Photo: Ernst Wagensveld

Travel Trade Scan United Kingdom 2024

NBTC
Netherlands Board of Tourism & Conventions

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1 Travel Sector Overview

A brief overview of the UK's travel trade sector, including target groups and booking behaviour.

In 2023, the Office of National Statistics UK estimated that there were 8,350 travel agents, tour operators and other travel reservation services in the United Kingdom. It is also estimated that the revenue of UK travel agents, tour operators and related services will increase slightly year on year in 2024, to £44.4 billion (US$ 56.6 billion, exchange rate as of 12 June 2024). However, this is still a little lower than the pre-pandemic levels of 2019 of £46 billion (US$ 58.6 billion, exchange rate as of 12 June 2024).

The UK's travel trade continues to grow after the slow lockdown years of the early 2020's. As shown by a recent Barclays' spending report, the number of transactions with UK travel agents in 2023 rose by 11.8% year-on-year, leading to an increase in consumer spending of 10.4% (figures relate to 1 January and 25 November 2023). Additionally, at Travel Weekly's Future of Travel Conference in September 2023, the heads of leading tour operators Jet2 Holidays, TUI and easyJet Holidays, said that they expected strong sales to continue in 2024. However, despite this positive outlook, the CEO at Jet2 Holidays emphasised that a focus on quality over quantity is needed to repair reputational damage to the industry over the past few years, particularly with respect to customer experience.

1.1 Target Groups

1.1.1 Travel trade segmentation

Online Travel Agent (OTA)
OTA's provide online travel reservation and booking services, taking a percentage of the total transaction value booked through their websites to generate revenue. Their main online activities include providing bookable flights, accommodation and activities, selling package holidays, organising travel arrangements and providing travel and destination information.

The Online Travel Agencies (OTA) industry consists of two primary operating models: an agency model and a merchant model. Under the agency model, the OTA acts as a distribution channel for tourism product providers, taking a commission on the total value of a booking. The hotel owner has the opportunity to decide the final sales price to the customer, which gives more control to the owner. The main characteristic of the agency model OTA is that the guest pays the hotel directly when the stay occurs, and the hotel pays the OTA commission after the stay has taken place. In this case a hotel provides the OTA a final sell rate, over which a commission is paid to the OTA by the hotel after the booking at the hotel has been consumed. Example: Booking.com built its successful business using the agency model, however, this OTA continues to shift more towards the merchant model.

