

WTM Industry Report 2021



wtm[®]

HYBRID

London: 1 - 3 Nov 2021
Virtual: 8 - 9 Nov 2021

T>F

TRAVEL
FORWARD
LONDON
01-
03.11.2021

RX

Foreword

WTM London, the leading global event for the travel industry, will – as we have done since our launch event in 1980 – host the global travel and tourism industry as it looks to agree business deals and discuss the current issues facing the sector.

Last year, we hosted the industry virtually due to the Covid-19 pandemic. As we return to face-to-face business on the exhibition floor it could be argued the 42nd edition of WTM London is the most important in its history, as the industry looks to reconnect, rebuild and innovate to thrive post-pandemic.

The path out of the pandemic will be bumpy and challenging, but I am pleased to see the report finds a high level of industry optimism for 2022 and beyond.

WTM London has surveyed its key stakeholders – exhibitors, senior WTM Buyers' Club members and visitors – to discover the central issues for the industry and the topics of conversations on the exhibition floor across the three days of WTM London 2021 (Monday 1 – Wednesday 3 November).

The findings form the backbone for the World Travel Market London 2021 Industry Report. They cover a range of issues from industry optimism, the impact of the Covid-19 pandemic and the holiday hotspots for next year.

These results are put into context by comparison with a survey of 1,000 UK consumers revealing how their booking and holidaying habits have changed post-pandemic.

The World Travel Market London 2021 Industry Report fills me with confidence for a hugely successful three days at WTM London, which will set the wheels in motion for the industry to rebuild and innovate, taking the sector to an even stronger position than before Covid-19.

Natalia Hartmann.
WTM London Team.

Report Research Background

The World Travel Market London 2021 Industry Report is based on the findings of two independently conducted surveys in August 2021.

The first is a poll of 676 WTM London stakeholders, comprising exhibitors (tourist boards and private sector travel industry organisations), the industry's senior buyers from the WTM Buyers' Club and travel trade visitors.

The second piece of research is a survey of 1,000 UK consumers. A full cross-section of the UK public in all regions and income brackets were surveyed, according to Market Research Society's guidelines.

Contents

■ The Impact of the Pandemic on the Travel and Tourism Industry.....	5
■ Industry Optimism for 2022 and Beyond.....	10
■ Holiday Hotspots.....	17
■ Holiday Trends for 2022.....	19
■ Emerging Destinations – Saudi Arabia.....	25
■ Sustainability.....	28
■ Brexit and Holiday Affordability.....	32
■ Travel Technology in a Post-Pandemic World.....	35

Chapter 1: The Impact of the Pandemic on the Travel and Tourism Industry

The global travel and tourism industry was thriving before the Covid pandemic hit the world in 2020.

International tourist arrivals were down 83% (180 million) in the first quarter of 2021 compared to the same period the previous year – the quarter before the pandemic started to have an impact, according to the United Nations World Tourism Organisation (UNWTO).



UNWTO data also shows that 2020 saw one billion fewer arrivals than 2019, making it the worst year on record. For comparison, the 2009 global financial crisis saw a 4% drop in international arrivals.

Before the pandemic the global travel and tourism industry had seen 10 years of continuous growth in tourism arrivals with numbers always above one billion.

The UK outbound travel industry was similarly thriving. An overseas holiday for UK citizens was almost seen as necessity or a right before the pandemic. There were 93.1 million overseas trips in 2019, a 3% increase on 2018 (90.6m trips), according to the Office of National Statistics.

Pre-Covid, the UK outbound travel industry contributed £37.1 billion in gross value added (GVA) to the UK economy and sustained 221,000 UK jobs – a larger number than the British steel industry.

Abta members' summer 2021 booking were down a massive 83% on 2019. Furthermore, seven in ten Abta members planned staff redundancies due to the end of the furlough scheme in the UK at the end of September.

In September, trade bodies Airlines UK and the Airport Operators Association told Transport Minister Grant Shapps that summer 2021 "was a worse summer for our industry than summer 2020", adding: "The UK is being left behind despite its world-beating vaccination programme."

Heathrow Airport, for example, saw passenger numbers 71% down in August 2021 compared to same pre-pandemic summer peak month.

The London hub dropped from being the busiest airport in Europe in 2019 to tenth as competitors recovered at a much faster pace.

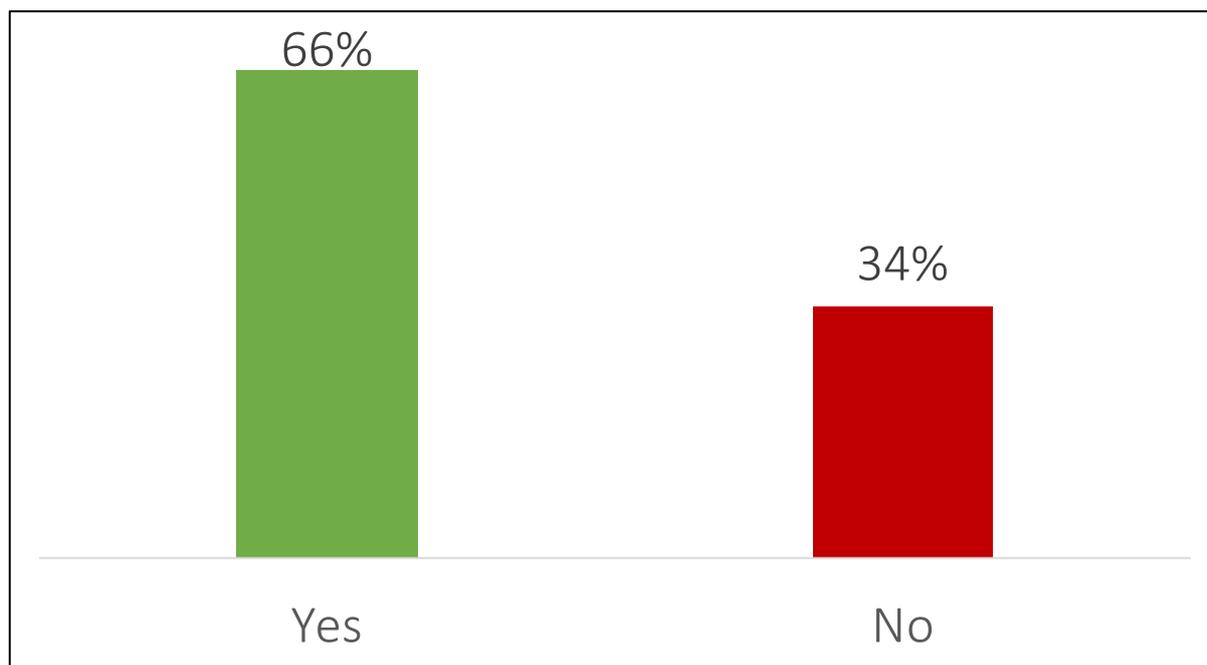
Traffic-light system stopped two in three holidaymakers going overseas

Two-thirds of Brits blame the traffic-light system for their decision not to take an overseas holiday in the past year.

Of those who didn't travel abroad on holiday in the past 12 months, 66% replied 'yes' to the question: Has the traffic light system introduced by the UK government for overseas travel put you off travelling overseas over the last year?

When it was introduced, the traffic-light system was hailed as an easy-to-understand way for the Government to grade destinations according to Covid statistics, and determine whether or not people entering the UK would have to quarantine.

Q. Has the traffic light system put you off travelling overseas? (Consumer Survey)



However, there were several instances of destinations being relegated to amber or red, causing chaos among holidaymakers who were often given just 48 or 72 hours to get home, or who had to cancel their plans.

In addition, the Government introduced an extra level – the ‘green watch’ list of destinations in danger of turning to amber.

Respondents told the WTM Industry Report traffic-light uncertainty had put them off travelling in the past 12 months.

“Boris Johnson cannot make his mind up from one minute to the next what countries are in what colour. It is just not worth travelling abroad at the moment,” said one respondent.

Another explained: “I don’t want to pay a fortune for a Covid test and be stuck indoors to quarantine.”

“It changes at a moment’s notice and is very confusing – the Government is shambolic and doesn’t know what it is doing. Boris flip-flops from one ill-thought-out decision to another,” another respondent said.

A fourth explained they were put off by the traffic-light system: “Because they change the system without any notice at all so you could potentially have to isolate with no notice.”

Among the remaining one in three Brits who didn’t holiday overseas in the past 12 months, some said they just did not feel safe about travelling.

“It’s just too high risk so have chosen to wait. It’s not the traffic light system, it’s Covid that has stopped us,” said one.

One in five defied Government advice against holidaying abroad

However, one in five Brits cast aside worries over Covid – and defied repeated warnings from politicians and experts to stay at home – in order to take an overseas holiday in the past year.

More than one fifth (21%) of Brits took a holiday of seven days or more in the 12 months to August 2021, with 4% of those having both an overseas trip and a staycation.



A further 29% took a staycation only, while 51% did not go on holiday at all in the past year. Those who ventured abroad for a seven-day break or longer did so despite repeated pleas from Government ministers and health advisers not to travel, amid fears Covid could spread further.

At various times in the past 18 months, travel both within and from the UK has been halted because of Covid, including during much of the first three months of 2021, when overseas travel was illegal.

Even when overseas travel was permitted, Government ministers and medical experts repeatedly urged people to forego their annual overseas holiday in order to help contain Covid.

In June 2020, former Health Minister Helen Whately told Brits they should “look carefully” before booking foreign holidays; in January 2021, former Health Secretary Matt Hancock advised people to plan for a “great British summer” and the then-Foreign Secretary Dominic Raab said it was “too early” for Brits to book summer breaks overseas. Former Environmental Secretary George Eustice repeatedly maintained he had “no intention of travelling or going on a holiday abroad”, while Prime Minister Boris Johnson said in May that British holidaymakers should not go to amber-list countries except in “extreme” circumstances.

The hassle and cost of Covid tests, as well as confusion over the traffic light system – not least the risk of last-minute changes that saw holidaymakers dashing home to the UK to avoid quarantine – clearly did not deter those pining for an overseas holiday.

More people from London holidayed abroad in the last 12 months than from any other UK region, with 41% saying they had taken an overseas holiday of seven days or more and only 36% saying they hadn’t had a holiday at all.

Those least likely to have taken an overseas holiday were from the North East, with 63% of people from this region saying they’d not had a holiday at all, just 13% saying they’d taken an overseas holiday and 25% saying they’d taken a staycation.

