VisitEngland

Staycation

Debrief April 2014

Prepared by Trajectory

Contents

Aims and objectives

- Monitor and understand holiday behaviour in UK – both domestic and foreign
- Understand the impact of the downturn – including how affected people have been and to what extent the wider economic recovery is being felt
- Explore 2013 holiday behaviour
- Understand their holiday expectations for 2014 – and beyond
- Assess what these data mean for the likely future of the staycation

Methodology

- 1010 interviews with a nationally representative GB sample
- Research conducted online using Research Now's consumer panel
- Fieldwork conducted between 4th March and 10th March 2014

Summary of key findings

- Consumers in the UK are aware of the economic recovery – which is shown in their improved confidence and lower levels of concern
- However, they are not themselves feeling the recovery yet – and many still expect the economy to get worse (for them) before it gets better
- Around half of consumers show a willingness to stop cost-cutting measures on leisure and discretionary spend at some point – but only a very small minority expect to do so in the near future
- There is an ambition amongst many consumers to take more long breaks abroad in the future, complemented by more short breaks in the UK
- But this will not happen for the vast majority this year – it is a longer term expectation

What does this mean for holidays?

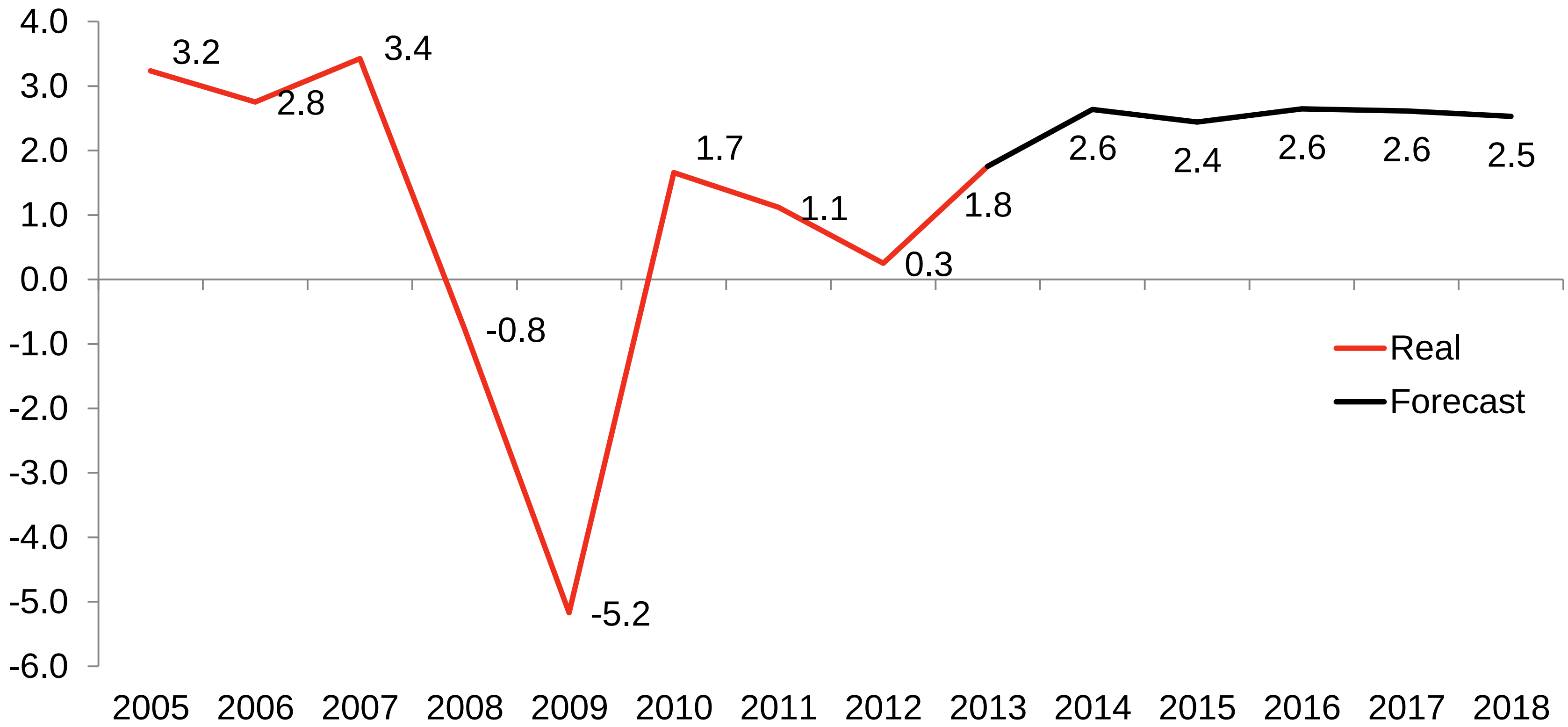
- **This year:** behaviour is likely to be similar to 2013, with only a tiny minority (0.6%) saying that they will stop taking domestic holidays instead of foreign ones.
- Consumers are aware of the recovery and are feeling more optimistic and confident – but have not felt the recovery in such a way that they feel confident to change their behaviours
- **Next 3-4 years**: There is an ambition to take more long trips abroad, complemented by more short breaks at home. Around a third of people expect to stop cutting back on leisure and discretionary spending at some point – but when they do will depend on when they feel better off
- This will vary from group to group. Public sector workers are particularly pessimistic and wider political and economic trends suggest they will not see a significant increase in their living standards in the foreseeable future. Part-time workers, on the other hand, are optimistic – if the underemployment trend wanes, their living standards may increase
- **Beyond:** Holiday taking patterns are unlikely to revert to prerecession patterns – for some behaviours have changed fundamentally, while others have discovered and genuinely enjoy breaks in England. There is, however, and ambition to have long holidays abroad, which people will do when they can afford to