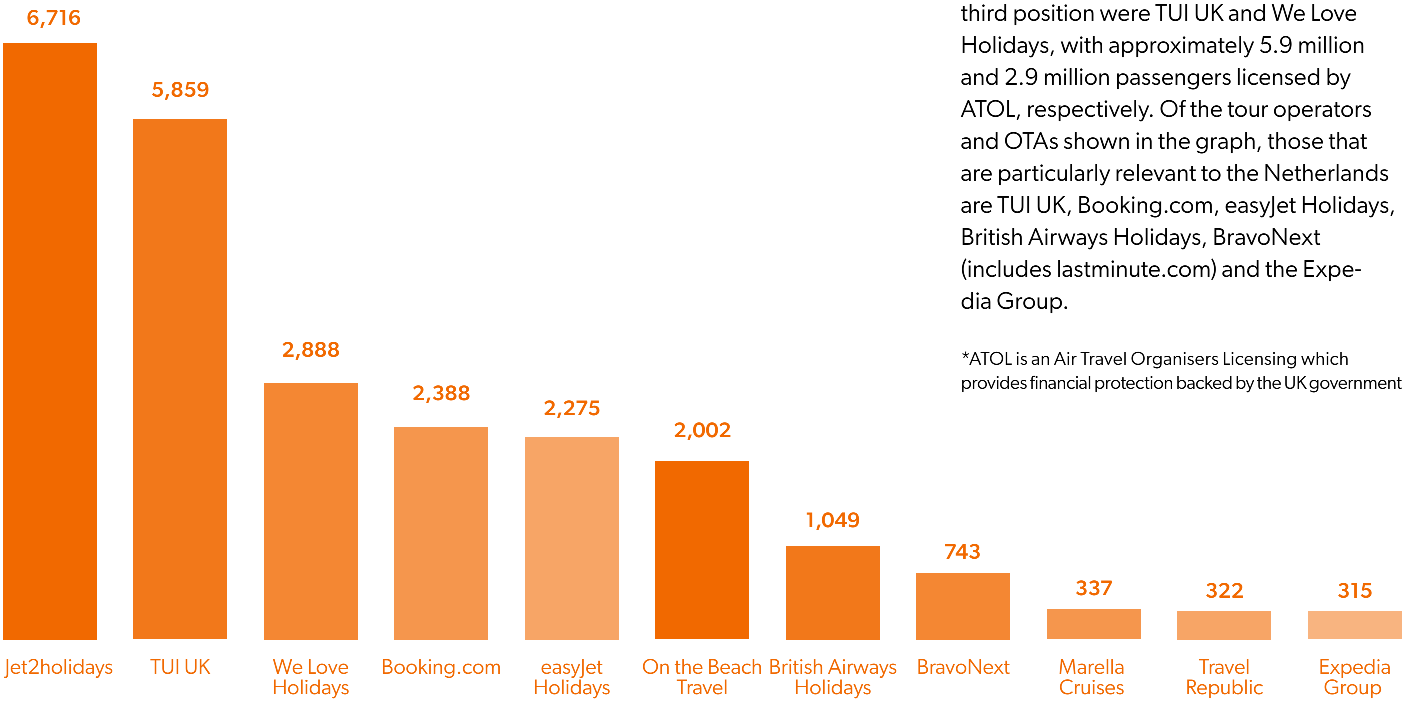
Under a merchant model, the OTA buys high volumes of services such as flights, rooms and activity tickets from tourism providers such as airlines and hotels at a discount, and re-sells these products to consumers at a profit. In this case, the contract is between the service provider and the OTA. Using a hotel booking as an example, the main characteristic of a merchant model OTA is that the guest pays the OTA at the time of booking a room, and the OTA pays the hotel afterwards, when the actual stay occurs. Hotels provide OTAs with net rates in advance, to which a markup is applied and then sold to the consumer. Examples: Expedia, Priceline, Agoda and Getaroom.com.

(Travel) Wholesaler
A wholesaler in the travel industry is a company that purchases and distributes travel products such as hotel rooms, flights, transfers, tours & activities, ready-made packages to their network of clients. These clients can include tour operators, airlines and OTAs and can cater for specific audiences such as individuals, flight-free travel, groups and coach travel.

Tour Operator
A Tour Operator is a company that researches and creates holiday ideas, designs itineraries and content, contracts the services needed for a holiday (e.g. accommodation, transport, guides, escorted tour leaders etc.) and then markets the resulting package. Tour operators either sell packages directly to the consumer or use the services of a travel agent to do so. Tour operators can be found both online and in the high street. By law, a tour operator (or an OTA) is referred to as a "principal", meaning they take responsibility for the package that they create and cover that liability with some form of bonding, such as an ATOL* license, to ensure that the consumer receives a refund or is able to return home (when abroad) if a tour operator fails. There are different types of tour operators operating in the UK travel trade sector. For example, coach operators, cruise operators, and specialist/niche tour operators that focus on holiday types such as culture, arts & history, slow travel, sustainable travel, outdoor & active, cycling & hiking, gastronomy & wine, gardens & horticulture, and so on.