Public point finger of blame at government policies for overseas travel chaos

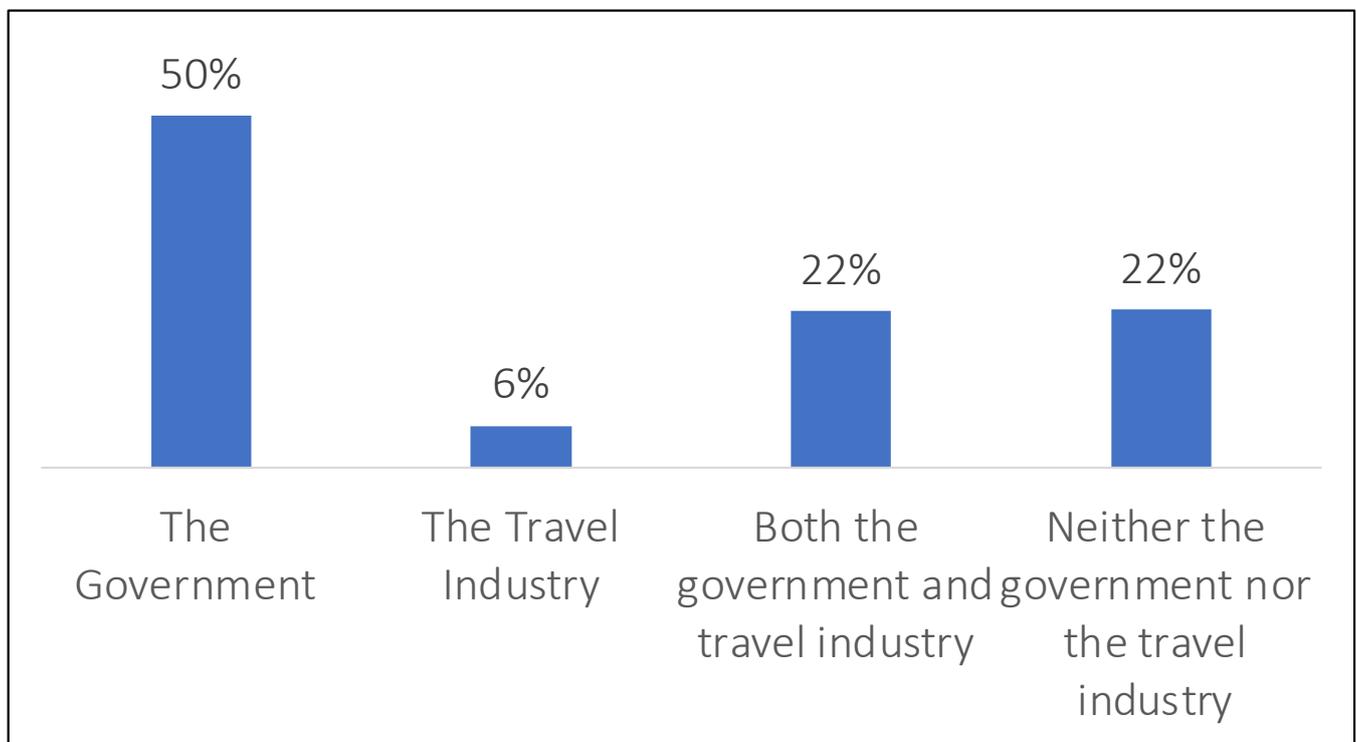
Seven out of 10 Brits say the UK Government is to blame for the chaos surrounding overseas travel during the pandemic, showing sympathy for the travel industry over the past 18 months.

One in two solely blamed the government, while a further fifth (22%) blamed both the government and travel industry.

Another fifth said the confusion was not the fault of government nor the travel industry – and just 6% blamed the travel industry.

The findings come after 18 months of unprecedented disruption to travel across the globe as the Covid-19 pandemic took its toll.

Q. Who do you blame for the chaos regarding overseas travel during the pandemic?



In the UK, the government banned international travel in March 2020, with some easing of restrictions in summer 2020.

Further bans were imposed as cases rose in autumn – then limited overseas travel was allowed again from May 2021, with the introduction of the controversial traffic light system.

Despite forging ahead with the vaccination programme from December 2020, the UK did not see its international travel markets open up to the extent of its European neighbours, as the cost of PCR testing and short notice of changes to traffic light lists deterred consumers.

Holidaymakers in destinations such as Portugal, France and Mexico faced a scramble to return to the UK to avoid mandatory quarantine requirements – meaning many consumers opted instead for a staycation or no holidays at all.

Meanwhile, travel agents, tour operators, airlines and others in the travel industry campaigned tirelessly for the government to deliver a meaningful restart to international travel – although most have now suffered two summers of lost trading and face a battle to survive into 2022.



The confusion was compounded by the fact that the devolved nations were responsible for their own rules. It meant, for example, that Scottish and Welsh travellers were limited for much of the summer 2021 season to just one provider of PCR Covid-19 tests.

Interestingly, a higher percentage of Scots (57%) blamed their government alone for the chaos.

Chapter 2: Industry Optimism for 2022 and Beyond

As the first chapter outlines, the past two years have been terrible for the global travel industry.

However, there is growing optimism from WTM London delegates that 2022 could return to pre-pandemic levels.

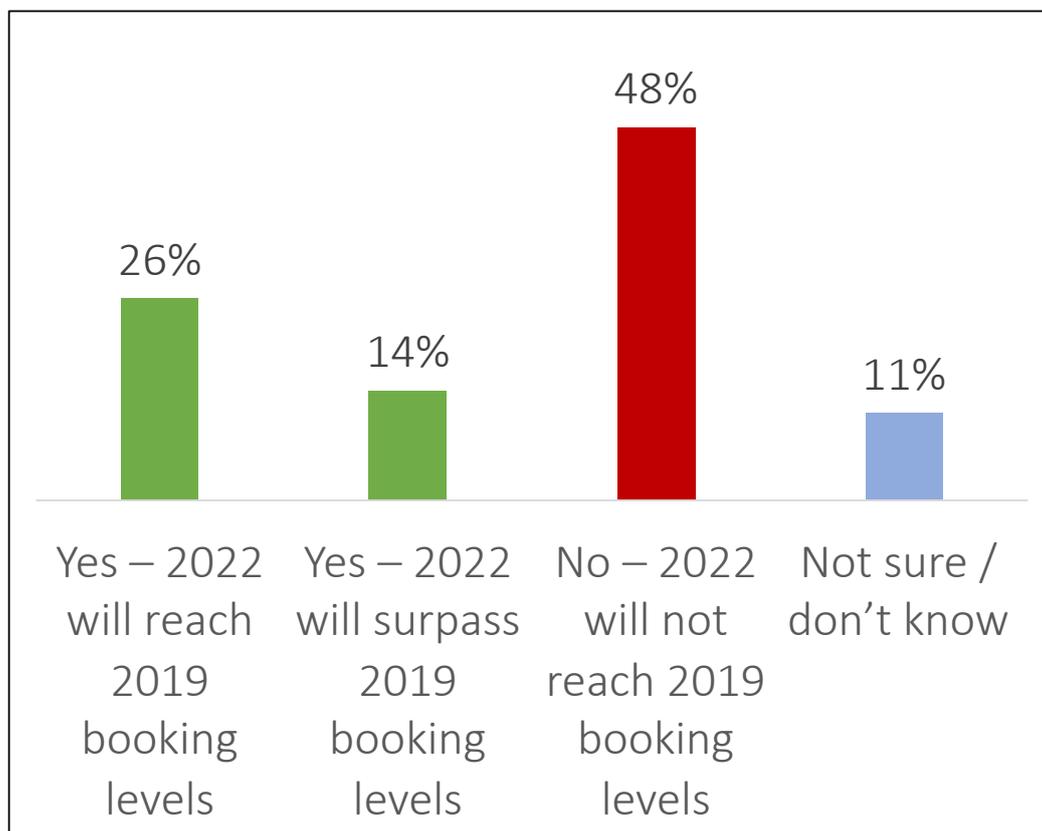
Four out of ten senior travel professionals think 2022 booking volumes across the industry will match or exceed 2019's levels.

A quarter (26%) are confident that industry bookings for 2022 will be

comparable with 2019, with 14% expecting 2022 to outperform the last normal year before the outbreak of Covid at the start of 2020.

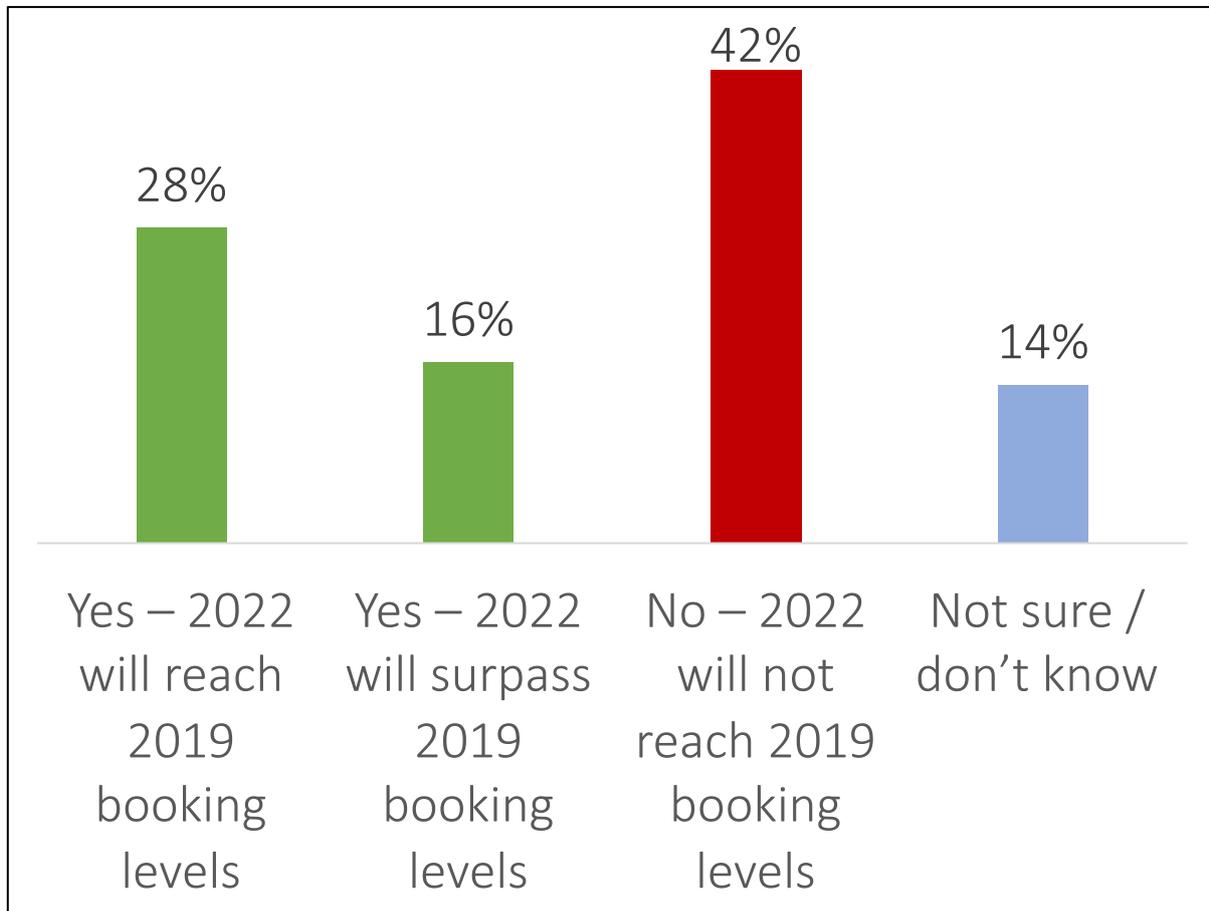


Q. In terms of number of bookings, do you believe the tourism industry will return to pre-pandemic levels in 2022? (Industry Survey)



When asked about their own business performance, professionals were equally optimistic, with 28% expecting bookings to match 2019, and 16% anticipating an increase.

