



**LOTUS**

## **CORONAVIRUS UPDATE**

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## ECONOMIC OVERVIEW

### Employment rates rise

The UK unemployment rate rose to 4.1 per cent in Q2 2020, up from 3.9 per cent in Q1, according to the [Office for National Statistics](#), with one million jobs lost. Redundancies increased to 156,000 in the quarter, the biggest increase for more than 10 years. Those aged between 16-24 have been most impacted. The Bank of England also predicts unemployment levels could rise by a further 2.5 million, with job losses surging at the end of October when furlough ends.

There is widespread recognition that aviation, travel, hospitality, entertainment and retail are all sectors still suffering badly. Chancellor Rishi Sunak says he will take into consideration the worsening infection rates and new social distancing measures to find ways of 'effectively helping people' when furlough ends, but he has ruled out an 'endless' extension of the scheme. This is [in contrast to Germany](#) which is extending its Kurzarbeit job subsidy measures until the end of 2021, and France which has said it will extend its furlough scheme for a couple of years. Sunak is considering an extension of the business rates holiday for the retail, hospitality and leisure industries and cutting employers' national insurance contributions and business rates.

However, aviation leaders including the Chief Executive of easyJet and Dale Keller, Chief Executive of the Board of Airline Representatives warned at a Travel Weekly summit that if the Government waited until the autumn budget in November to provide targeted support, then it would be 'too late' for the industry to remain intact. Karen Dee from the Airport Operators Association said it was not impossible for airports to close. Her comments came as London City Airport announced that it was proposing to cut more than a third of its workforce to safeguard its future.

### Inflation falls

[The UK's inflation rate](#), which tracks the prices of goods and services, fell to 0.2% in August, from 1% in July. Cheaper restaurant meals due to the Eat Out to Help Out scheme and VAT cuts to 5 per cent for tourism and hospitality saw prices rise at their slowest rate in five years.

## WORLD TRAVEL MARKET - LIVE EVENT CANCELLED

On Monday 14 September, [Reed Travel Exhibitions announced](#) that World Travel Market London will not hold a physical event in 2020, the first time in the show's 40-year history.

The UK's biggest travel trade show and its sister event Travel Forward will both take place online between 9-11 November, at [WTM Virtual](#). Reed Travel Exhibitions' digital event will provide opportunities for delegates to arrange one-to-one video meetings, attend conference sessions and roundtables and take part in speed networking.

Ahead of the announcement, [The Daily Telegraph](#) reported how the Government's new social distancing regulations – the 'rule of six' – had not provided any detail or guidance on business events. The new rules, which came into force on Monday, ban social gatherings of more than six people, although they state there are "exceptions for work, education and training". However, guidance does not specify whether business meetings or training events between people from different firms are included in this. Simon Hughes, Chairman of the Business Visits and Events Partnership (BVEP) trade body said a lack of clarity causes confusion and commercial damage.

The industry had been working under the assumption that as long as comprehensive risk assessments and mitigation measures, including social distancing, were in place, so-called "COVID secure" venues could hold events of up to 30 people. A review had been expected on Oct 1 that would pave the way to larger events.

LOTUS has created a programme of digital opportunities for Q3 & Q4 2020.

## TOUR OPERATOR UPDATE

### **Loveholidays and On the Beach resign from ABTA over refunds**

Online travel agents (OTAs) On the Beach and loveholidays resigned from ABTA over its refund policy when the Foreign Office advises against all but essential travel but flights are still operating.

For instance, the OTAs declined to refund customers the flight element of package bookings to Spain if the airline had not cancelled the flight and made a refund.

This is against ABTA's policy that ABTA members need to cancel bookings and offer customers full refunds if the Foreign Office (FCDO) advises against all but essential travel.

Over the summer, a number of airlines refused to provide customers and trade partners refunds where they were continuing to operate flights.

The Sun reports that a few of the companies' customers will try and get the refunds through the court process, charge back on credit and debit cards or pursue a case in the small claims court.

A spokesperson for loveholidays told The Sun: "The current package travel legislation was never designed to deal with disruption on the scale we have seen since March 2020".

On Wednesday [TUI](#) promised it will refund customers by the end of the month after thousands of holidaymakers complained to the Competitions and Markets Authority.

### **Thomas Cook is back with cash pledge to customers**

Thomas Cook has relaunched this week as an online-only travel company. Its application for an ATOL was approved, which allows the company to fly up to 50,000 passengers this year. Fosun Tourism Group, the Chinese company, which had been the tour operator's biggest shareholder until its collapse a year ago, bought the Thomas Cook brand together with its Casa Cook and Cook's Club hotel businesses.

The new company said that it would use a trust model devised in consultation with the Civil Aviation Authority to ringfence customer funds, [reports The Times](#).

Jim Qian, Chairman and Chief Executive of Fosun Tourism Group, said that the relaunch was "a big step in our plan to turn Thomas Cook into a global success story".

### **Saga closes Destinology**

Saga, which has posted a £55 million half-year loss, has closed its luxury tailor-made tour operating brand Destinology, which had an ATOL license for nearly 30,000 passengers, as part of a strategy to refocus on its core business, [reports Travel Weekly](#).