Leading ATOL-licensed tour operators and OTAs

in the UK, February 2024,by passengers licensed x1000

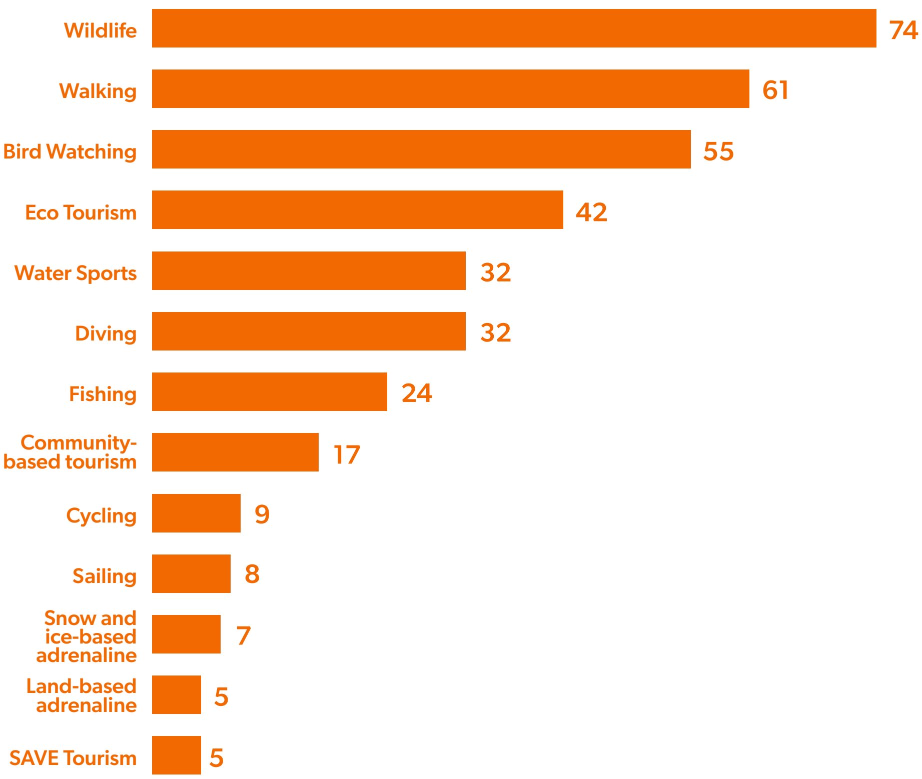


Source: Civil Aviation Authority (UK) and Statista

As of February 2024, Jet2holidays was the largest ATOL-licensed tour operator in the United Kingdom, with the potential to sell to 6.7 million passengers. In second and third position were TUI UK and We Love Holidays, with approximately 5.9 million and 2.9 million passengers licensed by ATOL, respectively. Of the tour operators and OTAs shown in the graph, those that are particularly relevant to the Netherlands are TUI UK, Booking.com, easyJet Holidays, British Airways Holidays, BravoNext (includes lastminute.com) and the Expedia Group.

*ATOL is an Air Travel Organisers Licensing which provides financial protection backed by the UK government

Percentage of British tour operators that offer adventure tourism niche products by type (2020)



Source: CBI.eu - Ministry of Foreign Affairs
N.B. SAVE tourism refers to scientific, academic, volunteering, educational activities

Specialist/niche tour operators

The core market for specialist travel is traditionally the 55–75 age bracket. The 50+ market is growing further, with the results from a recent survey by AITO, The Specialist Travel Association, showing that this segment now represents approximately 80% of those who buy holidays. The survey also found that this age group has an above-average income with 85% of them feeling that there will be no change to their financial status over the next 12 months. This is a significant increase in confidence levels compared to 2023, when the figure was 75%. Specialist tour operators are renowned for providing expert and tailor-made advice. This is further underlined by the results of AITO's survey, where 94% of customers ranked expertise, service levels and support at the top of the list as to why they chose to book with a particular company.

Adventure travel is also being viewed by some in the industry as 'about to turn mainstream' due to increased demand. According to the World Tourism Organisation, UNWTO, the UK offers the largest adventure tourism market in Europe, accounting for 19% of the world's adventure

Top 5-Specialist Activities

1. Culture, arts, and history

2. Walking and trekking

3. Wildlife

4. Safaris

5. Gastronomy and Wine

travel tourists. Historically, adventure travel was viewed by many as being high-energy, adrenaline-raising type activities, but this is no longer the case. Adventure travel encompasses many of the top 5 specialist activities mentioned above and the United States of America's Department of Commerce defines it as follows: 'Adventure tourism involves domestic and international traveling that entails various adventurous activities such as rafting, cycling, exploring the natural environment, and cultural immersion, among others.' Although affluent customers under 35 are seen as a valuable group to this sector, the 55+ audience is also important due to its available disposable income.