Q. In terms of number of bookings, do you believe your company will return to pre-pandemic levels in 2022? (Industry Survey)



However, not everyone is expecting a recovery in 2022. Almost half the sample (48%) think the industry will fall short of 2019, with 11% unsure. And for some individual businesses, 2022 will be a struggle, with 42% admitting that bookings are unlikely to match 2019. A further 14% are not sure how 2022 will pan out.

Brits to Flock Abroad in 2022

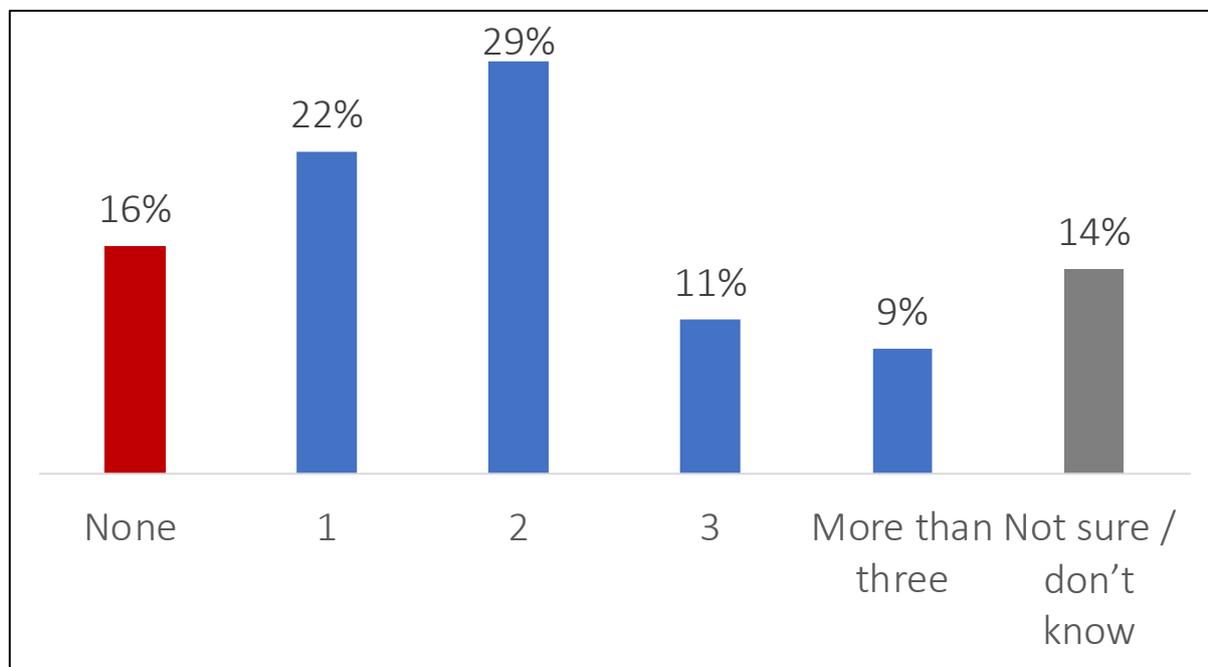
Furthermore, UK consumers are desperate to go overseas in 2022, with many planning more than one holiday next year, which will see them spend more money on holidays than in 2019 – before the pandemic when the travel industry was booming.

One in two Brits plan two or more holidays in 2022 – and 70% plan to take at least one holiday next year. Furthermore, four in 10 consumers intend to spend more on holidays than they did back in 2019.

Just 16% don't plan to go away at all, while 22% say they will have one holiday in 2022.

A third (29%) told pollsters they planned a couple of holidays – including short breaks as well as longer vacations – while 11% said they were hoping to take three. Almost one in 10 (9%) said they were planning to take more than three holidays.

Q. How many holidays do you plan to take in 2022? (Consumer Survey)



When it comes to holiday spending plans, 43% intend to spend more than in 2019 and less than one in 10 (9%) said they would spend less than 2019's budget.

Almost one in six (17%) told the survey they would spend “significantly” more than 2019 – by a margin of 20% or more – while a quarter (26%) estimated they would spend slightly more – up to 20% above 2019.

A third said they would spend about the same as before the pandemic.

The consumer findings are supported by research among the global travel industry, with almost half (44%) of 676 companies quizzed for the report stating their bookings will reach or surpass the levels seen in 2019. Two-fifths (42%) say booking levels next year will still lag behind 2019, while 14% were not sure or didn't know.

The research bodes well for the recovery of the British outbound travel industry, suggesting there is strong pent-up demand for post-pandemic getaways as restrictions ease.

With overseas travel in 2020 and 2021 being far below pre-Covid levels, the survey gives hope to agents, operators and airlines that bookings will bounce back quickly when travel becomes easier.

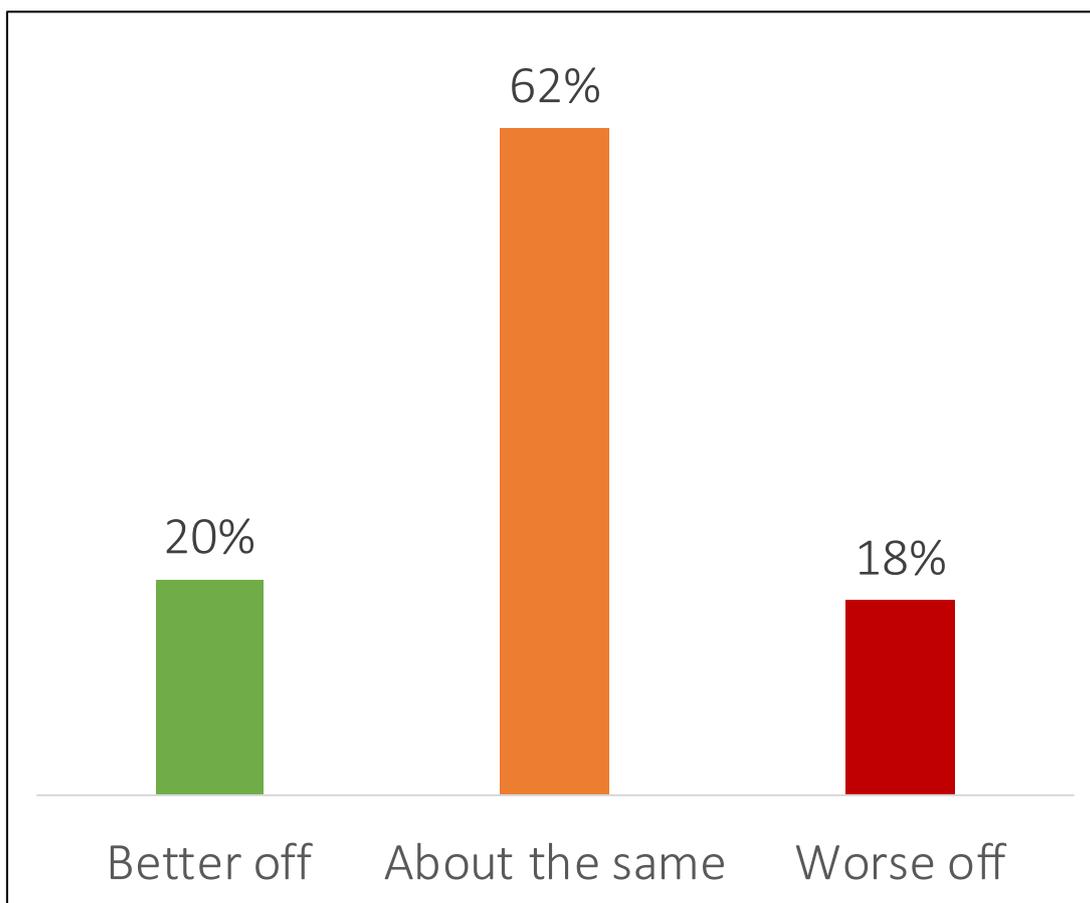
Furthermore, the findings echo market indicators seen elsewhere – over the summer, ABTA's consumer research found that 41% already have a holiday abroad booked for the next 12 months, and 35% had booked a foreign holiday for this summer. These numbers are lower than normal but they do reveal how demand for travel remains, in spite of the difficult climate.

And Hays Travel, the UK's largest travel agency, reported a profit in August, thanks in part to the armada of cruise ships offering domestic sailings over the summer around the British Isles.

I've got more equity... Get me out of here!

More than half of UK adults who say they're better off now than they were before the Covid pandemic will use the extra cash to splash out on a holiday in 2022.

**Q. Financially, are you better or worse off since the start of the pandemic?
(Consumer Survey)**



One in five Brits said they are better off than they were pre-Covid, when outgoings were higher.

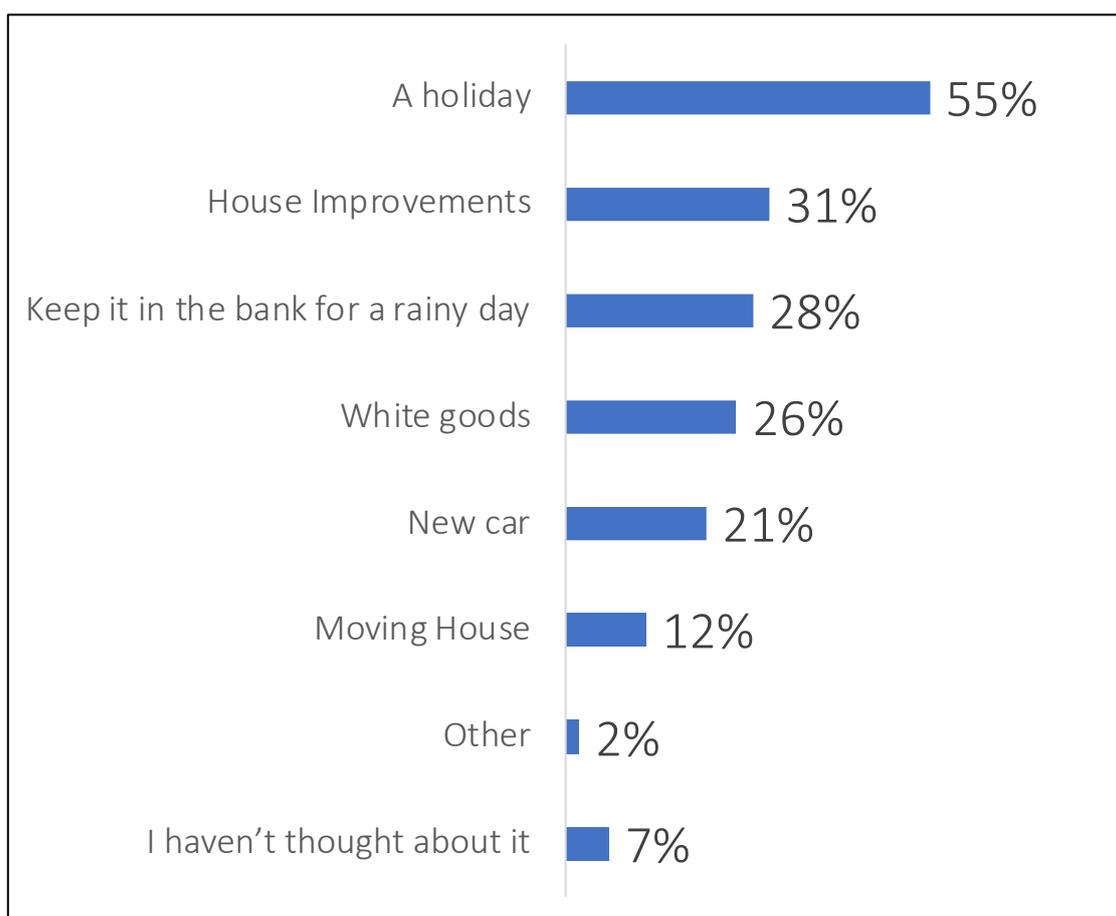
When asked: "Financially, are you better or worse off since the beginning of the pandemic?", the majority of respondents (62%) said 'about the same'; 20% said they were better off and 18% worse off. Respondents were asked to consider both earnings and outgoings in their response.

