

The Hunt For The Sun

The price-war in the British travel industry is well underway for the summer of '88. It sounds like good news for us, the consumers. It isn't.

The undercutting campaign started off in 1986 when megagiant Thomson pledged itself to gaining 30% of the British market. It has now succeeded. Intasun are the second largest and have kept pace. The rest of the midway companies are gasping, a bit red in the face, as they try to keep the big two in their sights.

At the height of last year's manic discounting, most packages were only making about a £1 profit for the operators. Such low margins make no short-term economic sense. Thomson and Intasun are using their huge financial resources to steamroller their lesser rivals. When those others have either folded or been absorbed, the giants can then start rapidly tipping their prices.

For die while, could consumers not enjoy the financially favourable state of affairs brought about by this intense competition? Yes and no: there are new dangers. *Holiday Which!* magazine is warning of two. The first is unjustified surcharges which the holidaymaker can do nothing about. These could average out at around £10 this year and are another reason not to book early. The second is corner-cutting. One travel pro told *Holiday Which!* that operators were now using hotels 'they would have walked past in years gone by'. There's the danger of flight alterations, or even outright holiday cancellations, if bookings aren't strong enough. No wonder the '87 season brought a record number of complaints.

The best advice for '88 must be to 'trade up', to buy holidays on the grounds of good value, not rock-bottom cost. Better still, book late if you can be that flexible. The 'kamikaze' economics of the British holiday business will continue until the giants have their way. Or until the whole thing collapses.*

David Brazil