Coach tour operators

The coach tourism sector is particularly relevant for the Netherlands. According to the Road Haulage Association (RHA), coach tourism contributes over £6 million annually to the UK economy. It is estimated by the Coach Tourism Association (CTA) that well over 5 million UK residents go on a short break or longer holiday by coach, spending £1.4 billion a year. The core target market for coach tourism is 55–74-year-olds.

During a CTA survey conducted amongst 25,000 people, when asked about future travel by coach, respondents mentioned all-inclusive travel, luxury coach tours, special interest coach tours, a mixed flight and coach tour (fly to a destination and tour by coach) and a mixed cruise and coach holiday (take a coach to a port, then cruise from there). Others listed battlefield tours, low-cost holidays, tours for singles, mystery tours and family-focused holidays.

However, as outlined by the RHA recently, some coach operators are facing a number of challenges, such as increased costs and restrictions for coach access to major transport hubs, in particular airports. For example, access for coaches at Amsterdam Airport Schiphol has changed, with a new coach parking area now located just behind the Schiphol Tower. This change has increased the walking distance from Arrivals Hall 3 and 4, compared to the previous coach parking area. The RHA also emphasises the need for sufficient good-quality parking facilities for coach drivers on roads, at tourist destinations, attractions and on-road service areas. Amsterdam is a popular place to visit for the Brits and UK coach operators have been impacted by the coach restrictions placed around Amsterdam Central (train) Station and the city centre as a whole.

While coach tour operators understand the need to introduce new destination products for both their new and repeat customers, there has been substantial development in terms of the actual 'coach product' itself. Electric and hybrid coaches are becoming increasingly popular, hence reducing the industry's carbon footprint. Such vehicles are equipped with advanced energy management systems, regenerative braking (turns a car's kinetic energy into electricity to charge its battery), and smart routing software to optimise fuel efficiency and reduce emissions. Many consider air conditioning to be the norm, as is the ability to charge phones. Some coach operators can now offer wireless charging onboard.

Virtual Reality (VR) and Augmented Reality (AR) technologies are also being integrated into the coach tourism industry to provide interactive and engaging journeys. For example, passengers can explore historical sites, places of natural beauty, or other sites of interest using this technology. Plus, a number of coaches are equipped with advanced safety features such as collision detection systems, lane departure warnings, and adaptive cruise control to lessen the risk of accidents. Furthermore, to make coach access more secure, some have introduced biometric technologies, such as facial recognition and fingerprint scanning.

(Retail) Travel Agent

Travel agents sell holidays and other travel products to consumers through (in-person) high street stores, online agencies and/or call centres (by phone). They offer the consumer a range of holiday packages that have been put together by a tour operator or an OTA and do not, in theory, create, design or put their own packages together. In 2023, Expedia (OTA) saw their B2B (travel agent based) revenue increase by 33% compared to 2022.