The Downturn

The national economy is recovering from the downturn

- Total economy set to reach pre recession size by end of 2014

UK GDP growth, % year on year



Source: Oxford Economics 2014

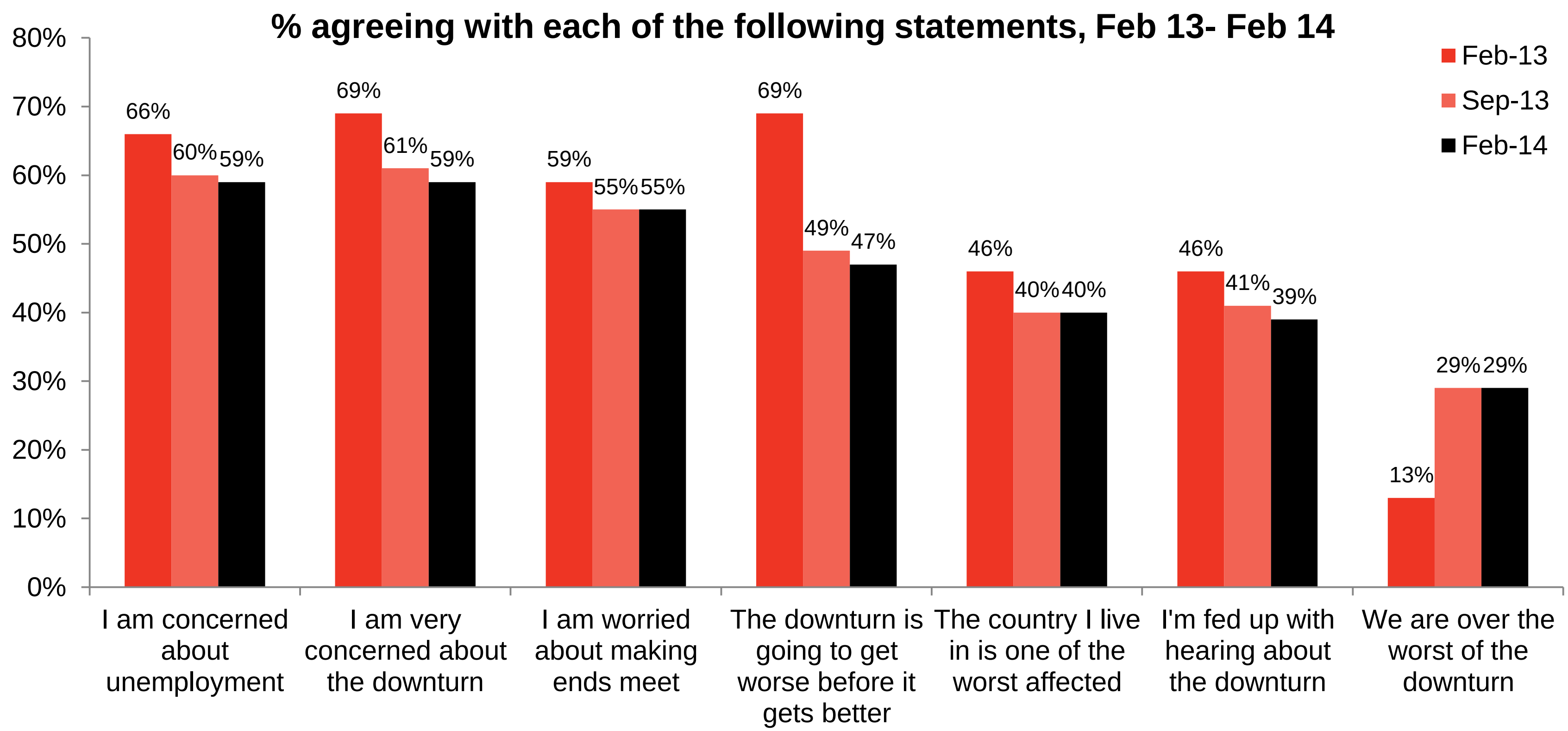
But consumers will not feel the effects for several years

