

Opinions

What does Thomas Cook's collapse mean for the industry?

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A discussion of the repercussions of the recent collapse of Thomas Cook, the wider impact this will have on the travel industry and how smaller travel agencies are now attempting to fill the void.



By Claire Wilkinson

Thomas Cook, one of the world's oldest travel groups, which counted Mark Twain, Rudyard Kipling and Winston Churchill among its customers, recently became insolvent following a "slow-motion" collapse which had been ongoing for years.

The group's failure has plunged governments across Europe and Africa into crisis-planning mode as they assist with the repatriation of more than 500,000 stranded tourists and count the cost of the holiday company's demise on already-slowing economies. With the group's liquidation in September, the business of Thomas Cook, which had been operating under that name since 1841, ceased to trade.

In the following months, the world's oldest travel agency, Cox & Kings (founded in 1758) also collapsed. However in that case, the U.K. business was sold as a going concern via an administration process, and has therefore been saved [in a deal worked on by the Womble Bond Dickinson team](#). (The author is a partner at Womble Bond Dickinson)

Effect on the travel industry

The Thomas Cook collapse is having a detrimental effect on the travel industry worldwide, as hoteliers and hospitality businesses dependent on the group's trade have been left without security.

This is particularly the case in Spain where many hotels which were exclusively dependent on the company's business are now facing imminent closure due to the lack of occupants and payments. The Spanish Confederation of Hotels and Tourist Accommodation has reported that 1.3 million autumn and winter visitors [will be unable to fly into Spanish destinations](#) and as a result of this, in a huge setback to Spain's hotel industry, over 500 Spanish hotels will now have to cease operating.

Spain is not the only country taking a hit from the company's failure, countries such as Cyprus are also suffering. According to Cyprus' deputy tourism minister, the country's hotel industry [will take an estimated €50-million \(\\$55.1 million\) loss](#).

Filling the gap

EasyJet has recently relaunched its package holiday business in an attempt to fill the void left by the closure of Thomas Cook. For the first time in its history, EasyJet has directly contracted hotels and will now provide both beach and city package holidays to its customers. They have also incorporated artificial intelligence technology onto its new website, which allows customers [to explore a city or resort before they book](#).

However EasyJet's new initiatives won't fill the gap completely. Alternative approaches to providing hotelier services such as Airbnb and OYO Hotels & Homes are also attempting to alleviate the blow of losing Thomas Cook within the travel industry.

Airbnb provides an online marketplace which allows people to rent out their properties or provide spare rooms to guests for a sometimes cheaper cost to hotels. This is different to OYO which instead of providing residential accommodation spaces, partners with hotels and provides a chain of budget and premium rooms in those [respective hotels to its customers](#).

Both Airbnb and OYO are transforming the travel market by making travel easier, for cheaper. With their extensive online reach to various accommodation packages, they too are softening the impact to the industry.

Hays Travel provide new opportunities

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The U.K. 's largest family-owned travel agency, Hays Travel, have recruited over 2,000 former Thomas Cook employees and continue recruitment for the 450 Thomas Cook stores that have been re-opened in the company's demise.

Following the take-over of 555 of the Thomas Cook stores, there now exists 737 Hays Travel stores in the UK and 4,200 people now have permanent employment. This take-over is a crucial improvement for UK high streets, which are currently suffering due to the prevalence of [e-commerce stores nationwide](#).

Although the collapse of Thomas Cook has undoubtedly brought extensive negative consequences, this is certainly a positive outcome in that smaller travel agencies, such as Hays Travel, now have the ability to grow their businesses and subsequently provide more employment opportunities. This will undoubtedly assist in filling the gap brought on to the economy from the loss of Thomas Cook and its subsidiaries, whilst also providing new employment to those who resultantly lost their jobs.

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