## **QUARANTINE UPDATE**

### **Thailand and Singapore deemed safe, Slovenia and Guadeloupe enter red zone**

The Department of Transport announced their weekly update on changes to the UK's travel corridors on Thursday evening and Thailand and Singapore were both added to the safe list, but Britons and holidaymakers arriving in Britain from Slovenia and the French Caribbean island of Guadeloupe will face 14 days in isolation from 4am on Saturday 19 September.

## **DESTINATION UPDATE**

### **USA**

The US economy is expected to shrink by 3.5% this year - less than the 6.5% decline feared in June with unemployment rates also lower than anticipated (7.6%).

Output in the US shrank by more than nine per cent between April and June – compared to the UK which shrank by more than 20%, but nearly 30 million Americans continue to collect unemployment benefits with last month's unemployment rate double that of February.

### **EUROPE**

In Europe, [Sweden has recorded its fewest daily COVID-19 cases since March](#), whereas cases in the Netherlands, Spain and France have all increased with further restrictions being imposed in Madrid this

weekend. Australia has recorded no new COVID-19 related cases for the first time in two months and lockdown restrictions have eased in Victoria, although Melbourne residents cannot leave the city.

Italy is aiming to introduce “COVID-free” flights with 30-minute tests for all passengers before they board in an attempt to save the airline industry, [The Times reports](#). Fiumicino airport in Rome, which already offers rapid testing to passengers arriving from Greece, Spain, Malta and Croatia, became the first European airport to test departing passengers as part of [an initial trial involving flights to Milan](#).

## AVIATION HEADLINES

### **Open up the World Again**

British Airways reports that in March, April and May just five per cent of its schedule flew, and six months in it is flying only 30 per cent. In an opinion piece for [The Daily Telegraph](#), Alex Cruz outlined the existential threat to the aviation sector if the government does not support the sector and called on ministers to take the lead on a global stage so that ‘we can open up the world again.’ He specifically [called on the government](#) to extend regional corridors, provide an APD holiday and to start an immediate testing trial on routes such as London to New York.

### **Heathrow calls for Government to relax restrictions on flying and test at airports**

John Holland-Kaye, Chief Executive of Heathrow has said that Heathrow could suffer the fate of mining areas if the government does not relax restrictions on flying. He said the airport’s traffic “has been killed by quarantine” and urged the government to sign off on the COVID-19 testing system set up at the airport. August passenger numbers were 1.4 million, less than one-fifth of normal traffic for the peak summer month.

### **600 UK Emirates staff face redundancy**

According to [The Telegraph](#), Emirates warned almost 600 of its employees based in Britain of the need to “consider reducing the size of the UK workforce”. Reasons cited by Emirates include quarantine, border controls and travel restrictions, which it says have dampened flight demand.

## CRUISE HEADLINE

### **Cunard’s QM2 to visit 33 World Heritage Sites on world cruise**

Cunard has put its 2022 world cruise on Queen Mary 2 on sale. The 104-night voyage, spanning 16 countries and featuring 33 UNESCO World Heritage Sites will depart Southampton on January 10 and return on April 24, 2022, [reports Travel Weekly](#).

## BREXIT

The Treasury will end tax-free sales at airports, ports and Eurostar stations from 1 January 2021 as the Brexit transition period ends and the government harmonises treatment of EU and non-EU travellers.

Tax-free airport sales on the likes of perfumes and cameras will soon be scrapped, though British travellers will be able to take advantage of a new concession on alcohol and tobacco when travelling to EU countries.

## TRAVEL TRENDS

### **Honeymoon trends from Kuoni**

Increased spend, longer booking times and the rise of the “mini moon” are trends highlighted by Kuoni in its latest Honeymoons Report. Kuoni’s 2021 Honeymoons Report found average spend per booking had risen by more than £500 since 2019 to £8,247. There has also been a sharp increase in lead-in time since 2019, with bookings now made an average 497 days before departure, compared with 354 last year.

### **Millennial Brits still travelling through pandemic claims HolidayPirates**

In its latest Europe-wide survey, the travel deals platform, HolidayPirates, revealed how 63% of its British users, the majority of whom are Millennial (specifically 25-44) continued to find ways of taking a summer holiday despite the challenges of the ongoing pandemic. Even though 45% of this group had original holiday plans cancelled, 50% plan to travel again this year with 66% saying that they want to travel in September or October whilst a further 34% say they will wait until the end of the year.

## About LOTUS

LOTUS is a multi-award-winning PR, marketing and representation consultancy specialising in travel and tourism, working with destinations, travel associations, hotel groups, airlines, tour operators, transportation companies and other tourism related businesses.

In challenging times, working with an established and intelligent partner is key. Steering clients through this territory, LOTUS provides essential client counsel, industry insight, new commercial opportunities and flexible strategies.

For more information, please visit [www.wearelotus.co.uk](http://www.wearelotus.co.uk) or email [enquiries@wearelotus.co.uk](mailto:enquiries@wearelotus.co.uk)