- For the past few years, the cost of living has been rising
- Although this is change, the decline in wages since 2009 will not be reversed for several years

Source: Oxford Economics 2014

‘Over the worst’ unchanged since Sept

- Concern about wider impacts is declining very slowly
- Most change happened in 2013, little since Sept



Source: VisitEngland Staycation Monitor Feb 2014 / Base 1,010

Q1 To what extent do you personally agree or disagree with each of the following statements about the economic downturn?

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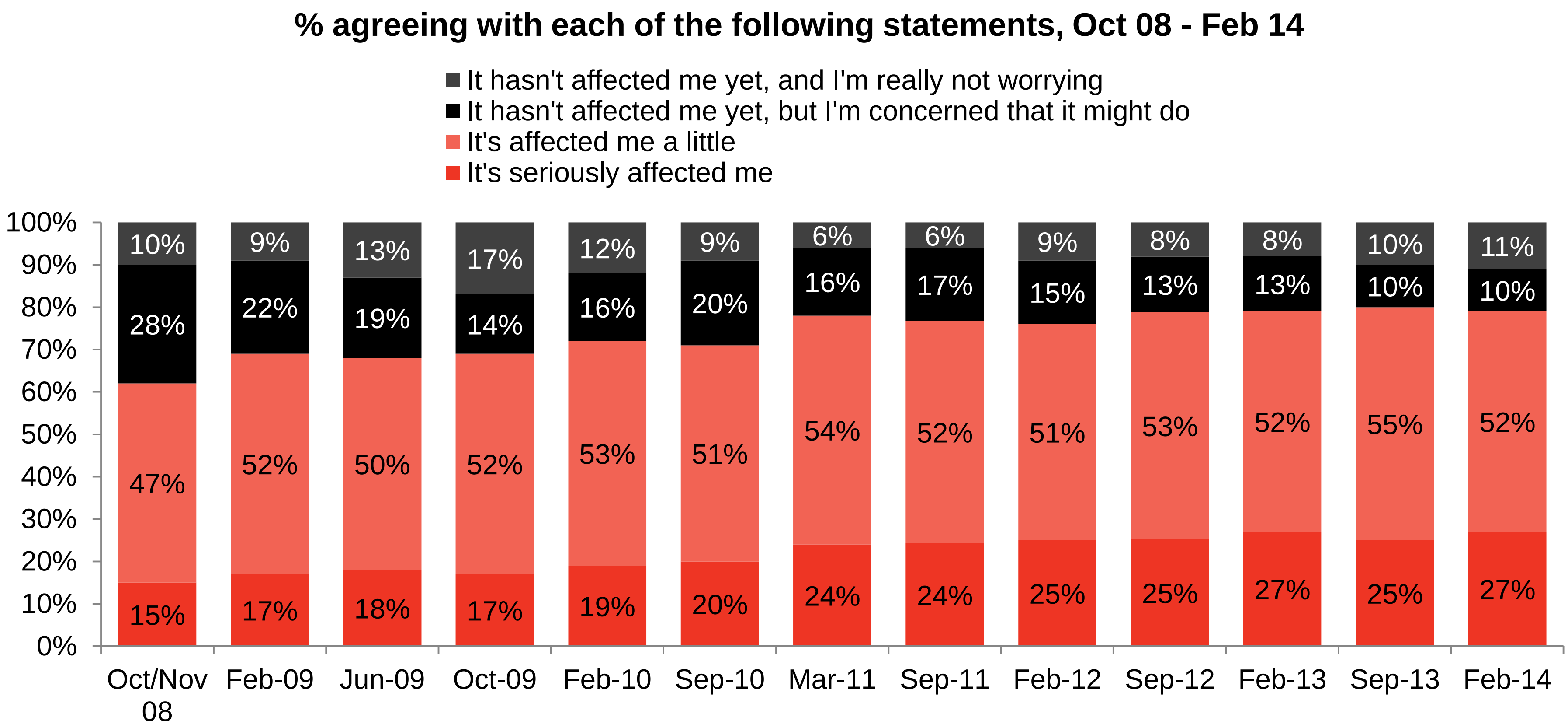
80% feel the downturn has affected them

- More than 1 in 4 say 'seriously'
- Very little change since 2013



Source: VisitEngland Staycation Monitor Feb 2014 / Base 1,010

Q2a Which of the following best describes your feelings about the economic downturn?