When those who said they are now better off were asked: "What do you plan to spend your extra money on?" a holiday came out as the top answer, with 55% saying they would use it to book a getaway. The figure is almost twice as many as the next-best answer, where 31% of those who are better off than they were pre-Covid said they'd spend it on home improvements.

A cautious one in four (28%) said they'll "keep the money in the bank for a rainy day"; 26% said they'll spend it on a new fridge-freezer or something similar in the white-goods category and 21% will buy a new car. Around one in ten (12%) said they would put the money towards buying a new house.

Even more encouraging for the travel industry, a significant number are still undecided and could well be swayed by tour operators and destinations enticing them to spend their cash on a holiday. Of those who say they're better off since Covid started, 7% "haven't thought about" what they'd do with the money.

Q. What do you plan to spend your extra money on? (Consumer Survey, asked to those who said they are better off)



Londoners Will Drive Leisure Travel Recovery in 2022

Londoners look set to lead the way to the sun loungers in summer 2022, as more of them say they will book holidays – and they want to splash more cash on their travel plans next year.

They're also better off after the pandemic than others across the UK and more intent on buying a much-missed overseas trip.

The research shows that 28% of Londoners want to take at least one holiday in 2022 – compared to about 22% of consumers across the nation. Furthermore, less than one in 10 (9%) said they won't be booking a 2022 vacation, far lower than the 16% figure seen nationwide.

A quarter said they would spend “significantly more” – by a margin of 20% or more – compared to 17% nationwide, and 28% said they would spend “slightly more” than before – i.e. up to 20% more – compared to 25% nationally.

Furthermore, more Londoners seem to have come out of the pandemic in a better financial position, as 29% said they’re now better off than before Covid-19, compared to an average of 19% across the UK.

Finally, the research showed that Londoners are keener to spend their cash on a holiday, as two thirds of them (66%) said they would spend their extra money on a break, compared to an average of 63% around the country.

The research bodes well for the recovery of the British outbound travel industry, suggesting there is strong pent-up demand for post-pandemic getaways as restrictions ease, with more opportunities for growth from consumers in the capital.

This could be thanks to the wider choice of flights and train journeys, as Londoners can travel from three major international hubs – Heathrow, Gatwick and Stansted – and stations such as St Pancras International for Eurostar services.

Another factor could be the slower pace of recovery for airports beyond London and the southeast of England, meaning many holidaymakers in the regions have fewer options than before the pandemic.



It's 'plane' daft not to wear a mask on flights, say passengers

Three in four of the UK adult population think face masks should continue to be worn by passengers on flights.

There is broad agreement across all age groups, but it is the over-65s who most want to see the rule maintained.

When asked: Do you feel face masks should still be worn on planes? 73% replied yes – far higher than the 14% who disagreed. The

remaining 13% said they were unsure.

The over-65s group is the section of society most in favour, with 82% saying masks should be worn in-flight.

Those in the age categories of 25-64 are almost evenly split in their agreement, with 73% of 55-64s; 74% of 45-54s; 73% of 35-44s and 72% of 25-34s saying passengers should wear masks.

Among the younger generations, 62% of 18-21s and 60% of 22-24s believe airlines should continue to make the wearing of face masks mandatory.

The rules on wearing face masks changed in England on 19 July, when restrictions eased.

Since 19 July, it has no longer been a legal requirement to wear a face mask indoors in England, although Boris Johnson urged the public to continue covering their faces in 'crowded and enclosed spaces'. Stricter face-mask rules apply in Wales and Scotland.

Most airlines, including Ryanair, easyJet, TUI and Jet2 operate a mandatory face mask policy for all passengers aged six and over, as well as cabin crew, unless exempt.



Chapter 3: Holiday Hotspots

Europe tops the Holiday Hotspot lists for Brits in 2021

Sun-starved Brits want to flock back to the Med next summer, with the traditional hotspot of Spain regaining its crown as Brits' favourite holiday destination.

A third (34%) of consumers polled said they will “definitely” holiday overseas in 2022; almost a quarter (23%) said they will “probably” do so, while a further 21% said they hope to take a break abroad next year.

Another 17% said they will opt for a staycation, while just 6% said they don't plan any sort of vacation for 2022.

The top hotspot mentioned by consumers was Spain, with others being more certain about which resort area they wanted to visit, citing Spanish islands such as Lanzarote and Majorca.

Also high on the wish list were other traditional European favourites such as France, Italy and Greece, while there was a strong showing for the USA – which has been off the map for British holidaymakers since the pandemic took hold in March 2020.

The findings will be welcomed by tourist boards which have been inspiring consumers about future travel plans throughout the pandemic and now report significant levels of pent-up demand.

More than 18 million Brits visited Spain in 2019, making it our favourite destination – but travel analytics firm ForwardKeys said numbers fell 40% this summer due to Covid travel restrictions.



Meanwhile, tourists from Sweden, Denmark and the Netherlands to Spain saw growth on pre-pandemic figures and domestic tourism almost recovered to pre-pandemic levels.

The Spanish Tourist Office in the UK said it is “determined to put Spain front of mind for Brits looking to holiday abroad” and take advantage of the bottled-up demand.

Also looking to capitalise on potential bookings is Brand USA, which has worked closely with tour operators and travel agents in the UK during the pandemic.

The Biden administration has been working on a plan that would require nearly all foreign visitors to show proof of vaccination when travel restrictions to the US are eventually lifted.

The French tourism development agency Atout France re-joined the European Travel Commission (ETC) in September as part of its drive to attract more visitors.

France is expecting to be in the global spotlight in the coming years, as it will host the rugby union World Cup in 2023, and the Olympic and Paralympic Games in Paris during the summer of 2024.

The Italian tourist board is also hoping to attract more Brits, especially after its mandatory quarantine for fully vaccinated arrivals from Britain was scrapped at the end of August 31.

However, destinations such as Venice are looking to recover in a more sustainable way than before the pandemic.

This summer saw Venice banning large cruise ships and there have been reports that the city plans to begin charging tourists from summer 2022 onwards.

Greece was the destination which recovered the best this summer, according to data analytics firm Cirium, which studied flights from the UK to countries across Europe.

The Greek National Tourism Organisation also launched a partnership in August with budget carrier Ryanair to promote the destination.

Using the slogan 'All you want is Greece', the partners promoted summer breaks in the Greek islands to the UK, German and Italian markets.



Chapter 4: Holiday Trends for 2022

Pre-pandemic the traditional ‘fly and flop’ holiday where holidaymakers spend two weeks on the beach or by the pool had waned in popularity as people looked for more activities and adventure.

Equally, the city break had also lost its allure. However, beleaguered city hotels which have lost 18 months of business travel revenue will be pleased the leisure traveller is poised to return.

‘Fly and Flop’

A fly-and-flop beach break is the favourite choice for Brits who want an overseas holiday next year.

Almost half (43%) of those planning to escape to foreign climes said a beach holiday would be their top choice.

The second most popular choice was a city break, cited by a third (31%) of respondents. Other popular options were adventure holidays (16%), cruise (15%), wellness (8%) and ski (7%).



Perhaps reflecting the fact that travel horizons have been very limited in 2020 and 2021, almost a quarter (23%) said they wanted to go long-haul, while 17% were content with a short-haul break.

And the method of booking also seems to reflect the widespread problems of holiday refunds and cancellations amid the pandemic, with a third of consumers (31%) saying they would book a package, and just 8% opting for accommodation in the sharing economy – such as AirBnB – while another 8% saying they would be happy with a DIY holiday.

The research will be welcome news for the beleaguered leisure travel trade, which has struggled with almost two years of turmoil, restrictions and confusing messages from ministers.

Research by Abta suggested summer 2021 bookings were 83% down on 2019 and almost half of travel companies reported no increase in 2021 bookings compared to last year, despite the vaccine programme which has seen more than 80% of eligible UK adults already fully jabbed.

Tourist boards from destinations such as Spain, France, Italy, Greece and the USA have already been ramping up their promotional activities over the summer to ensure their countries are front-of-mind with the trade and consumers.

And airlines and operators have been building up capacity as demand returns, especially when restrictions such as the traffic light system and PCR tests are eased.

The Return of the City Break

Almost a third of Brits who are planning an overseas holiday in 2022 want to book a city break, the second most popular choice after the beach.

The finding that 30% want to take a city break next year will come as a boost to hoteliers and airlines across Europe, who have been badly hit by the drastic downturn in business travel and events amid the pandemic.

The Business Travel Association estimates that, in a normal year, £220 billion is added to UK GDP, thanks to business travel trips originating in the UK.



The association said there were nearly nine million business trips originating from the UK in 2019, resulting in about 50 million overnight stays – with more than half being for less than three nights.

Also, business travellers account for 15-20% of airline customers and, on certain routes, they are twice as profitable as leisure travellers.

However, travel management companies have seen a collapse in revenue during the pandemic of up to 90%.

According to Tourism Economics, an Oxford Economics company, city destinations have been especially adversely affected by the pandemic, in part because of the downturn in business travel and events.

Furthermore, the forecasters say business travel's recovery will lag behind the leisure bounce-back.

Elsewhere, the Financial Times reported how tourist boards and hoteliers in Europe are investing more in the luxury market in a bid to move away from their dependency on the sun-sand-and-sea model – a trend which will also help cushion city centres from the drop in business travel customers.

City breaks offer a chance for hotel chains to tap into the post-pandemic demand from consumers to indulge in more luxurious escapes and spend their savings on a second or third holiday during 2022.

And the trend could prove to be a longer-term shift too, as Bloomberg research suggests that most large companies plan to spend less on travel post-pandemic – online communication tools, cost savings and sustainability targets all mean that hotels and airlines may have to rely on fewer corporate travellers in the future than they did before Covid-19.

The Return of the City Break

Continuing demand for Covid-safe travel is expected to fuel a boom in holidaymakers getting away in their own car in 2022, so they can socially distance and keep contact with others to a minimum.

