

YOU TRAVEL.COM ROUND TABLE

ADDING VALUE IS KEY TO SURVIVAL

Youtravel.com took more than 30 agents and suppliers to Crete last week, where they discussed company failures, past and future markets, and ABTA's financial protection proposals for bed banks.

Michelle Perrett reports

A combination of difficult trading over the summer and cash-flow problems will bring about an unprecedented level of company failures by the end of the year, Rock Insurance managing director Anthony Martin said.

The problem is even more pressing as operators tried to renew their ATOL licences. "I think there is going to be an unprecedented level of failures in the next four months. If the late-booking trend stays, there is not going to be the necessary cash flow available to survive," Martin added. Youtravel.com sales and

marketing director Paul Riches argued it was too early to predict the future, but agreed the omens were not good.

"We can all sit here and talk about trading, but no one knows what will happen next. There were some failures in the summer when you wouldn't expect anyone to fail," he said.

Travel Trust Association director Steve Clark agreed that more agencies would fail. He predicted that some operators would be forced to cease trading if they were unable to renew their ATOL licences in September.



PICTURE: ADRIAN POPE

Short breaks, tours & tailor-made South Africa with Somak Holidays. Welcome to The Table Bay Hotel - Summer breaks 2010 from only £1195pp



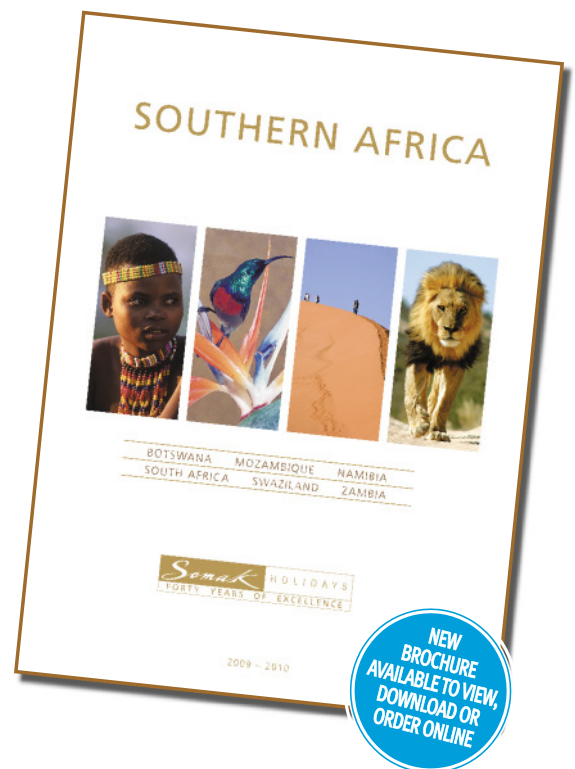
A stylish and modern hotel, ideally located in the centre of the Victoria & Alfred Waterfront. The best address in Cape Town! Offers a choice of two restaurants, two bars & a wine cellar. Leisure facilities include an outdoor pool with a pool bar, jacuzzi, sauna, steam room, fitness centre & Camelot Spa. Book now for the best package prices for 2010.



Call – 020 8423 3000

www.somak.co.uk
southafrica@somak.co.uk

Open: Mon-Fri 0900-1800, Sat 0900-1600





From left (back row): Steve Clark, TTA; James Clarke, thisistravel.co.uk; Tom O'Connor, Travelzoo; Matthew Todd, Qwerty Travel; Anthony Martin, Rock Insurance; Jason Dwyer, bookableholidays.co.uk; Neil Herbert, Travelbuddy; (front row) Paul Riches, youtravel.com; and Liz Garfield, youtravel.com



Revealing The New Louis Majesty and fascinating winter cruises

Welcome to the world of Louis Cruises, the Mediterranean experts, and offer your clients something different this winter.

Whether you choose a cruise of between 6 and 16 days to North Africa, the Canary Islands or Southern Spain, or a Christmas or New Year's Cruise, we have something for you.

The Louis Majesty offers great entertainment, relaxation, and the very warmest Mediterranean hospitality that you can only find on a Louis Cruise ship. All at an affordable price.

So enquire today and send your clients on the trip of a lifetime.

- ❖ 6 Day Christmas Cruise
- ❖ Christmas & New Year Cruise
- ❖ 12 Day Eastern Med Cruise
- ❖ 8 day North Africa and S. Spain
- ❖ Excursions, Shows, Casino & more
- ❖ Multiple Departure Ports
- ❖ Fascinating Destinations

FROM ONLY
£249 PER PERSON

For more information call:
0800 0183883 visit:
www.louis cruises.com or email:
reservations@louis cruises.co.uk



He said: "Large operators will get through this, but will medium-sized ones?"

However, the situation is not entirely bleak. Agents who think more creatively are likely to survive the continuing impact of the recession on the high street.

Travel Buddy sales, marketing and distribution director Neil Herbert said: "Retail travel has got to add value to transactions. If it doesn't, it is going to go under."

"Differentiation will be key to survival. It doesn't have to be a price differential, but a service differential."

Qwerty Travel sales manager Matt Todd agreed it was time for agents to look at ways to improve business. "A lot of agents are just doing the same thing, but it's time to change."

Youtravel.com national sales manager Liz Garfield said following a number of operator failures over the past 12 months, agents should be wary of putting all their eggs in one basket.