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Views on the downturn

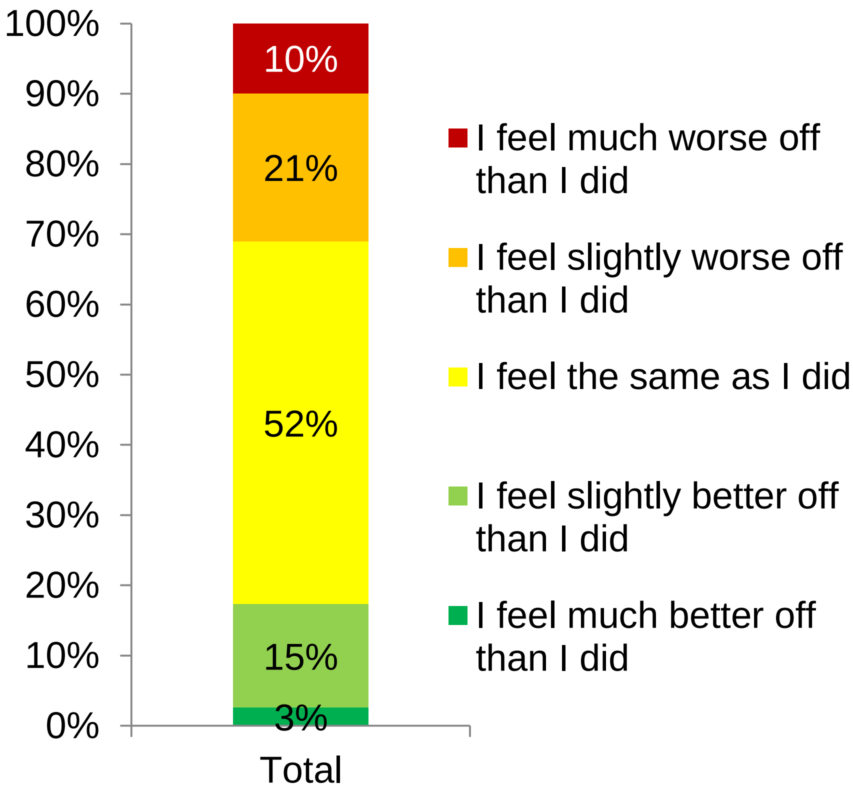
- Level of overall concern about the downturn is broadly consistent across different groups
  - 59% of full time workers / 61% of part time workers say they are concerned about the downturn
  - 57% of ABC1 / 61% of C2DE

- But differences do exist in perception of personal impact and specific concerns – especially amongst public sector workers
  - 64% of public sector say they are worried about making ends meet / 53% of private sector
  - 53% of public sector say it will get worse before it gets better / 43% of private sector

- 32% of part time workers (8-29 hours) say that the downturn has seriously affected them (compared to 24% of full time) - indicating the impact of underemployment. Although more people are in work, the high numbers working less hours than they would like is contributing to a recovery that many people are not yet feeling

Fewer than 1 in 5 feeling the recovery

Extent to which people are feeling the economic recovery (%)