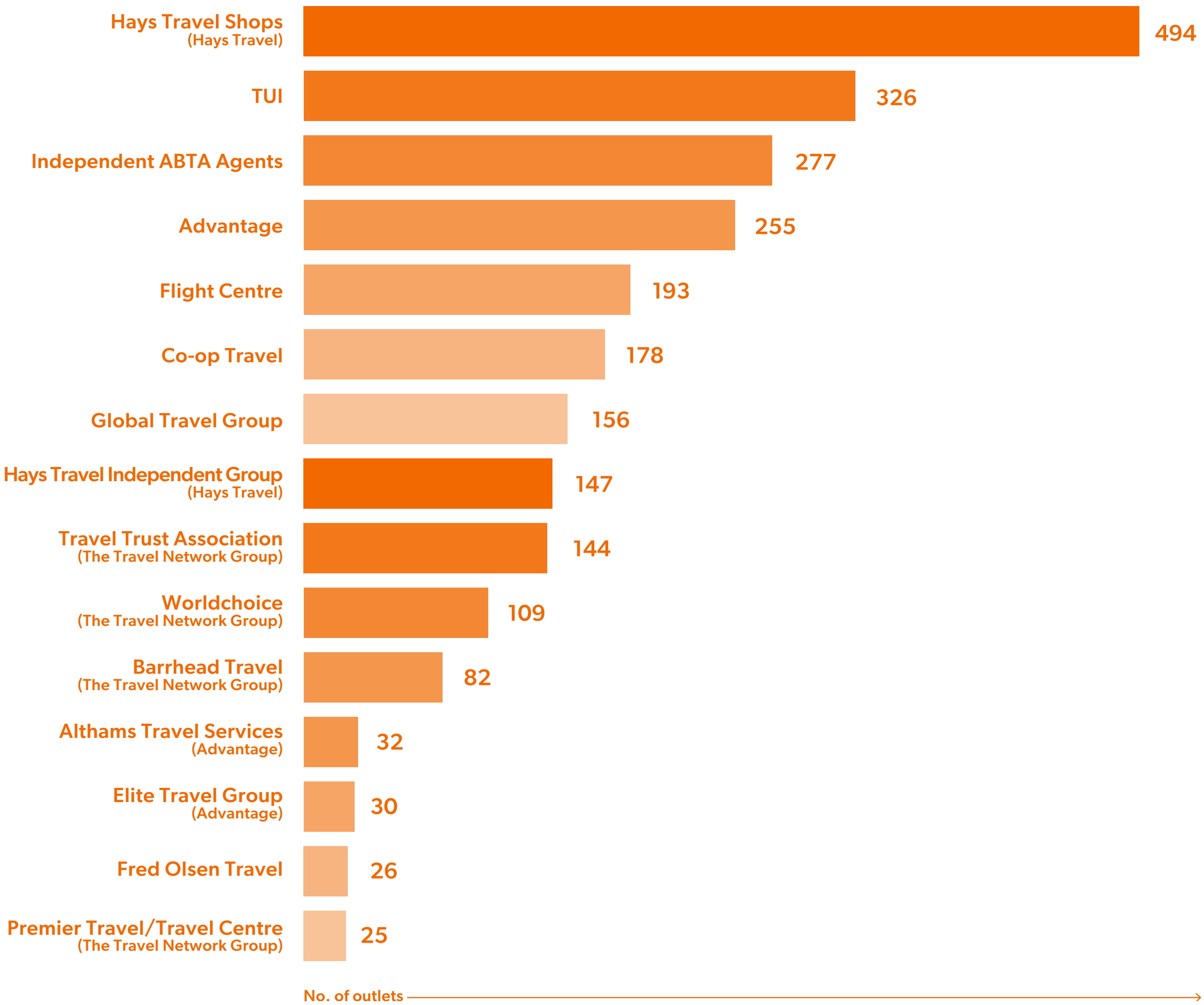
Hays Travel had the highest number of retail travel shops in February 2024, with 494 in total. Whereas, TUI and independent ABTA** Agents followed in second and third position, with 326 and 277 shops, respectively. In fourth place was Advantage (part of Advantage Travel Partnership.

Unlike tour operators and OTAs, travel agents do not act as a 'principal' with respect to the booked product. Since it is the tour operator whose product has been sold (via the travel agent), the tour operator takes responsibility for the holiday; the travel agent does not. Travel agents are mostly ABTA** bonded and do not usually have an ATOL* license (the tour operator or the OTA should have an ATOL license in place).

