Travel Trade Consultancy

Travel Fundamentals

4 November 2026

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October's updates reveal a sharpening divergence across the travel sector, as an 11-point slump in UK consumer confidence and rising inflation place household budgets under renewed scrutiny. While cruise and **premium segments continue to prosper**, the **lower-priced market is feeling the strain**, with softening demand compounded by escalating costs. **Broader travel intent remains resilient**, but sluggish conversion means operators may need to illustrate value to turn hesitant aspiration into confirmed bookings.

Consumer backdrop

Inflation rate (CPI) increased to **3.5%**

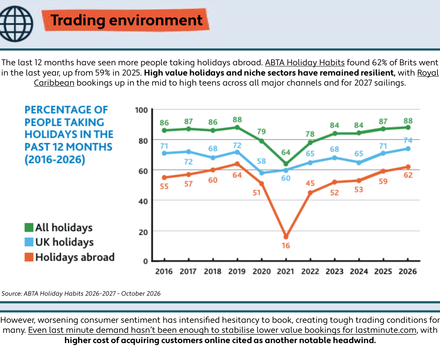
Interest rate remains at **3.75%**

Unemployment rate decreased to **4.7%**

Consumer sentiment has fallen sharply in October, with **GfK's index down 11 points.** All measures were down this month, with confidence in the general economy and intention for major purchases the worst hit.

Despite the steep drop in confidence in the run-up to the UK Budget, **targeted interventions** like the £100 household energy payment and the extended 0% VAT on domestic electricity will **provide cushioning for lower-income families.** However, with headline inflation expected to peak around 3.8%, discretionary spending will likely remain under tight scrutiny.

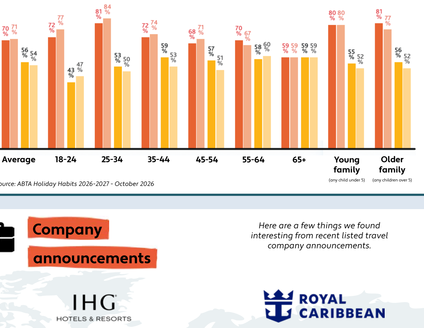
Consumer Confidence Barometer - October 2026



Source: *GfK Consumer Barometer powered by NIM - October 2026*

Trading environment

The last 12 months have seen more people taking holidays abroad. ABTA Holiday Habits found 62% of Brits went in the last year, up from 59% in 2025. **High value holidays and niche sectors have remained resilient**, with Royal Caribbean bookings up in the mid to high teens across all major channels and for 2027 sailings.



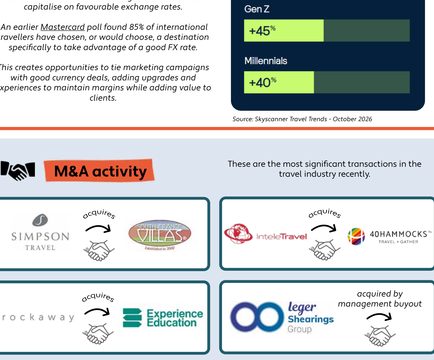
Source: *ABTA Holiday Habits 2026-2027 - October 2026*

However, worsening consumer sentiment has intensified hesitancy to book, creating tough trading conditions for many. Even last minute demand hasn't been enough to stabilise lower value bookings for lastminute.com, with **higher cost of acquiring customers online cited as another notable headwind.**

Costs elsewhere are also climbing. Jet fuel prices in Europe reached their highest monthly level in October, with Ryanair looking at double-digit fare increases across Europe from 2027. Meanwhile, major hotel brand IHG also reported room rates up 3.9% in Q3, further driving input costs for operators.

Following Budget 2026, **travel business owners may face an additional squeeze from the 3.9% rise in the National Living Wage** (adding roughly £910 annually per full-time staff member). On the plus side, high-street travel agencies secure a welcome lifeline through expanded small business rate relief and a two-year rates freeze for retail and hospitality properties, helping offset payroll pressures.

Looking ahead, **demand should theoretically hold as the number of people planning to travel abroad in the next 12 months has held around 70%**. However, fewer people intending to travel have booked to date, with this year's figures standing at 46%, down from 48% last year. The gap likely reflects the condensed booking window on lower-value bookings, however, if buyers remain cautious, there is a risk smaller bookings won't materialise.



Source: *ABTA Holiday Habits 2026-2027 - October 2026*

Company announcements

Here are a few things we found interesting from recent listed travel company announcements.

IHG HOTELS & RESORTS

"At a global level, both rate and occupancy contributed to the 5.3% RevPAR growth, with average daily rate of 3.9% and occupancy increasing by 0.9 percentage points. By demand driver, rooms revenue on a comparable hotels basis was up 10% for groups, up 5% for leisure, and up 4% for business."

IHG Q3 Trading Update - October 2026

ROYAL CARIBBEAN

"[Q3] results were better than the company's guidance, driven by strong close-in demand and lower costs due to timing... While it is still early, 2027 bookings are pacing ahead of historical levels at higher rates"

Royal Caribbean Q3 Results - October 2026

RYANAIR

"[H1] scheduled revenue rose 1% as traffic grew 6% but at 4% lower fares [as Easter timing and] the Middle East conflict led to consumer hesitancy and later bookings. While Q3 demand is strong, with fares trending modestly ahead of the same quarter last year, the booking window remains closer-in which reduces visibility."

Ryanair H1 Results - November 2026

lastminute.com

"Trading in Q3 was characterised by a market in which travellers continued to book higher-value holidays, while fewer customers booked at the lower priced end of the market and trips were shorter."

lastminute.com Q3 Results - October 2026

Chart of the month

Currency tourism is one of Skyscanner's 2027 Travel Trends, as their survey found 45% of Gen Z and 40% of Millennial travellers have changed destination to capitalise on favourable exchange rates.

An earlier Mastercard poll found 85% of international travellers have chosen, or would choose, a destination specifically to take advantage of a good FX rate.

This creates opportunities to tie marketing campaigns with good currency deals, adding upgrades and experiences to maintain margins while adding value to clients.

Source: *Skyscanner Travel Trends - October 2026*

M&A activity

These are the most significant transactions in the travel industry recently.

SIMPSON TRAVEL acquires VILLAS

intelleTravel acquires 4OHAMMOCKS TRAVEL + CAMPER

rockaway acquires Experience Education

leger Shearings Group acquired by management buyout

Regulatory horizon

1 November: March ABTA and ATOL renewal round opens

Dates for your diary

3-5 November: WTM

10 November: ABTA Travel Regulations Conference

20-22 November: The Travel Network Group Overseas Conference

24 November: TTC Insights Travelcast

26-28 November: AITO Overseas Conference

27 November: AWTE Christmas Lunch

Accounting corner

5 November: Bank of England interest rate update

7 November: Deadline for VAT return and payment for quarter end 30 September 2026

22 November: Deadline for electronic NIC, PAYE and CIS payments

30 November: Corporation tax return 30 November 2025

Travel Trade Consultancy

We've spent years helping travel companies do their best work. Some of the biggest travel businesses in the world trust us to solve their regulatory, strategic or financial problems. We've helped travel start-ups get started, and tour operators improve operations. We've even helped airlines get off the ground. Plus, our combined 44 years spent working for the UK travel regulator, the Civil Aviation Authority means we bring a unique perspective to the table.

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