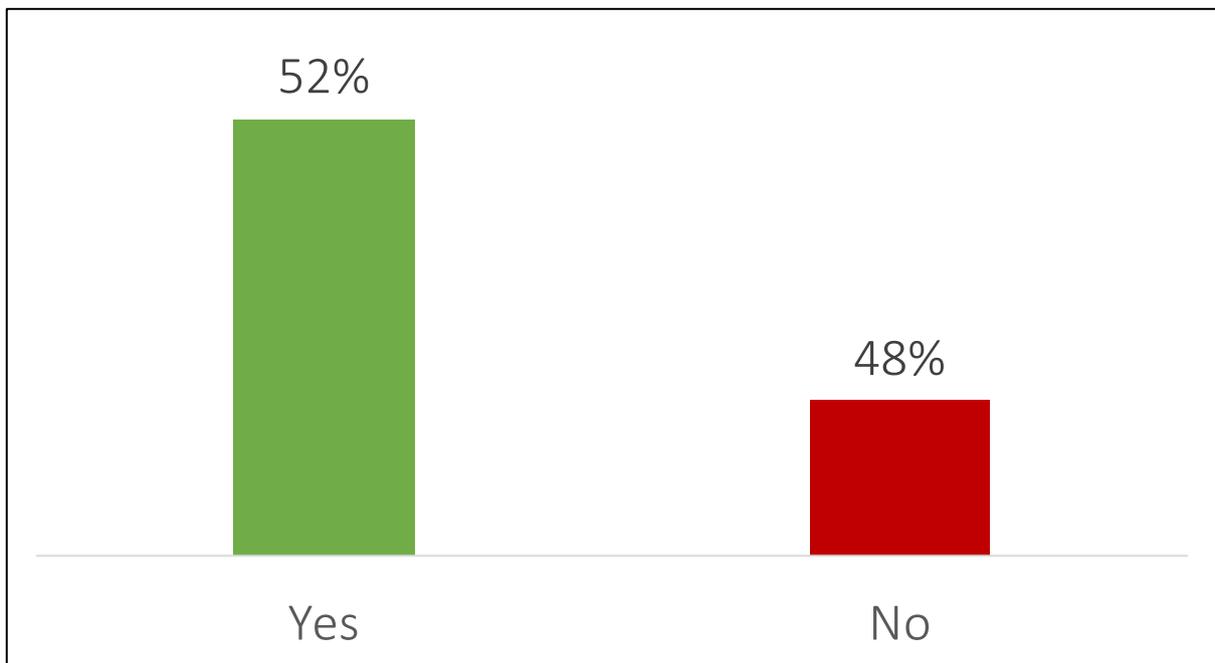
When asked: Has the pandemic made you more likely to take a car-cation (a holiday either in the UK or overseas where you travel by car to limit your interaction with other people)? 50% of respondents said 'yes'.

People in Wales and the West Midlands are most likely to choose a car-cation, with 66% of respondents in Wales and 61% in the West Midlands, answering yes.

Younger generations are most inclined to hit the road on a car-cation, with 62% of 18-21s, 58% of 22-24s, 63% of 25-34s and 59% of 35-44s saying the Covid pandemic has made them more likely to holiday by car and limit their interaction with others. Only 39% of over-55s say they are more likely to consider a car-cation.



Q. Has the pandemic made you more likely to take a car-caytion (either in the UK or overseas)? (Consumer Survey)



UK Popular for 2022

Destinations, suppliers and attractions in the UK are set to see a sustained recovery in 2022, thanks to inbound and domestic holidaymakers' keenness to explore the British Isles.

About one in six Brits (16%) say they plan to book a 2022 staycation – despite widespread demand for foreign holidays as overseas travel is likely to recover in 2022 – while international travel buyers at WTM London are eager to seal deals for UK products.

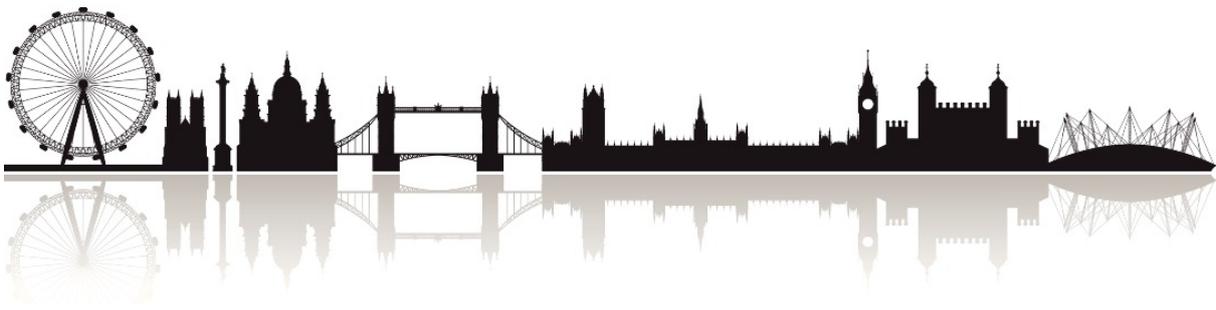
The findings will be a welcome boost for UK exhibitors at WTM London, who will be keen to capitalise on the popularity of domestic tours and the pent-up demand for overseas visitors to return to Britain.

About a sixth (16%) of UK holidaymakers say they will take a staycation.

Furthermore, more than half (58%) of trade respondents are interested in contracting UK products at WTM London 2021. The breakdown of figures showed that 38% were 'extremely interested' and 20% were 'interested'.

When asked about particular destinations or regions, London was the most popular, but a wide range of others were also mentioned by respondents, including other parts of England (such as Devon, Cornwall, Kent and Manchester) plus Scotland, Ireland and Wales.

A wide range of exhibitors with interests and products in the UK will be at ExCeL in London for WTM London, including tourism association the European Tour Operators' Association (ETOA); coach hire firm Abbey Travel; Dover District Council, which represents White Cliffs Country; London and UK tours specialist Golden Tours; and Merlin Attractions, which has a host of sites in the UK, such as Legoland Windsor, Alton Towers Resort, Warwick Castle, Madame Tussauds and the London Eye.



Merlin Attractions' own research shows that consumers in the US and UK are ready to return to theme park adventures "in their droves" because of the 'JOLA' phenomenon – the Joy of Looking Ahead.

After a difficult couple of years, families and groups increasingly want to book ahead in order to look forward to an outing and to spend time together, according to the attractions giant.

VisitBritain has forecast a slow recovery ahead, with a lot of ground to catch up after two years of highly restricted inbound travel.

It estimates that overseas visitor spending in the UK in 2021 was just £5.3 billion, compared to £28.4 billion in 2019.

Inbound trade association UKinbound has lobbied ministers throughout the pandemic to highlight the plight of its members, many of whom saw revenues plunge by 90% or more.

However, the reopening of travel between the UK, Europe and the US will offer hope for inbound tourism's recovery – especially as 2022 will see a tremendous global opportunity for the UK. It will host and celebrate the Commonwealth Games in Birmingham, Festival UK 2022 and the Queen's Platinum Jubilee.

Holidaymakers Four Times as Likely to Book a Package Than a Sharing-Economy Stay



Next year's holidaymakers are four times as likely to opt for the security of a package holiday than choose a sharing economy option.

Almost one third (32%) of those thinking about an overseas holiday in 2022 are most likely to book a package holiday, compared to 8% who will book through a sharing economy site, such as Airbnb.

Holidaymakers from some parts of the country, including North Wales or the North East, say they would not book

a sharing economy option at all, while those in the South West (21%), Greater London (14%) and Yorkshire and Humber (13%) are the most likely to book an Airbnb-type stay.

Sharing economy bookings soared 73% between 2013 and 2014, with PwC forecasting it could account for 50% of holiday accommodation by 2025. However, there have long been concerns in the travel industry about sharing economy regulation, with then-Chairman of ABTA, Noel Josephides, raising the issue 15 years ago.

Sharing economy accommodation providers reported surges in bookings at the beginning of the pandemic as travellers shunned hotels for private homes. But some say the rise of Covid variants has led to a decline in bookings lately, with Airbnb expecting weaker booking volumes and warning 2021 will remain below 2019 levels.

Meanwhile, the constant chopping and changing caused by the UK Government's traffic light system has highlighted the benefits of booking an ATOL-protected package holiday through a reputable company, with many operators and agents changing policies to allow for more flexibility for holidaymakers who want to swap to a different destination or date.

To counteract the drop and to capitalise on the work-from-anywhere trend, Airbnb launched a 'Live Anywhere on Airbnb' initiative in June, offering a year of free stays, for selected users who share their experiences. It comes as the accommodation provider said stays of 28 days or more increased in the first quarter of 2021.

One in five Londoners now more likely to use travel agents than before pandemic



Confusion around constantly changing Covid-related travel regulations is pushing holidaymakers in certain parts of the country towards travel agents who can advise them correctly, rather than risk getting it wrong with a DIY booking.

Londoners are the most likely to turn to travel professionals, with more than one in five saying they will use an agent from now on.

When asked: Has the confusion around travel caused by the pandemic made you more likely to book future holidays through a travel agent? 22%

of Londoners said they were 'more likely' to do so, closely followed by 18% in Scotland and Wales.

Meanwhile, 12% of respondents from Yorkshire and Humberside and 13% from the North East and South East (outside of London) said they'd be more likely to use a travel agent.

Under-44s are more likely to book with an agent since the COVID crisis began, with 20% of 18-21s; 21% of 22-24s and 22% of 35-44s saying they would ask an agent.

This compares to 13% of 45-54s, 12% of 55-64s and 14% of over-65s who said they are now more likely to book with a travel agent since before the pandemic.



Chapter 5: Emerging Destinations

The WTM Industry Report has predicted emerging tourism destinations since its first edition in 2010. In 2012, the SLIMMA nations – Sri Lanka, Indonesia, Malaysia, Mexico and Argentina – were highlighted as future tourism hot spots by both the industry and UK holidaymakers. In 2016, it was the ChIICs – China, India, Iceland and Cuba.

Tourism Boom Predicted for Saudi Arabia

The 2021 report highlights Saudi Arabia as a future tourism destination.

Saudi Arabia's burgeoning tourism industry is set to get back on track to reach its ambitious targets, as four in 10 Brits say they would consider holidaying in the kingdom.

