

REPORTS OF DEATH GREATLY EXAGGERATED¹

Roger Bray

The last rites have been read so often over the apparently stricken body of the package holiday you might have thought that, by now, tour operators would have recorded them on a memory stick, to save the priest another wasted journey.

I am talking about the package holiday as most people think of it, that is, an off the peg inclusive tour chosen from a printed or on line brochure, incorporating accommodation, transfers and – more often than not – a charter flight. Not the package holiday in the wider sense, an assembly of those elements by the consumer, whose legal definition has still not been resolved to universal satisfaction.

It was a post second world war phenomenon born out of a reaction to airline protectionism. Rights to operate air routes were guarded so jealously that when the upstart entrepreneur Vladimir Raitz first proposed to launch charter packages to Corsica in the early 1950s, state owned British European Airways objected on the grounds that its traffic would be diluted – on its flights to Marseille. So difficult was it to break down this protectionism that it was another 20 years or so before tour operators were freed to sell packages for less than the normal scheduled air fare.

The last rites have been read over the apparently stricken body of the package holiday

I recall opining at least a quarter of a century ago, in another publication, that there was no guarantee that holidaymakers would always be happy to buy holidays incorporating flights which left and returned on set days and almost always for periods of one or two weeks but that I felt that while the market for conventional packages would fall, it would find a level and survive there. That was written at a time when moves towards open skies in Europe were already well advanced but low cost scheduled airlines were yet to make an impact on short haul routes from the UK.

It looks as though I was right on both counts. The proportion of holidaymakers booking packages subsequently dipped, though perhaps not as chronically as conventional wisdom suggested. In 1995 it was 54.5%. By 2010, according to figures from ABTA (Association of British Travel Agents) it had fallen to 37%, But it since then it appears to have staged a come back. More recent ABTA surveys found it had risen to 42% and 48% in the 12 month periods to September 2011 and this year respectively. The trend was particularly marked in the 35-44 age group where 51% said they had booked packages against just over one third last time the research was done. And the proportion of those booking travel and accommodation separately fell from 43% last year to 39%.

¹ With apologies to Mark Twain, who did eventually die on 21 April 1910.

Concern at the risk of losing money or being stranded abroad if an airline goes bust appears to have something to do with this. When respondents were asked to list their priorities when booking, the financial protection which comes with a package was cited by over 70%, even emerging slightly ahead of value for money. Getting the lowest price was way down the list of persuasive factors.

Such concerns may not be the only reason, however. Asked when they had booked during the past year more said they had done so earlier than those who had left it later. This raises two questions: have more people become anxious to avoid the higher fares often charged by low cost carriers as the departure date nears. And, if so, are flexible holiday arrangements, especially during peak periods, a luxury to be traded for the old strait jacket when times get tough?

Freedom to jet off when one fancied, to decide to pop over to Paris or Palma for the weekend at a day or two's notice, was always more of an obsession among well paid editorial executives than what the coalition like to call 'hard working families'. One newspaper editor I worked under decreed that he didn't 'want anything about package holidays' in the travel pages. I didn't get on well enough with him to probe his motives too deeply but surmised he either thought our readers were too upmarket for that sort of thing or that independent travel was something they should aspire to. At any rate he ignored the reality that the vast majority of people were obliged by work or family commitments to plan holidays a considerable time in advance.

To be fair he was, as successful editors often do, reflecting the prevailing view of the chattering classes. So the poor old package holiday was dealt another blow to its worsening health. But

despite that it continues to unplug the life support machine and demand to be discharged. Why?

I have always thought the conventional package to be the most efficient means of taking a holiday by air – economically and environmentally. It relied on high aircraft load factors, low negotiated hotel rates and increasingly skillful manipulation of capacity to cut out waste. Even when flights were consolidated to avoid flying too many empty seats the process was mostly implemented with relatively little disruption to customers. That's not to say that the machinery hasn't broken down from time to time but after a

series of improvements by regulators and the industry itself it has run pretty smoothly.

The advent of low cost airlines and the growth of internet booking have thrown grit into that machinery. But whether

packages are based on charters or budget scheduled flights the question now is whether their resurgence will continue, prove a temporary spike or bob slightly above or below the levels they have reached during the past year.

This no mere academic problem. The Government wants to ensure it doesn't get stuck with potential costs in the event of future financial company collapses. The existing emergency fund, which relies on a £2.50 a head levy on holiday travellers, is in deficit. The task of analysing how much cover will be needed to reassure ministers, and how it should be organised, is just beginning. Refunding and repatriating holidaymakers booking conventional packages will usually cost more than paying refunds under the new 'flight-plus' scheme, which covers travellers buying flights and accommodation or car rental separately. Predicting the future behaviour of the holiday market will be crucial.

He was reflecting the prevailing view of the chattering classes

Roger Bray is a freelance journalist.

He can be contacted at rogerbray@gmail.com