

Business and Financial Review

continued



Hotel Breaks

	2009	2008
Revenue	£141.3m	£149.9m
Headline operating profit**	£12.6m	£15.5m
Operating profit	£11.9m	£14.6m

The division benefited from higher booking volumes due to improved supplier offers (lower room rates and train fares) and better availability, although the average spend per booking was lower than last year. Headline operating profit** was down 19% as margin was adversely affected by the sales mix with increased sales through UK retail travel agents. The business enjoys low operational gearing. Room allocations are not committed, allowing a high degree of flexibility in costs. Going forward, the division will continue to benefit from being able to offer consumers more special value deals, particularly for rail inclusive packages.

The division comprises Superbreak, based in the UK, and Bookit, based in the Netherlands, which provide primarily domestic short-break holidays to their respective markets. The division also includes West End Theatre Bookings, a London theatre ticket agent.

In the UK, Superbreak sells through a variety of distribution channels - traditional high street retailers, direct through the contact centre, online and newspaper reader offers. This year, sales through retail agents increased significantly due to the appeal of regional packaging. In the Netherlands, over 85% of the sales are made online.

The strategic focus in recent years has been on adding value for the customer by packaging deals that incorporate specific add-ons to hotel accommodation and thereby increase average spend. These 'packaged products' currently represent approximately 55% of the UK business and the target is to increase the level to 75% over the next five years.

The range of value breaks includes rail travel, ticketed events, museums and attractions. A noteworthy success this year is the two night accommodation breaks with one free dinner.

This year, Bookit launched *Bungalowtrips.nl* to sell discounted and all inclusive midweek packages on behalf of independent bungalow parcs. They also launched a Belgian equivalent of its online weekend breaks brand, Weekendjeweg, in conjunction with GlobEvents in Belgium.

West End Theatre Bookings continues to focus on widening its distribution channels. Online sales increased significantly following the successful re-launch of the main booking website, *Uktickets.co.uk*, and trade sales also improved as more sales were generated through concierges, a new contract with Air Miles and through NST, part of our Education Division.

Superbreak re-launched its websites with a new coding language, Microsoft.net, which improves functionality and thereby maximises conversion of visitor traffic to bookings. This will be developed further in 2010 as Superbreak is investing in a new online reservations platform. Bookit continually makes improvements to all its websites and next year it will be launching more mini websites, for example a dedicated website for selling trips to Christmas markets. West End Theatre Bookings has increased its online affiliate partners by launching new white label technology.