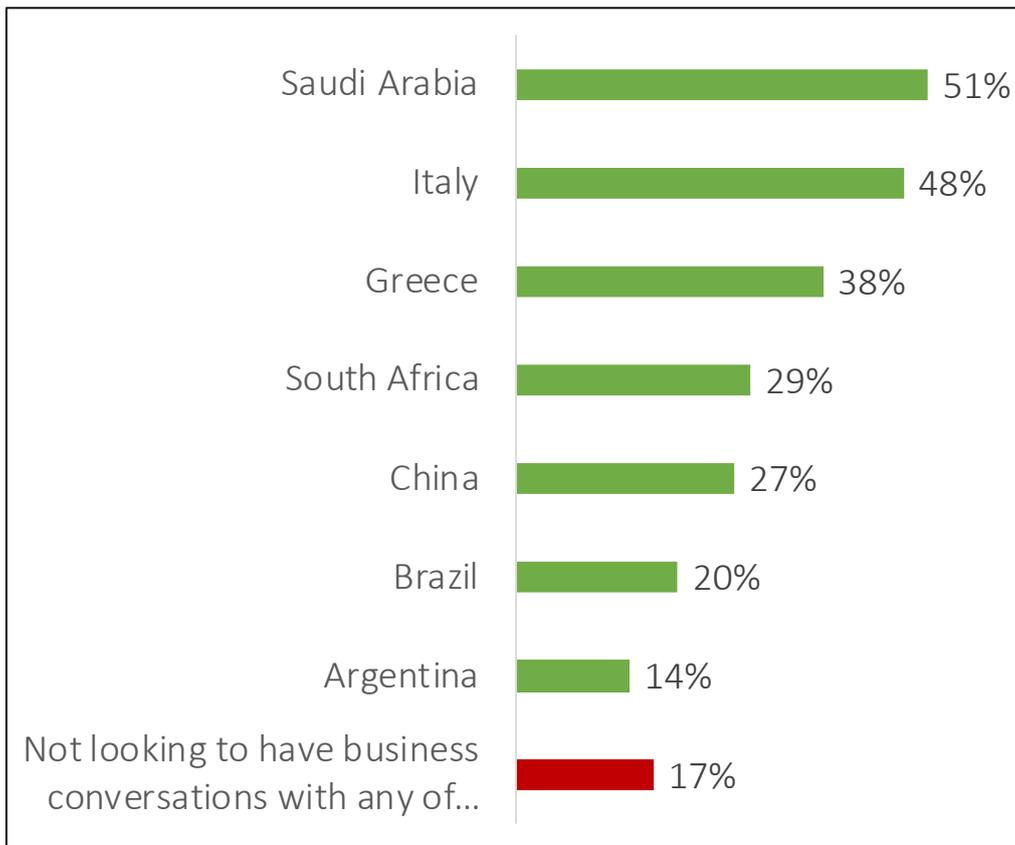
The destination will see another boost to its plans as a host of travel companies say they are likely to sign business deals with Saudi Arabian firms at WTM London.

Two fifths (42%) of UK adults would consider going on holiday in Saudi Arabia. Another 19% said it would be unlikely but they wouldn't rule it out.

Furthermore, just over half (51%) of businesses are planning to have business conversations with Saudi enterprises over the next six months.



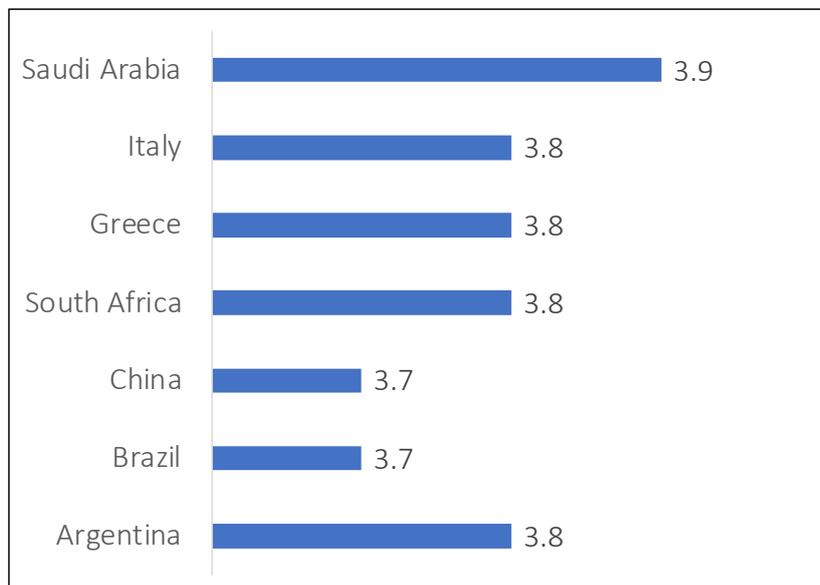
**Q. Which countries are you planning on having business conversations with?
(Trade Survey)**



Saudi Arabia was the most-cited destination by businesses, ahead of Italy in second place (48%) and Greece (38%).

The trade respondents also said they were likely to sign contracts with companies from Saudi Arabia, with the country scoring 3.9 out of five – again, the highest likelihood in the poll.

**Q. Which countries are you planning on having business conversations with?
(Trade Survey)**



Furthermore, 40% of respondents said they are likely (30% extremely likely; 10% likely) to agree a contract with Saudi Arabia and/or Saudi Arabian organisations at WTM London 2021.

The kingdom has been ramping up its trade activity in 2021 after the lockdowns of 2020.

Before 2019, tourism visas in Saudi Arabia were largely restricted to business travellers, expatriate workers and pilgrims visiting the cities of Mecca and Medina.

The country opened its borders to international tourists with the launch of its e-visa programme in September 2019.

On August 1, 2021, Saudi Arabia welcomed back tourists 18 months after tourism was suspended due to the Covid-19 pandemic.

It has set an ambitious target of 100 million tourists by 2030, as part of efforts to diversify its economy beyond fossil fuels.

As well as being home to Mecca and Medina, Islam's two holiest cities, the country is developing "giga-projects" to develop the kingdom's heritage, culture and natural assets as well as theme parks and luxury resorts.

Operators such as Explore now offer escorted tours in the country and its cruise sector is developing too – MSC Cruises and Emerald Cruises plan to operate itineraries featuring Saudi Arabia in the coming months.

And the Saudi Arabian city of AIUla has launched a travel trade hub and online training platform to help build awareness of the destination among UK travel agents.

Fahd Hamidaddin, Chief Executive of Saudi Tourism Authority, addressed tourism industry professionals at Arabian Travel Market 2021 – the sister event of WTM London.

He said Saudi Arabia ran a successful domestic tourism campaign in 2020, and visitor numbers are expected to pick up further with the recent resumption of international travel.

As well as developing its tourism credentials, the kingdom is investing in global sports events to raise its profile.

In 2019, it hosted Anthony Joshua's world heavyweight title fight and will stage its first Grand Prix race next month (December 2021) in the city of Jeddah.

Furthermore, Saudi Arabia's Sovereign Wealth Fund has bought UK football club Newcastle United.



Chapter 6: Sustainability

WTM London has been leading the conversation on responsible and sustainable tourism for the past three decades and owns the largest responsible tourism event in the world.

WTM Responsible Tourism has been instrumental in ensuring that the conversation around sustainable and responsible tourism extends beyond the climate emergency and includes equal opportunities in the workplace, fair pay and working conditions, health, education, empowerment of girls, reduced inequalities and more.

For example, WTM founded Just a Drop in 1998, a charity dedicated to bringing clean drinking water and sanitation to communities in need and which has helped nearly two million people around the world.

Furthermore, The WTM Industry Report has been charting the growing importance of sustainability and responsible tourism for both UK holidaymakers and the global travel and tourism industry. This year's findings reveal Covid could be the catalyst for responsible tourism.

Covid pushes sustainability towards the top of the agenda

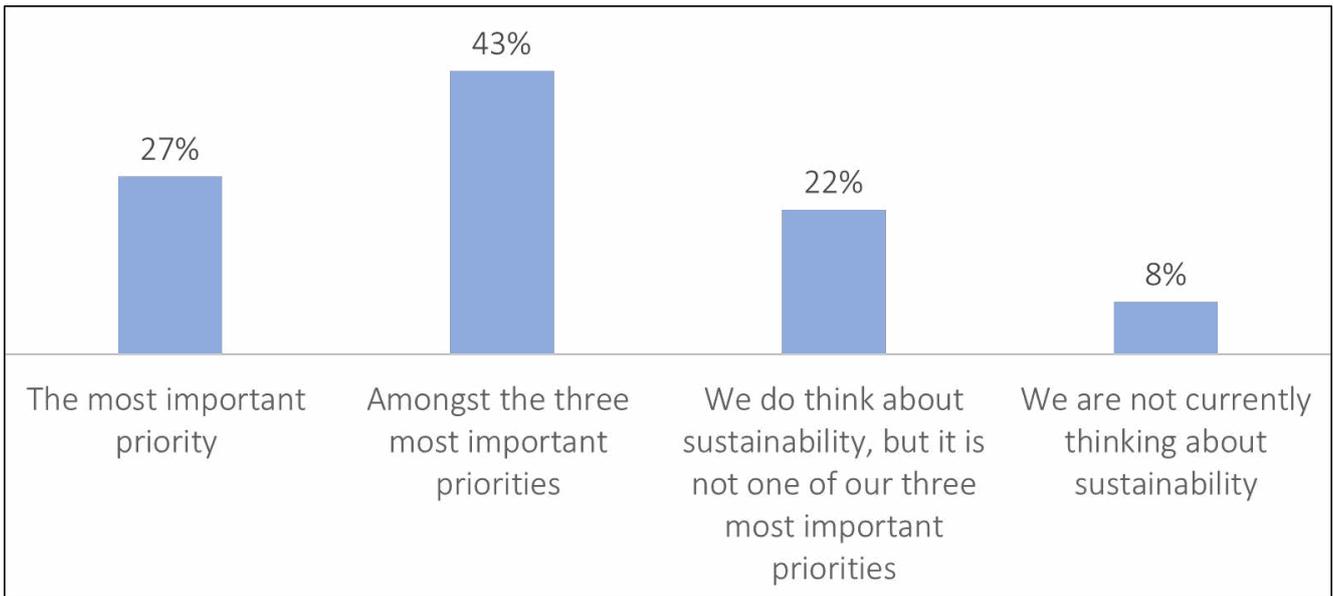
As world leaders meet in Glasgow for COP26, the United Nations' annual climate change conference, the WTM Industry Report reaffirms that senior travel industry executives remain committed to the environment and sustainability.

COP26's agenda this year will set reductions target for 2030 that will support reaching net zero carbon emissions by the middle of the century. Nations and private sector partners will also discuss how to protect communities and natural habitats. WTM London has been at the forefront of responsible and sustainable tourism for number of years and has had a dedicated programme for responsible tourism at every event since 1994.

Responses from senior industry professionals suggest that the travel industry is taking its responsibilities seriously, not only to the natural environment but also to human civilisation. More than one in four (27%) stated that sustainability was the number one priority, with a further 43% saying it was in the top three.