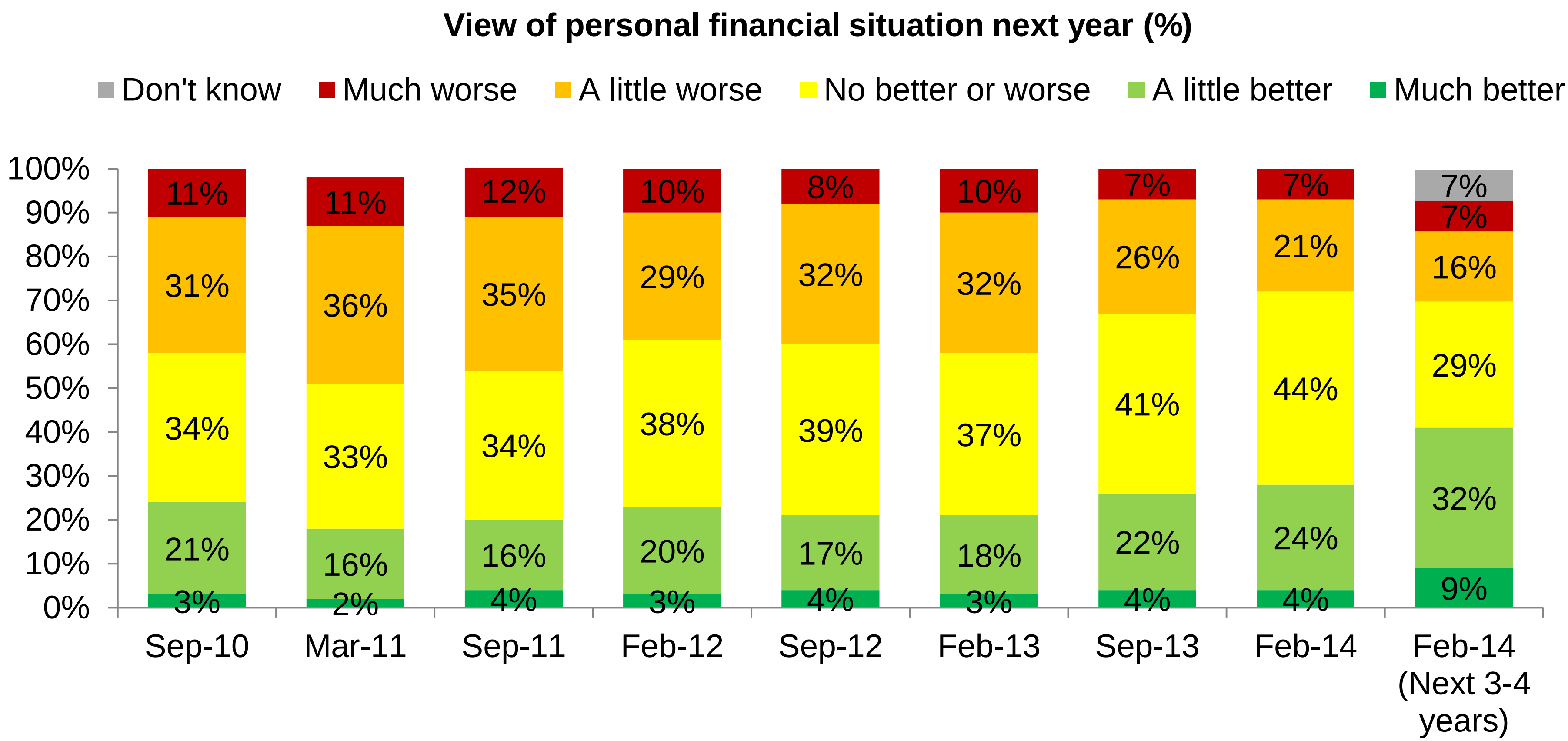
- Vast majority not yet feeling the recovery – in fact, more are feeling worse off than better
- Those who are feeling better off are younger – with falls in youth unemployment /insulation from cost of living likely to be a factor
- C2DE slightly more likely than ABC1 to be feeling better off – but only by 18% to 16%
- Most impacted group are private sector workers – 21% are feeling better off

Source: VisitEngland Staycation Monitor Feb 2014 / Base 1,010

Q2d There has been a lot of talk lately about the economy recovering from the downturn of the last few years. To what extent are you feeling the recovery?

Confidence is rising – especially when looking further ahead

- Part time workers most optimistic about year ahead
- Some regional variation (W. Mids most optimistic), but most affluent areas (London and SE) only slightly above average



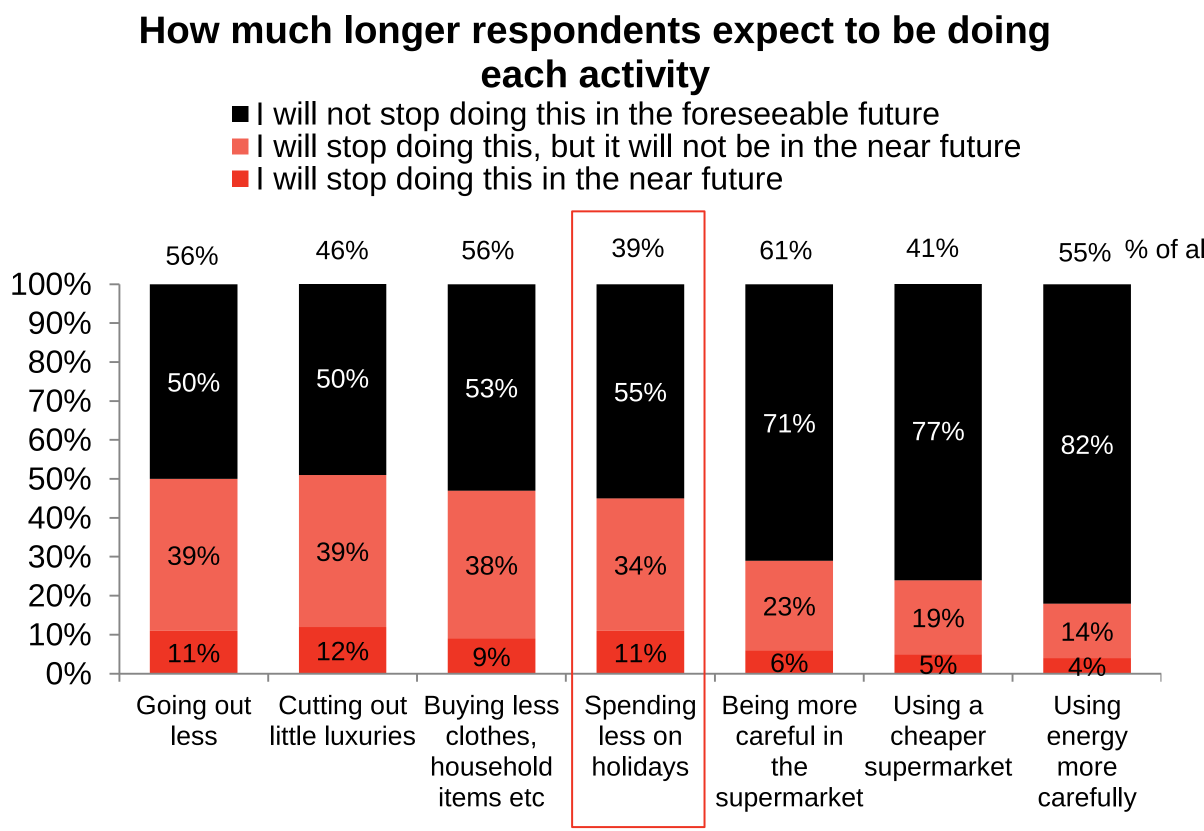
Source: VisitEngland Staycation Monitor Feb 2014 / Base 1,010