*ATOL is an Air Travel Organisers Licensing which provides financial protection backed by the UK government
**ABTA is the Association of British Travel Agents and is a trade association for UK travel agents, tour operators and the wider travel industry

Leading travel agents

ranked by number of outlets in the UK, February 2024



Source: Menzies Distribution and Statista

1.1.2 Travel trade and Glocalities segmentation

The Glocalities segments, otherwise known as personas, fall into the following categories: Creatives, Challengers, Achievers, Conservatives and Socialisers. Each segment in the UK differs in terms of size and also in terms of which personas would travel to the Netherlands for a holiday. NBTC created visitor profiles based on these segments. All profiles (personas) can be downloaded (at the moment in Dutch only) on
→ *NBTC's website*

If your organisation works with the Glocalities model, it is important to understand which personas the wholesalers, OTAs and tour operators operating in the UK provide product for. In short, who are they targeting? Additionally, while travel agents do not contract product themselves, and rely instead on product provided by tour operators and OTAs, it is still important to know which Glocalities personas they are targeting with respect to (product) selling. Larger travel companies, such as OTAs, may target more than one persona, depending on the type of product and/or the destination, but many travel companies focus on one main persona and also focus on special interests. For example, when focusing on the Netherlands as a destination, Martin Randall is very appealing to the affluent Achiever persona, with a special interest in art and culture. However, travel companies such as Byway Travel and Intrepid Travel, are more focused on the Creative persona, which is known to be sustainability conscious and can adapt its behaviour easily to local customs and culture.

If you would like to know more about the customer segmentation of specific UK travel companies, in terms of the Glocalities model, or in general, or you would like to discuss how to reach a certain type of consumer through the travel trade, please contact NBTC's UK Market and Insights Manager, Sandra Ishmael, at → *sishmael@holland.com* for complimentary advice.

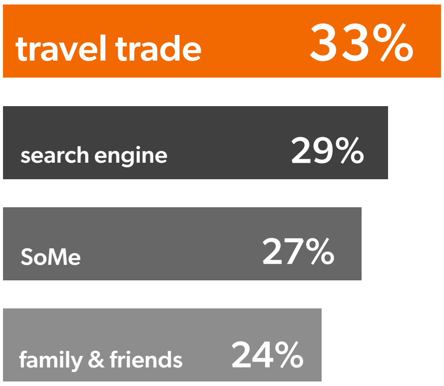
Additionally, for a general overview of the UK leisure and business visitor and more specifically, the UK visitor to the Netherlands, please refer to the Key Insights UK 2024 report found → *here*

Photo: Ernst Wagensveld

1.2
Booking behaviour

The UK travel trade continues to increase in importance. It is seen by consumers to offer financial security, value for money, flexible booking terms, destination knowledge and advice and choice/variety of product.

As shown by NBTC's OIT 2022 research, in terms of searching for a destination, the travel trade scores highly when looking at the most used sources to get inspired/plan for a visit to the Netherlands (may use more than one source):

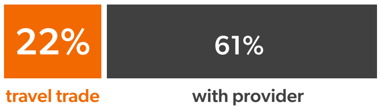


Those not booking a package, mainly book transport directly with a transport provider, such as an airline or ferry. Transport brands are so well known in UK and very high profile, so consumers feel confident to book with them directly.

However, when booking accommodation, 63% book via the travel trade (online/ in person) and 35% directly with an accommodation provider. In general, UK consumers are less familiar with the accommodation offering/possibilities in the Netherlands, and they want to see what is available, what the choice is and compare costs.

When looking at when and how a visit to the Netherlands is booked, 82% of UK visitors book travel to the Netherlands up to 2 months before departure and 48% book a package holiday (combined components e.g. accommodation + transport + activities etc).

Booking Transport
(no package holiday booked)



Booking Accommodation
(no package holiday booked)

2 Travel Trade Trends

2.1 The rise of river cruising

River cruising is seen as a convenient way to enjoy scenic waterways up close and to take part in cultural and historically rich experiences, while relaxing and moving between different cities and towns. Over the next few years, the main target audience is expected to be between 36 and 55 years. The Cruise Lines International Association (CLIA), recently stated that the average age of UK and Irish river cruisers is 55.8 years.