Thisistravel.co.uk general manager James Clarke agreed that agents need to vary the product they offer, particularly those who

THE PANEL

Bookableholidays.co.uk
managing director,
Jason Dwyer

Rock Insurance
managing director,
Anthony Martin

Qwerty Travel
sales manager, Matt Todd

Thisistravel.co.uk
general manager,
James Clarke

Travel Trust Association
director, Steve Clark

Travelzoo
senior sales director,
Tom O'Connor

Travel Buddy
sales, marketing and
distribution director,
Neil Herbert

Youtravel.com
sales and marketing
director, Paul Riches

Youtravel.com
national sales manager,
Liz Garfield

YOU TRAVEL.COM ROUND TABLE

► focus on niche products. "If you are a specialist and have not sold outside that arena, you are going to have problems. It's going to be tough for the next few months," Clarke said.

The 2009 market

While trading has fluctuated this year, the autumn half term and Christmas period could provide a boost after sales decreased in September.

Clark said: "The first quarter of the year was down. Business was good until a few weeks ago. People are booking increasingly later, so hopefully we will see business return for half term, Christmas and New Year. If anyone comes out on a par at the end of the year, they have done well."

Clarke said the problem was compounded by consumers booking late, as the majority of people book between two and three weeks before departure.

He added: "We had a strong May and June, but July was not as good. Turkey and



"Retail travel has got to add value to transactions. If it doesn't, it is going to go under"

Greece held up, but trading dropped off in September."

Todd admitted the market was unpredictable. "One minute trading would be strong, and the next there would be nothing."

Riches said the bed bank market reported similar sales volumes to last year, mainly because of a late sales surge for June, July and August. The

average sales value was up 12% on summer 2008, partly because of the weakened pound against other currencies, particularly the euro.

"Margins were much the same - slightly up," he added.

Bookableholidays.co.uk managing director Jason Dwyer said his company had increased revenues by 25% this summer, although

profit remained low because of sterling's poor exchange rate.

Tom O'Connor, senior sales director of holiday deals website Travelzoo, said it had changed business practices by tightening credit terms with advertisers.

The 2010 market

The message for 2010 was similar to this year, as price-driven customers continue to book at the last minute.

Although there are signs the UK may be coming out of the recession, unemployment and financial concerns will continue to worry consumers. They could also be distracted by the football World Cup in South Africa and a general election.

Todd said: "I don't think 2010 will be much different to this year - we are still going to be chasing business."

Job security and unemployment would continue to have an impact on bookings, according to Clark.

Clarke agreed: "Everybody would focus on ►

Working with Zoover increases your business and profitability

More happy returning clients 9.8

About us

- ✔ Largest European travel community
- ✔ 800.000 holiday reviews
- ✔ 190.000 accommodations
- ✔ 30.000 destinations
- ✔ 5 million monthly visitors
- ✔ Weather forecast

Use Zoover

- ✔ High interested visitors
- ✔ Targeted advertising
- ✔ Present in 18 countries
- ✔ Insights in market trends
- ✔ Social network
- ✔ Free reviews on your site

Be transparent to your customers
 For more information, please contact Ms M. Verbeek, m.verbeek@zoover.com, phone +31 (0)88 8786877



tta Travel Trust Association

THE ALTERNATIVE

The alternative to increasingly expensive bonds. We have better merchant acquirer rates and a new solution for cashflow headaches.

PROFESSIONAL HELP TO SET UP AND RUN YOUR INDEPENDENT TRAVEL BUSINESS

Contact Matt Skilton on 01483 545 783 or email him at matt.skilton@traveltrust.co.uk

YOU TRAVEL.COM ROUND TABLE

► a general election and people would probably delay booking.”

Herbert said the move towards short breaks would continue, especially for the over-45s, who are going to be more careful because of financial concerns.

On the dynamic packaging market, Clarke said traditional operators were more aggressive with pricing and cornering exclusive product, which he expected to continue in 2010. This will take some product away from agents wanting to dynamically package.

However, Clark said agents could still survive, as operators are offering better prices and commission as they recognise the importance of agents on the high street in the recession.

Financial protection

Agents and suppliers agreed that ABTA's proposal to enforce principal status on bed banks was ineffective, and argued that the association should steer clear of the matter.



“Everybody would focus on a general election and people would probably delay booking”

Clark said: “ABTA is a great membership organisation. It should hive off consumer protection, and let an outsider undertake a risk assessment.”

Riches said: “Of the four or five bed banks that shoulder the market, we should be able to come up with a solution.”

Herbert said: “ABTA does a lot of things very well. But it can't be all things to all men.”

Clark added: “I think ABTA is looking at moving the goal-

posts. ABTA gives a licence to trade, but what does that licence mean?”

He called the ABTA proposal to make bed banks liable for consumers' money in the event of a failure an “absolute nonsense”.

“I don't think the proposal works. If I was a bed bank in ABTA, I would leave.”

No doubt this will be one of the many key issues debated at The Travel Convention in Barcelona next week.



Go to www.travelweekly.co.uk/travelhub for picture coverage of the event and to let us know what you think about their views.

DON'T MISS YOUR £25

Marks & Spencer vouchers for every Christmas & New Year holiday you book

Terms and conditions apply



GET CHRISTMAS WRAPPED UP NOW

ADD SOME SPARKLE TO YOUR CUSTOMERS' FESTIVE SEASON WITH THIS SUPERB NEW COLLECTION OF CHRISTMAS AND NEW YEAR HOLIDAYS FROM PAGE & MOY

NEW BROCHURE OUT NOW

From breaks in beautiful British cities, captivating European castles and Mediterranean resorts to adventures in Cape Town and a cruise in the Far East, we've got Christmas and New Year all wrapped up.



TO ORDER BULK SUPPLIES OF THIS BROCHURE VISIT TRADE-GATE.CO.UK
For more information and to sign up to sell Page & Moy holidays call 0845 121 0996