



BREXIT AND AITO

Cameron is going; 'stop Boris' is in action; Corbyn is under threat from his own MPs; 1.1 million leave voters regret their vote; over 3 million have signed a petition against the referendum result; there are suggestions that MPs should ignore the referendum...

So what does Brexit mean for the small and medium-sized specialists in AITO? We commissioned a survey the day after the vote and below are a few highlights - some statistics, plus comments from AITO members.

The statistics in response to questions posed to AITO members:

1. What do you feel will be the extent to which your business will be **adversely affected**?

In the days immediately following the Referendum, some 50% of respondents felt there would be only a limited impact; 38% a great impact and 12.8% a huge impact. Currency not a problem due to hedging; late bookings definitely a problem.

Over the summer as a whole the number expecting only a limited impact rose to 65%; those expecting a greater impact fell to 23% and only 10% felt there would be a huge impact. Currency still covered and summer bookings in place already for some but very slow for others.

But by winter 2016/17, 46% expected a great impact and 12.8% a huge impact. Beyond next winter, 40% felt there would still be a great impact and 12.8% a huge impact.

A brief selection of comments from members included 'uncertainty will weaken demand... currency changes and a weak pound will limit demand, with negative forecasts and large company relocations exacerbating this... In time though this can be covered by re-pricing... current bookings covered by hedging or buying at time of booking so we have minimal currency risk... Demand over the next 12 months will be down by 20%... we have cancelled plans to hire more staff... Beyond summer things will settle'.

2. We asked if AITO members would **surcharge if necessary**.

94.9% said no in the immediate future, with the rest don't know; 90% said no for summer 2016. **Forward buying?** For summer 2016, 82.5% have contracts in place; 53% have already for winter 2016/17; beyond that 80% have not, but repricing will cover that, and surcharging would of course by then not be an issue.

Comments from members: '...we can manage the weak pound; it's the weak demand that will be the problem...' One member said 'specialists will survive; the worst situation will be for non-specialist, low-margin, high-volume product...'

Predictably there were many comments along the lines of 'Brexit a sad day'... 'a shame many people used the referendum not to comment on the EU but to give two fingers to those they perceived as the elite and the establishment'.

Despite the sadness at Brexit, the nature of members' specialist businesses and the innate optimism of AITO members did come through. With much forward buying having mitigated currency dangers, and tailor-made specialists buying currency at the time of taking bookings, the financial risks seemed not to be uppermost in members' minds; **rather it was the drop in demand was occupying their waking hours.**

Overall, members felt that there will be short-term confusion, but could not refrain from feeling that - for them at least - there will be a positive outcome in the long term.

Ends/27th June, 2016

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