The river cruise sector has reported a strong start to 2024, with some saying that the sector is "buzzing". The UK's river cruise market reached approximately £444 million (USD 562 million, exchange rate as of 12 June 2024) in value in 2023 and by 2032, its value is estimated to increase to £730 (USD 924 million, exchange rate as of 12 June 2024). Much of the huge interest and excitement around river cruising has been attributed to the travel trade. B2B river cruise provider, A-Rosa, which also sells the Netherlands, saw a 97% growth in sales in the first few months of 2024 compared to 2023 due to bookings by the travel trade. In addition, a representative of CLIA recently said that support within the travel trade sector has increased, leading to strong sales. Increasing hotel prices in major cities are also helping the growth of the river cruise sector. Many river cruises offer different packages such as full-board (all meals included) or all-inclusive (meals, drinks, entertainment, and shore excursions included).

River cruise providers are also emphasising the importance of having a dedicated river cruise expert within travel organisations (tour operators and travel agents) to educate other staff members, to answer specific consumer queries (e.g. changes in water levels) and to implement a strategy to drive sales. This in-house expertise is seen as essential if potential profits are to be maximised.

In terms of sustainability, current initiatives include battery-powered ships, fuel-efficient engines, waste management systems and minimising food waste (e.g. by removing buffets from food menus).

Photo: Merel Tuk

2.2 Small-escorted group travel

Small-escorted groups usually consist of 10–15 people and are based around a pre-planned and arranged itinerary created by a travel company. Such trips often focus on a special interest, and they are a very effective way of encouraging regional spread. Most tours include a 'must-see' or an 'eye-catcher,' to encourage bookings, but small-escorted groups often include lesser known areas or places of interest during a tour that are appealing to the target group. Most escorted tours are offered as all-inclusive packages, which include transport (sometimes from your own front door), hotels, meals, activities and entrance fees.

There are many reasons why a UK visitor chooses to join a small-escorted group, one of which is to travel with like-minded people, with similar interests and values. This is particularly appealing to solo travellers, as they can make instant friends and have the added reassurance and security that comes with not travelling alone. Additionally, one of the main USPs of escorted group travel is that the group is usually led by an experienced and knowledgeable tour guide. This expertise enables the guide to take the group to areas off the beaten path and provide valuable information about local culture, history and sites throughout the trip. There are a number of UK tour operators that currently bring small-escorted groups to the Netherlands.

2.3 'Shoulder Seasoners'

The shoulder season in the UK falls into the months of May, June, September and October when travel tends to be less expensive than in the core summer months of July and August. Some also prefer the slightly cooler temperatures offered by sunnier climates in the shoulder season. Research by the MasterCard Economics Institute suggests that the popularity of the shoulder seasons is also being increased by retired travellers with no work obligations, and households without school-aged children i.e. not restricted by school holidays/calendars.

British Airways Holidays, which also sells holidays to the Netherlands, expects shoulder season travel to grow in popularity in 2024 and 2025. The tour operator saw double the growth in searches from customers looking to travel in May and June 2024 compared to travelling in July and August 2024 (compared to the same sales period in 2023).

When UK residents, who were planning a holiday in 2024 but had not yet booked, were questioned in December 2023 for NBTC's Holiday Sentiment Monitor, the most popular departure months mentioned for their next holiday were May and June 2024.

3 Travel Trade forecast

A look at how the travel trade sector is expected to perfom over the next few years

In order to assess the growth potential of the UK travel trade moving forward, it is essential to look at the expected performance of the travel sector as a whole, as many aspects of it are linked to the travel trade. The UK travel market experienced much needed growth in 2023, with gross bookings increasing by 19%. This increase was driven by a strong growth in online bookings, mobile transactions, and growth in key areas such as flight bookings and car rentals.