Q2d How do you think you personal financial situation will change in the coming year / next three or four years? Do you think it will become...

Coping behaviours are waning, but most expect no change in the near future

- 39% are spending less on holidays (down 2% on Feb-13)
- 41% using cheaper supermarkets (increase of 6% on Feb-13)

- Most behaviours started as a result of the recession
- Only a minority expect to stop in the near future – although more expect to stop cutting back on leisure at some point
- Private sector and ABC1s most likely to be spending less on holidays



Source: VisitEngland Staycation Monitor Feb 2014 / Base 394-694 (only those who are doing each behaviour)
Q3c For how much longer do you think you'll be doing them?

Impact on Holidays

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Consumers start to move away from cutting back

- 4 in 10 overall are cutting back on some aspect of holiday behaviours
- Little change in past year, although some indication that some coping behaviours are waning (as they are elsewhere)

Source: VisitEngland Staycation Monitor Feb 2014 / Base 1,010

Q4a How are you cutting back in the amount you spend on holidays?

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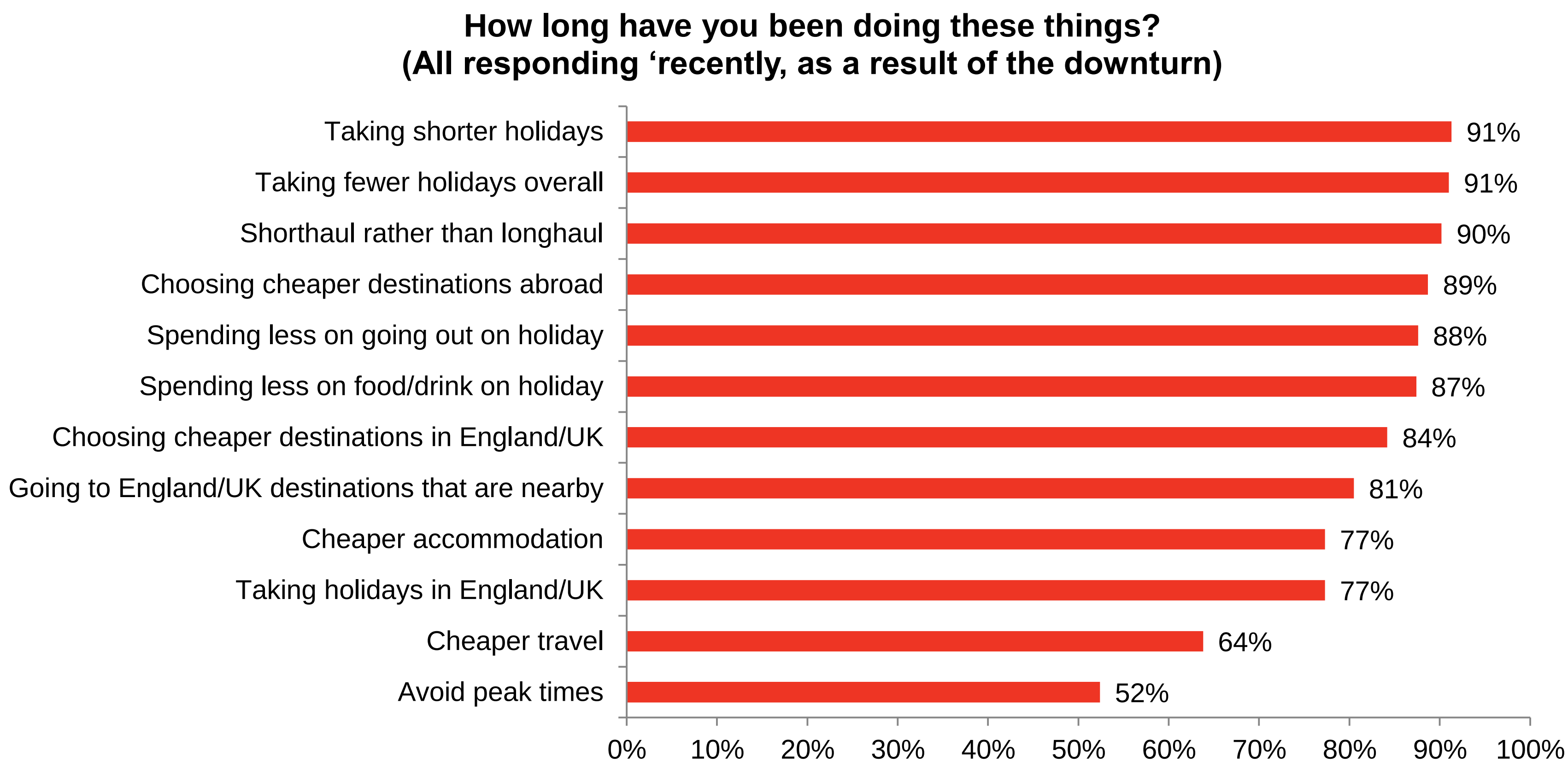
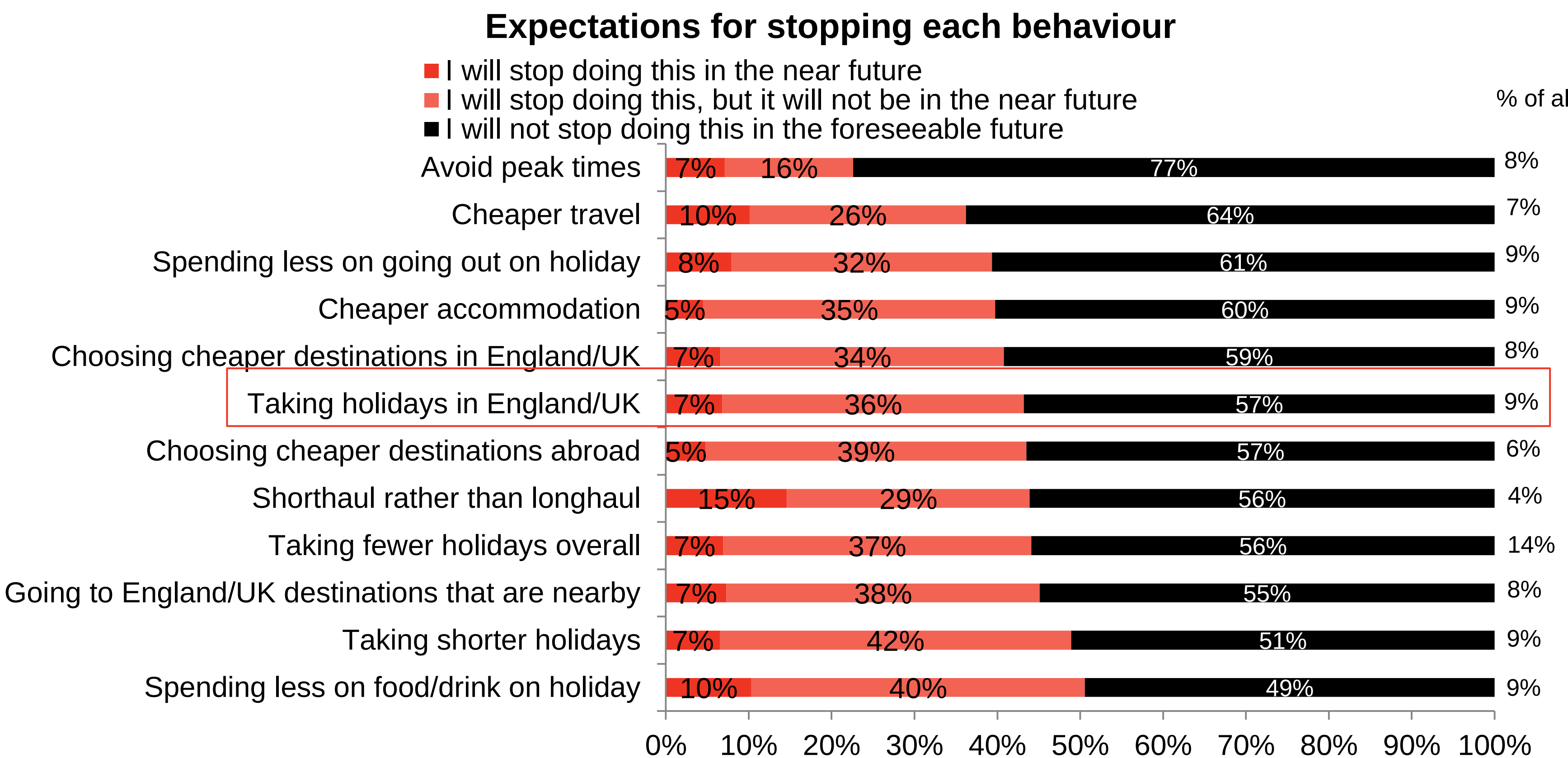
Vast majority of coping behaviours are recession influenced