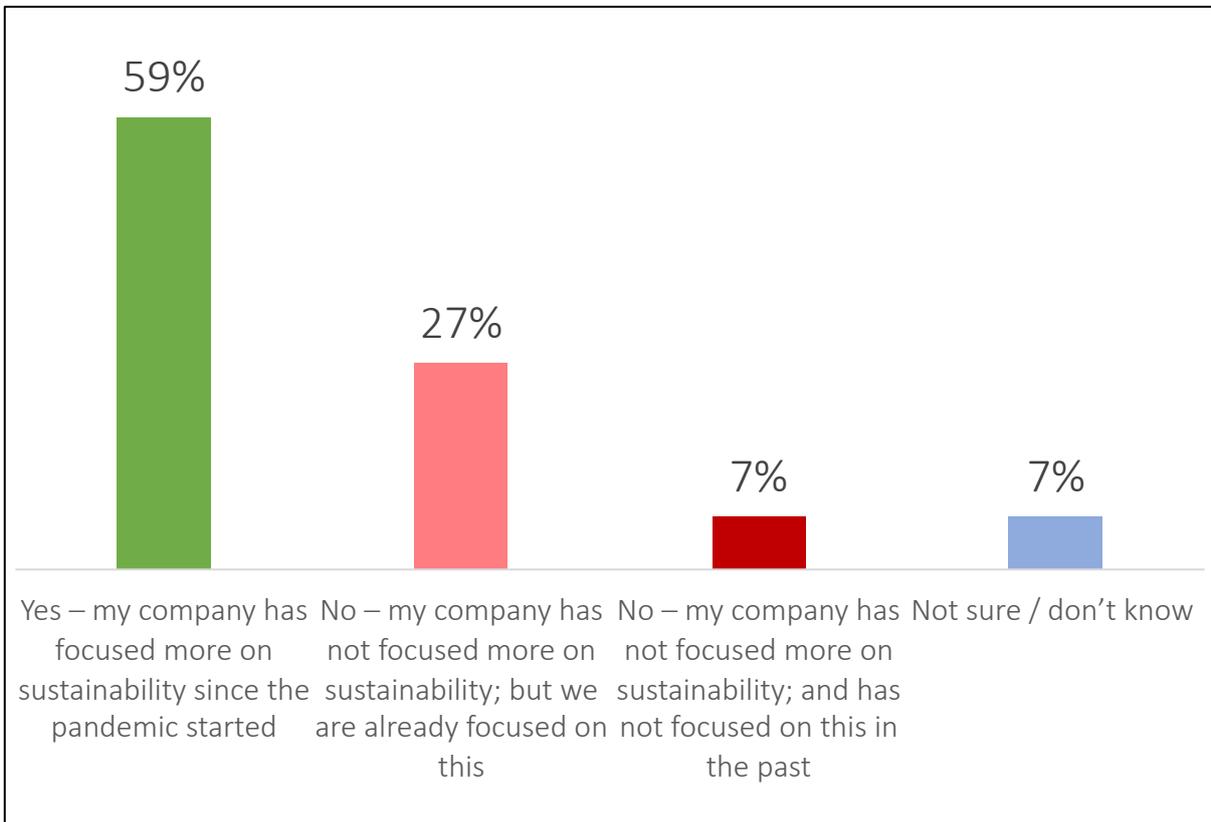
Q. Where does sustainability lie in your company's list of priorities? (Trade Survey)



Around one in five (22%) are aware of sustainability's importance but do not rank it in the top three. Less than one in ten (7%) admitted it was not currently part of their business thinking.

Executives also revealed that the pandemic has catapulted sustainability up the agenda. Almost six in ten (59%) said that sustainability became the top priority during the pandemic, with a further one in four adding that it was the top priority before the outbreak and remained so.

Q. Has your company focused more on sustainability since the start of the Pandemic? (Industry Survey)



However, travel's impact on the planet is often framed exclusively around the greenhouse gas emissions from aviation. Carbon offsetting is one mechanism in place to address this – travellers and suppliers have the chance to donate cash to organisations who will spend the money on projects which will offset the emissions from their flight. Carbon offsetting, however, is not without its critics and travellers themselves, as well as some environmental campaigners, remain to be convinced.



Furthermore, four in ten Brits claim to have used carbon offsetting – 8% said they offset every flight with 15% doing so most of the time, 16% some of the time. With one in three actively refusing to offset flights when offered the chance to do so, the net result is a slight positive for offsetting.

However, the remaining 24% replied that they did not even know what carbon offsetting means, suggesting that individual companies and the wider travel industry need to communicate the theory and practice of carbon offsetting more clearly. Airlines, aggregators, online and retail agents also have a role to play in engaging with travellers.

At the enterprise level, there are some executives who also revealed a lack of awareness related to sustainability. Many companies from across different industries have signed up the United Nation's Race to Zero campaign, committing to net zero carbon emissions by 2050 at the latest.

The WTTC will officially launch its Net Zero Roadmap at COP26. This roadmap for the industry, soft-launched earlier in September, will include bespoke frameworks for specific parts of the travel and tourism ecosystem, to help accelerate their climate commitments and emissions reduction timeline.



However, when industry professionals were asked about whether their own business had a formal “carbon reduction” strategy in place, more than one in four (26%) were unable to say if such a policy existed. More than one in three (37%) said that there was no policy in place.

The remaining 36% acknowledged that there was a policy in place, but only 26% actually implemented the policy. One in ten travel execs admitted that their employer had a carbon reduction policy in place, which it did not implement.

Despite this mixed picture, executives seem to think that travel is outperforming other sectors when it comes to reducing its greenhouse gas emissions. Nearly 40% said travel is doing better than other sectors with only 21% thinking the opposite. Around one in four (23%) see travel's efforts as comparable with other sectors, with 18% of the sample not sure how travel is faring.

Most British travellers talk the talk on responsible travel

More than three in four UK travellers say that the environment and sustainability is an important factor when choosing a trip, reveals

The report found that 78% attached some level of importance to the environment and sustainability. Around one in five (18%) said it was extremely important and some one in four (23%) opted for quite important.



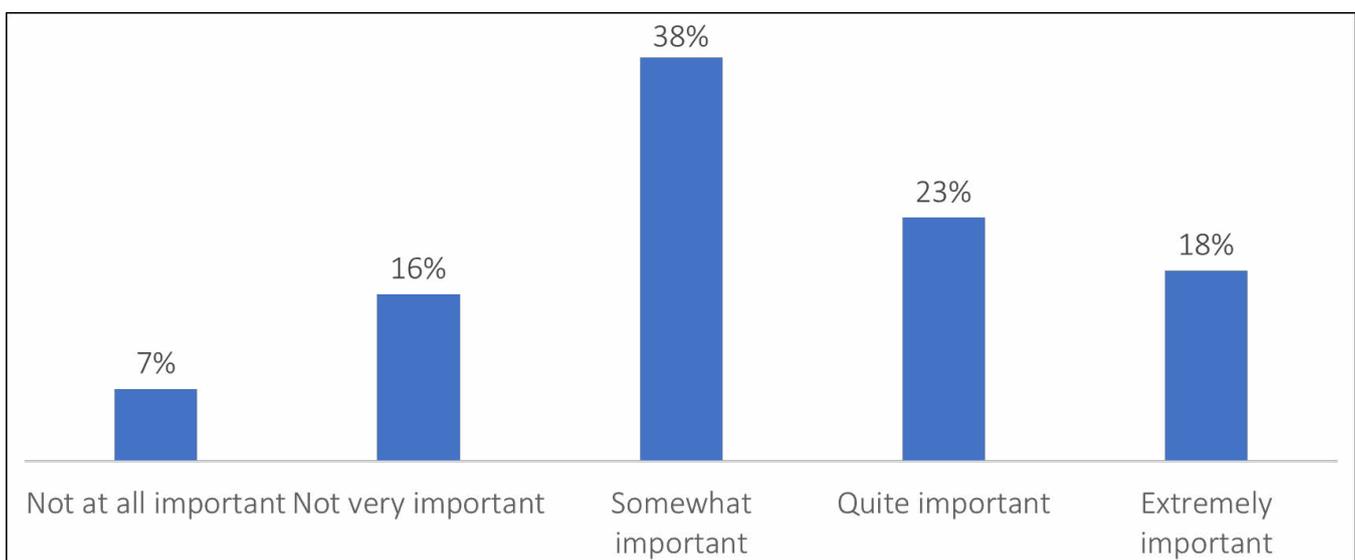
But the most common response to the question saw more than one in three (38%) Brits describe these issues as “somewhat important”.

On the other hand, there remains a hardcore of British travellers who remain unconvinced, with 16% dismissing sustainability as not very important and 7% saying not at all.

The responses to other questions in the report also reveal a majority of Brits try to travel responsibly but there remains a minority refusing to moderate behaviour accordingly.

Initiatives and behaviours such as reusing towels, recycling, and trying to buy local products and services were popular among the sample. However, 15% were unequivocal in their response, which was that they did not consider the environment at all when travelling.

Q. How important is the environment and sustainability in your choice of holiday destination? (Consumer Survey)



Chapter 7: Brexit and Holiday Affordability

There is a lot of positivity amongst both the travel and tourism industry and holidaymakers. However, there are still red flags to be concerned about.

The timing of the pandemic means there is real uncertainty what impact Brexit could have on the industry. Furthermore, a combination of Brexit and the pandemic means there are concerns about price rises and the affordability of holidays going forward.

Brexit

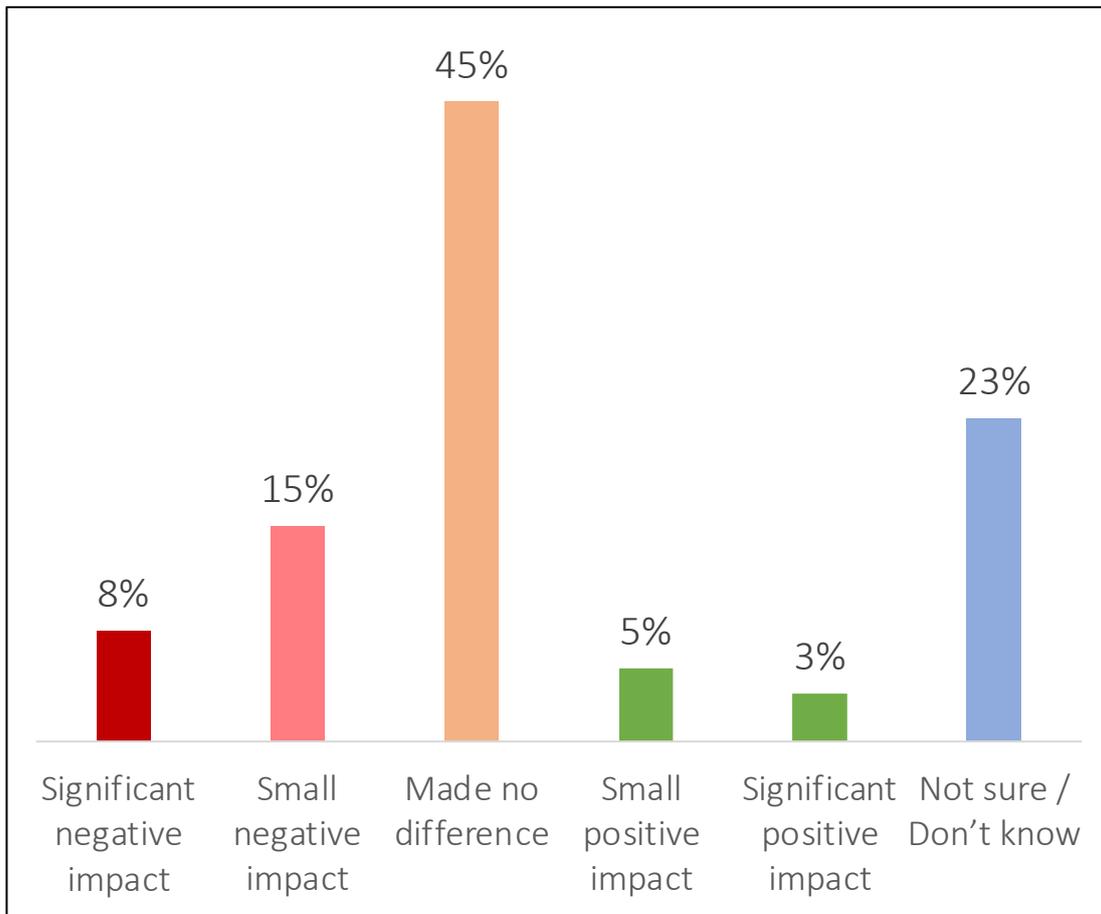
The full impact of Brexit on the global travel industry has not yet been felt.