Double-digit growth is expected again in 2024 in terms of bookings, with mobile bookings expected to make a significant contribution. Additionally, since flight bookings accounted for a 56% share of all supplier gross bookings in 2023, airlines are expected to remain dominant in the travel sector for the next few years. When looking specifically at the travel trade sector, market size in the UK is expected to grow between 2024 and 2029, with tour operators looking to increase their capacity to match high demand. The top two tour operators in the UK, Jet2holidays and TUI UK continue to expand their market share and customer bases by purchasing smaller, more niche tour operators.

In-person travel consultation is rising in popularity again, as a number of tour operators and travel agents open new high street stores. TUI UK has started to expand its presence on the UK high-street and currently has 326 'walk-in' stores in the UK.

The UK's travel sector has proven itself to be resilient to the financial implications of the cost-of-living crisis and as shown by the results of NBTC's Holiday Sentiment Monitor (July 2024), 89% of Brits intend to go on holiday between June 2024 – June 2025. Value-for-money is key for the UK visitor, making cost effective tours and packages popular.

4 Key take outs

Main findings of this report and how these can provide opportunities for the Netherlands

The Key Insights 2024 report mentioned in section 1.1.2, highlights that British visitors to the Netherlands visit year-round in similar numbers, with slight peaks in March/April (tulip season), in the summer (July), in the autumn (October) and slight dips in the winter months of December and January. Plus, UK visitors already stay in areas outside of Amsterdam and Noord (North) Holland. Although numbers staying overnight in other regions are currently lower than those staying in Noord Holland, these signs of regional spread show that there is an opportunity to encourage visits to other areas. However, there are a number of things that need to be considered in order to do this:

1 **A change in UK consumer behaviour needs a long-term approach. It will take time and effort, but there is an opportunity to attract a visitor with a strong interest in city breaks, Dutch art, culture, history, and traditions and a high spend per person, per stay (€ 715 including transport to NL).**

2 **It is essential to inform and regularly update UK travel trade organisations about new and existing product ideas in the Netherlands, particularly those that have the potential to increase their portfolio. N.B. before approaching UK travel trade companies, make sure that you understand their core client/target audience first and ensure that the product you are offering will meet the needs and wants of their end user, the consumer. NBTC's UK Market and Insights Manager, Sandra Ishmael, (→ *sishmael@holland.com*) can provide you with complimentary advice on this topic.**

3 **It is not always possible for the UK travel trade to add your product to its portfolio immediately, even if they see strong potential in it. Many work 1–2 years in advance, so it is likely that you will need to be patient and wait, while still keeping in contact with the operator until they are able to upload your product for sale.**

4 **As part of your 'product-story' there is a need to show the UK travel trade how easy it is to travel around the Netherlands, particularly by public**

transport. During your 'pitch' moment(s) with the UK travel trade, show locations in the Netherlands on a map and highlight in terms of travel time (particularly by train) how close the places are to the main arrival points into the Netherlands for Brits (namely Amsterdam Airport Schiphol, Amsterdam Central Station and Rotterdam Central Station).

5 **Bear in mind that the majority of UK visitors see the Netherlands as a city break destination and they still have strong, positive images of traditional Dutch icons, such as tulips, windmills and canals. However, this existing knowledge and positivity can be used as a foundation to introduce new products based on the interests of the target group.**

Product development and innovation are essential to fulfil Perspective 2030 goals. It is therefore important for NBTC and other travel companies in the Netherlands to work with the UK travel trade to increase destination knowledge and the product offering available to consumers. This in turn will give 'us' more of an influence over how we would like the Netherlands to be perceived and enjoyed as a destination. Since wholesalers, tour operators and specialist tour operators are responsible for contracting product, they play a crucial role in helping to spread visitors across the nation. OTAs are also responsible for contracting product, but historically, OTAs have been harder to steer in terms of product diversification. To conclude, as outlined in this report, the importance of the travel trade within the UK visitor's customer journey continues to increase and the sector as a whole is expected to thrive over the next few years. As a result, this key travel sector presents many opportunities for the Netherlands moving forward.


Photo: Marcel Lesch

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Tourist Information

For tourist information about the Netherlands, we refer you to our website → *holland.com*, or to one of the tourist information offices.

Colophon

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