

### **Outlook for Travel to Britain**

- Portuguese families started saving in earnest in 2009, according to the Bank of Portugal's autumn report. The central bank said families are buying fewer big-ticket items and socking away more money in the bank to ensure they are protected from more financial market turbulence.
- Next quarter (January - March) is usually one of the strongest in terms of visitor numbers from Portugal to the UK, although families are being preventive. (IPS figure for January – March 2008 was 26%).

### **Britain in the News**

- British Airways Cabin Crew threatened strike will affect 12 million passengers and will last from 22 December to 2 January. The strike was postponed after a legal challenge by British Airways.
- Zara Phillips, daughter of The Princess Royal, Princess Anne is due to have a holiday home built on a plot of land that she has bought at the Campo Real Golf Resort and Spa in central western Portugal, around 50km north of Lisbon. Zara Phillips said she is planning to make regular visits to Portugal using the low-cost EasyJet airline service from Bristol to Lisbon and will stay at the resort's five star hotel until the villa is finished, which is expected to be in the spring of 2011
- 2 Tour Operators went bankrupt; Allbury Travel Group, e S V International Travel Service (Globepsan) leaving the latest 5,000 customers abroad.

### **General Market Mood**

- Although business and consumer confidence have improved from their lows in quarter 1, growth in domestic demand is expected to remain below this trend. The unemployment rate jumped to 9.8% in quarter 3 from 9.1% in quarter 2. It is expected to peak at 10.1% next year.
- The government is sticking to its plan to raise the minimum wage to €475 a month in 2010, despite protests from employers' groups as well as the International Monetary Fund. The increase is a total of €25 over the current minimum wage.
- In 2010, a modest recovery of only 1% is expected as the benefits from the global restocking cycle and fiscal stimulus fade. Average inflation for 2009 is now forecast at -0.9%.
- According to the provisional IPS figures for the first 9 months of 2009 holidays visits from Portugal to Britain are significantly up by 16%.

### **Consumer Behaviour**

- The experience packages gifts based in tourism and travel is expanding enormously in the market. There are several companies (A Vida e Bela, Smartbox, Pulse, Odisseias) selling experience choosing different sales channels, from purely online, to supermarkets, bookshops, and other retail shops. Smartbox expects to close 2009 with €7million in sales, representing 105,000 experience package offers. Some of these companies are selling through travel agencies, representing on average, 10% of total sales. The success of this product is basically due to live new and different, unusual experiences, and discover new places.
- Portuguese purchasing power continues to trail the European average, according to data released last week by the national statistics institute. The INE said Portugal's purchasing power is 30% below that of neighbouring Spain, 18% below the Greek level and 24% below the Union average. On a per capita basis, Portugal's GDP is just 76% of the EU average.
- The Social network sites continue to attract the internet users in Portugal, reaching 2.5 million in 2008, corresponding to 84.5% of the total internet users. According to a comScore study Portugal,

ranks 3<sup>rd</sup> after the UK and Spain, with highest Internet social network usage rate. Most popular social networks in Portugal are Facebook (reached 1m), twitter, hi5 and myspace.

### Media Matters

- New print titles/magazines available in the market: Villas & Golf Gourmet (€8 sale price) dedicated to lifestyle, gold and gourmet features; 100%HD (€2,90 selling price) dedicated to high definition technology. Metro free distribution newspaper launched Metro MAG/Metropolitan Active Generation, also with free distribution.
- One of the leading publishing groups in Portugal Motorpress with titles like Men's Health, incorporated the 17 titles available in the market in social networks Facebook and twitter, allowing the social network followers and 'audience' to have up to date and regular information.
- SIC TV last week launched its new cable channel for kids, SIC K. The channel will initially be available only on Portugal Telecom's MEO network, and is designed for the 10-18 year olds.

### Routes and Fares

- Ryanair announces its second hub in Portugal in Faro, after Oporto. Airline has 13 connections to the Faro from which 7 are to the UK: London, Leeds, Glasgow Prestwick, East Midlands, Bournemouth, Bristol, Liverpool.
- easyjet: Lisbon-Edinburgh 4 May 2010 €57.50 return.
- easyjet: Faro/Doncaster 19 April 2010 €57.50 return.
- Ryanair announced last week a new route from Derry to Faro twice a week starting April 2010.
- easyjet: Lisbon-Rome Fuimicino opened on 2 November.
- Ryanair: Porto-Bordeaux from 10 March 2010, 3 weekly flights at €37.
- City breaks, 2 nights hotel & flight: London (€217)Madrid (€142) Berlin (€313) Paris (€198)
- Cost to travel to London Lisbon -London mid December one-way: easyJet at €182.93, British Airways €123 / TAP €88.

### Business Tourism

- Business travel is still declining in 2009, quarter 1 was down 13.86% and quarter 2 down 5.97% on visits IPS09P.

### Leisure Travel Trade

- Jade Travel and Nortravel Tour Operator joint venture, allowing the latter to expand its portfolio in cultural products.
- Lusanova finished a joint venture with Travelider.
- MundoVip Tour Operator launches City Breaks brochure '15 winter destinations' including London promoting the destination as constantly changing with new and traditional offer.  
[http://www.esoperadores.com/ebooks/2009/Electronica\\_ShortBreaks/flash.html#/1/](http://www.esoperadores.com/ebooks/2009/Electronica_ShortBreaks/flash.html#/1/)
- Portuguese spending on tourism and travel trips abroad has been decreasing according to BoP report: 11.4% quarter 1, 8.7% quarter 2 and 14.5% quarter 3. These 3 quarters represent a total spend of €2,069 billion.

### Competitor Activity

- The main destination abroad for the Portuguese market neighbouring Spain with 45% of total trips, compared to the UK ranking 4<sup>th</sup> with 5.3%. The Spanish Tourist Office and regions are developing several initiatives focused on the travel trade, mainly workshops. Some of these Spanish regions want an increase in Portuguese visitors, in 2009 Anadaluia had 328,726 Portuguese visitors the aim is an increase of 2.6% in 2010. Nevertheless Portuguese visits to Spain have been

decreasing, less 7.8% in the first 10 months of the year meaning 1.9 million tourists, compared to same period in 2008.

- The Portuguese market to Turkey increased 28.7% between the January - October period compared to same period in 2008 (and a 57% increase compared to same period in 2007). This represents 43,441 Portuguese tourists to the destination.

### **VisitBritain Activity Update**

- Press Communications: 2 press-releases and 4 press visits including 2 TV (1 Scotland, 1 Sherlock Holmes movie) for leading TV channels SIC and TVI.
- B2B Communications: 2 consumer e-newsletters sent to 17,708 contacts each.

### **Upcoming activity**

- Britain Cities central campaign partnering with British Airways, total campaign budget €40,700. Campaign will take place in quarter 4, starting 18 January and will focus on online activities. An online media plan is being prepared and 3 proposals were received to digital agencies operating in the market.
- Sherlock Holmes, movie release on the 24 December. Media partner AXN cable TV channel. Competition will be promoted by AXN with TV teaser redirecting the audience to [vb.pt/sherlockholmes](http://vb.pt/sherlockholmes) to register in the competition.

### **Who's in Town?**

- More concerts with British bands :La Roux, The Cranberries and the Arctic Monkeys