: GBTA Convention
- 28: Bank holiday

- Deadline for VAT returns and payments relating to accounting quarter ending 30 June
- Deadline for filing accounts for accounting period ending 30 November 2022
- Deadline for Corporation Tax returns for accounting period ending 31 August 2022