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# .....what makes good times ?



World economic background

Eurozone

UK fiscal responsibilities

# The X Factor



The relationship and confidence everyone has in their employers, business partners, backers and the markets

# X – The Relationship



# The TERRORISTS within

- The Government:

- **APD** — change from pax tax to per plane tax. Logical, but wants to raise income by up to 40%
- **Reduce the deficit** - logical, but 80% of cuts will come from public spending (NHS and others ring-fenced) and 20% from increased taxation
- **Corporation tax and N.I.** - reducing Corp tax, and increasing NI is NOT logical
- **VAT** - inevitable increase to 20%. Forms of transport are not free of VAT, but are zero-rated

# The TERRORISTS within

- The Airlines:

- **Fuel surcharges** – airlines argue this is so they don't have to continually file fares, but it distorts the pricing of air travel in many ways
- **Unbundling** – Driven by technology unbundling has become a big earner for carriers.. Well over 100 areas for unbundling identified according to the BTC
- **Online discrimination** – despite assurances from carriers and the GDS full content agreements, yield control will find ways of ensuring fares will continue to have a difference depending on platform
- **Globalisation** - Inevitable increase in consolidation, leading to less competition, higher fares, and less choice

# The TERRORISTS within

- The Corporates:

- **Reduce costs** — the need to reduce costs is obvious, but it should be more about getting value for money than cutting costs. A TMC fee's amount to less than 5% of travel costs
- **Booking direct** – has its benefits, but the value of a TMC has never been worth more. Can Self Booking Tools handle unbundling?
- **R.F.P.'S** – ever increasing demands within RFP's will not deliver value for money. Keep it simple, 48 page RFP's are unnecessary

# The TERRORISTS within

- The Unions:

- **BA** – arguably the most stupid strike ever. Willie Walsh has to break the unions otherwise BA is doomed. The unions can't now back down without losing face. A solution has to be found for the good of the industry
- **Greece** – in meltdown, causes civil unrest, Japan in crisis, Spain likely to leave the Eurozone before anyone else. Portugal and Italy just hanging on

# The TERRORISTS within

- The Financial Institutions:
  - **Banks** – withdrawing loans or overdrafts from companies whom they have supported for many years almost without warning. Travel companies are seen as high risk !
  - **Merchant Card Services** - Vital for any Travel Management Company or retail agent to trade, but made extraordinarily difficult to obtain

# The TERRORISTS within

- Other Bin Laden's:
  - **ATOC** – looking for bonds from TMC's set at ludicrously high levels, which cannot be obtained in the insurance market
  - **IATA** - punitive hoops to jump through to obtain a licence to enable an agent to trade, or as in recent times, to continue to trade
  - **ATOL** – consumer protection a shambles, which has three masters. The CAA, DfT, and through Brussels within the Package Travel Regulations. Confused ? – we have been for ten years and more

# The enemy at the gates ...



# .....good times are rolling

<b>Air sales</b>	Quarter 1 Jan Feb Mar	Quarter 2 Apr May
Flown Revenue	+16%	+23%
Tickets	+ 9%	+14%

# .....good times are rolling

Average ticket price	Jan	Feb	Mar	Apr	May
2009	449	439	432	425	412
2010	466	498	492	515	546
% increase	+4%	+13%	+14%	+21%	+32%
				Based on £500m sales	

# Thank You