Almost half (45%) of the industry executives polled said they have not noticed any difference in 2021 because of Brexit. Of those who acknowledged a Brexit effect, the response was overwhelmingly net negative. Only 8% noted a positive impact compared with 24% highlighting a negative.

The balance, representing one in four (23%) of the industry, were unsure or did not know the extent to which Brexit was a factor in their 2021 performance.



Q. What impact has Brexit had on your business in 2021? (Trade Survey)



The UK officially left the European Union, with a trade deal, at the end of 2020. An article in The Financial Times this summer highlighted the difficulty in separating out the Brexit impact and the Covid impact on UK plc and on specific industries, saying “the picture on trade and employment has been swamped by the economic impact of the Covid-19 pandemic.”

The UK/EU trade deal has already resulted in some regulatory changes that will impact inbound and outbound travel between the UK and the remaining member states. Many of the UK’s biggest mobile phone operators have announced the end of surcharge-free roaming for travellers, as was required by law when the UK was part of the EU. This change will add to the cost of a trip for many and damage the in-destination experience for some.

Potential issues around passport expiry dates, driving licences, insurance, staffing levels at resorts, immigration lines at airports, and more, are likely to persist into next year, alongside the issues related to Covid-19.

There will also be a combined Brexit/Covid impact on businesses as well as consumers. Recruiting staff will be different, while the complexities remain around cross-border tax, refunds, fulfilment and accounting.

Future Holiday Affordability

Industry professionals are almost equally split over whether only the wealthy will be able to afford holidays in the future.

Just over half (51%) were concerned that travel will become the preserve of the rich, with 49% disagreeing.

The report also asked about the scale of the increases, with the net result confirming that prices are set to go up in 2022. More than one in three (35%) of the sample said prices were likely to go up by between 1% and 20% compared with the current year.

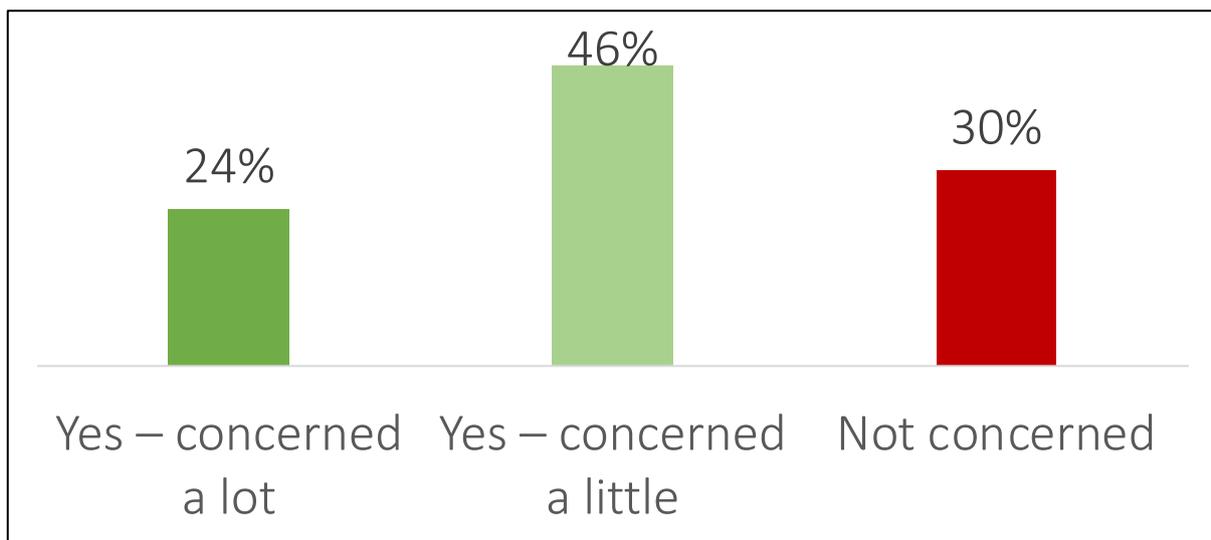


However, intense cost pressures and the need to recover revenues lost during the pandemic mean that more than one in ten (12%) are expecting put up prices by more than 20%.

On the other hand, some are anticipating prices to drop with 15% predicting a modest drop of between 1% and 20%, while 9% said their company's prices would fall significantly, by more than 20%. Around one fifth (22%) expect prices to be the same.

UK consumers are also aware that the twin impact of Covid and Brexit on prices has the potential to impact the affordability of travel, with 70% admitting this is a concern for the future.

Q. With fears over holiday prices increasing due to the pandemic and Brexit, are you concerned holidays will be the preserve of the wealthy? (Consumer Survey)



Chapter 8: Travel Technology in a Post-Pandemic World

WTM London has always understood and championed the importance of technology for the global travel and tourism industry – so much so it launched a dedicated, stand-alone technology event Travel Forward, which is co-located with the main WTM London event.

Technology Performed Well During Covid

Digital technology served the industry more effectively than traditional options during the Covid pandemic.

Industry executives were asked to rank the efficacy of a range of technologies and channels. Nearly half the sample (47%) said that digital marketing channels such as search engine optimisation, paid search and email marketing were very effective during the pandemic, with a further 30% describing them as quite effective. Only 6% described them as ineffective.

In contrast, only 25% of execs said high street travel agents were very effective at supporting their business



during the crisis, with slightly more (31%) saying they were quite effective. A large minority (16%) said high street agents were ineffective.

Generally speaking, direct-to-consumer channels performed the most strongly during the pandemic. Brand websites, apps and contact centres were described as quite or very effective by more than 70% of the sample, while the number dismissing them as ineffective was in the single digit percentages. In contrast, traditional media such as print, TV and direct mail were quite or very effective for less than 50% but a relatively high percentage – 17% – dismissed these channels as ineffective.

Elsewhere, executives were asked specifically about two pre-Covid era technology trends. The cloud was effective for more than half the sample (52%), although cloud vendors and account managers will be interested to find out why one in ten thought the cloud was ineffective. Similarly, APIs – software which allows two systems to interact with each other – were effective for more than half the sample but still ineffective for 8%.

However, the poorest performing category was bedbanks and aggregators, with less than half (48%) saying these businesses were supportive during the pandemic, the lowest approval rating of any on the list. Again, a significant minority – 13% – dismissed them as ineffective.

In contrast, the best performing technology use case was communication, with both staff and customers. More than 80% of the sample said these tools were effective for internal use, with only 4% saying that these tools fell short. Using technology to talk to external customers worked effectively for nearly three in four (74%), with only 6% unsatisfied.

Travel Companies to Enhance Online Engagement with Travellers

The success of online during the pandemic will see travel companies explore how to use technology to engage more effectively with customers online.

Six out of ten (60%) senior industry executives said that they were looking at ways to serve more customers online rather than in-person.

Automation is an area where airlines, in particular, need to invest, according to McKinsey. It noted carriers should look at consumer-facing automation, such as self-serve kiosks at airports as well as back-office automation of tasks such as revenue accounting and invoicing.

Nearly half (48%) will ramp up their interest in using technology to improve the overall experience for travellers, including offline interactions as well as digital conversations.

A slightly smaller percentage (41%) are will also exploring ways for technology to reduce costs.

The aims are interconnected. Increasing the options for travellers to self-serve, or be served online without having to contact the call centre, is a better customer experience. But this technology also reduces traffic to the contact centre, meaning staff can concentrate on handling queries which cannot be automated. Costs are not only reduced but also optimised.

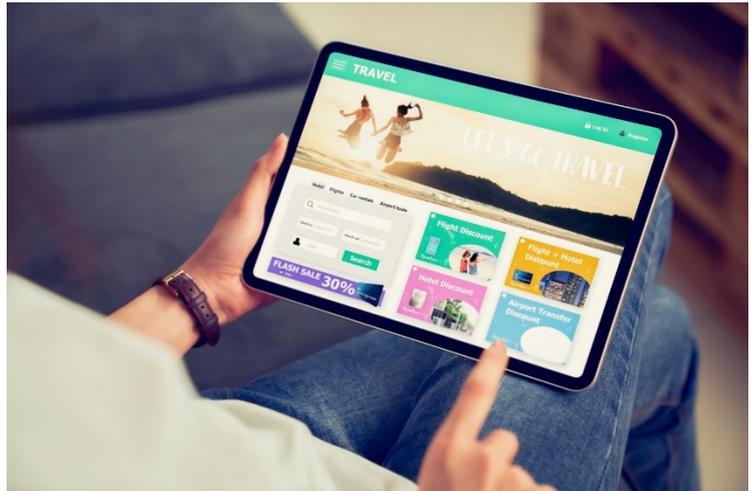
Automation is an area where airlines, in particular, need to invest, according to McKinsey. It noted carriers should look at consumer-facing automation, such as self-serve kiosks at airports as well as back-office automation of tasks such as revenue accounting and invoicing.

Travel tech budgets to increase for 2022

Travel companies will start ramping up their technology spend next year.

Industry executives asked about technology spending plans for 2022, the response was a net positive with nearly four in ten (39%) saying their budget would increase compared with three in ten (29%) who are planning to spend less. More than one in ten (12%) are still undecided for 2022 while 21% will have the same budget as for this year.

The scale of change to budgets is also highlighted. A similar number of professionals – around 15% – said that their budget would decrease by more than 10% as said their budgets would increase by more than 10%. The difference was more marked for those anticipating a swing of less than one-tenth, with 15% expecting a slight decrease compared with 22% expecting a small rise.



Technology's focus is increasing revenue

Industry professionals have identified “helping to increase revenues” as technology’s main job over the next 12 months.

Increasing revenues ranked as the most important, with cost reduction third on the list, reflecting two of the biggest challenges travel businesses face in the short-to-medium term.

Technology has always had a significant role to play in customer acquisition and retention, and the WTM Industry Report shows this functionality will be in demand over the next 12 months.

Interestingly, the report highlights that the industry is more interested in using technology to find new clients and/or new source markets than it is in retaining and engaging with existing customers. The former ranked second, the latter fourth.

Elsewhere, ideas such as using tech to create new products and services, or using tech to re-engage with staff, were given less weight by the sample.



Q. What are your technology priorities for the next 12 months? (Industry Survey)

Item	Overall Rank	Rank Distribution	Score	No. of Rankings
Increase revenues	1		3,740	676
Find new clients / source new markets (regions, countries, cities)	2		3,352	676
Reduce costs	3		3,105	676
Keep existing client base / existing markets (regions, countries, cities)	4		3,057	676
Increase market share	5		3,035	676
Create new products / services	6		2,993	676
Save my business	7		2,797	676
Re-engage my workforce	8		2,245	676

Lowest Rank Highest Rank