Source: VisitEngland Staycation Monitor Feb 2014 / Base 394 (only those who are spending less on holidays)
Q4a How long have you been doing these?

Just under half of those who made different holiday cuts expect to stop

- But only 7% (0.6% of total population!) expect to stop taking holidays in England in the near future (lost)
- 36% say they will at some point (up for grabs) / 57% will not stop (keepers)

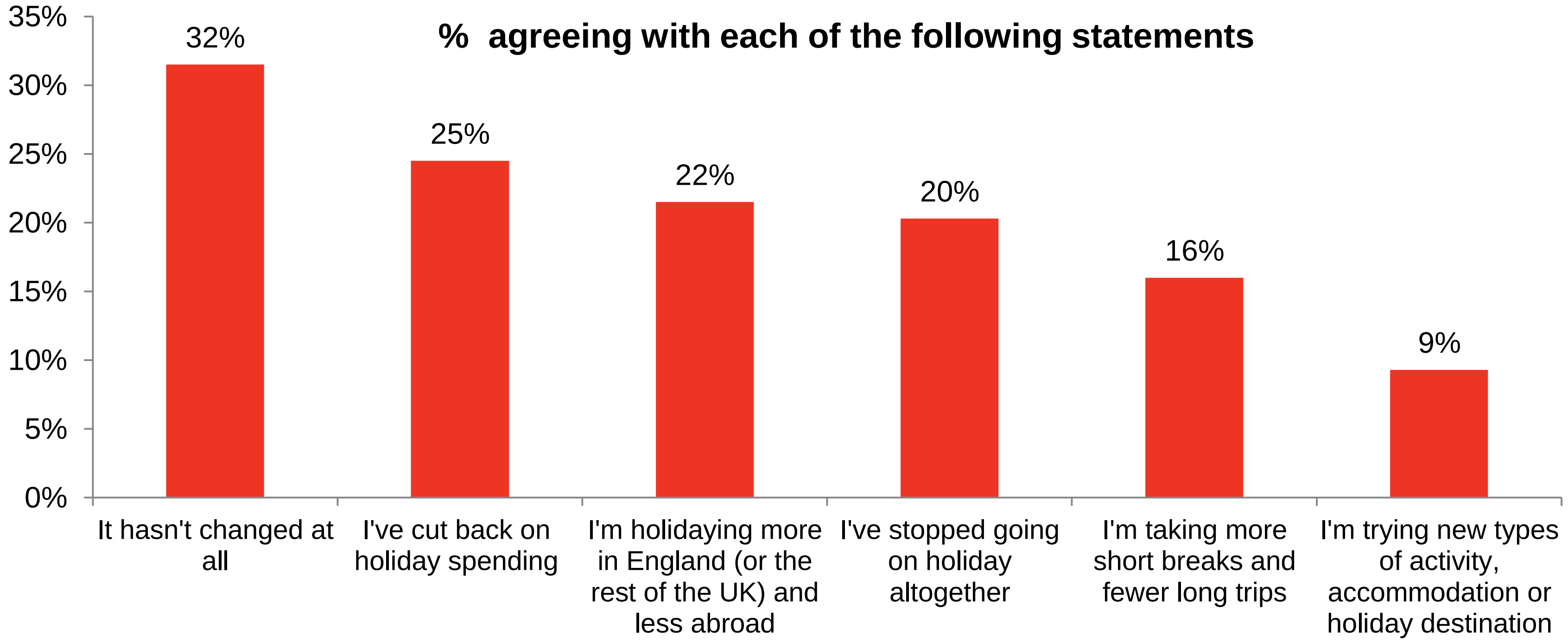


Source: VisitEngland Staycation Monitor Feb 2014 / Base 394 (only those who are spending less on holidays)

Q4a How long will you be doing them?

68% have made changes to their holiday behaviour

- Younger people are most likely to be trying new things
- Older most likely to have stopped, or changed nothing
- Cutting back equal across age groups



Source: VisitEngland Staycation Monitor Feb 2014 / Base 1010

Q5 Overall, how do you feel your holiday behaviour has changed over the past few years? Please select all that apply

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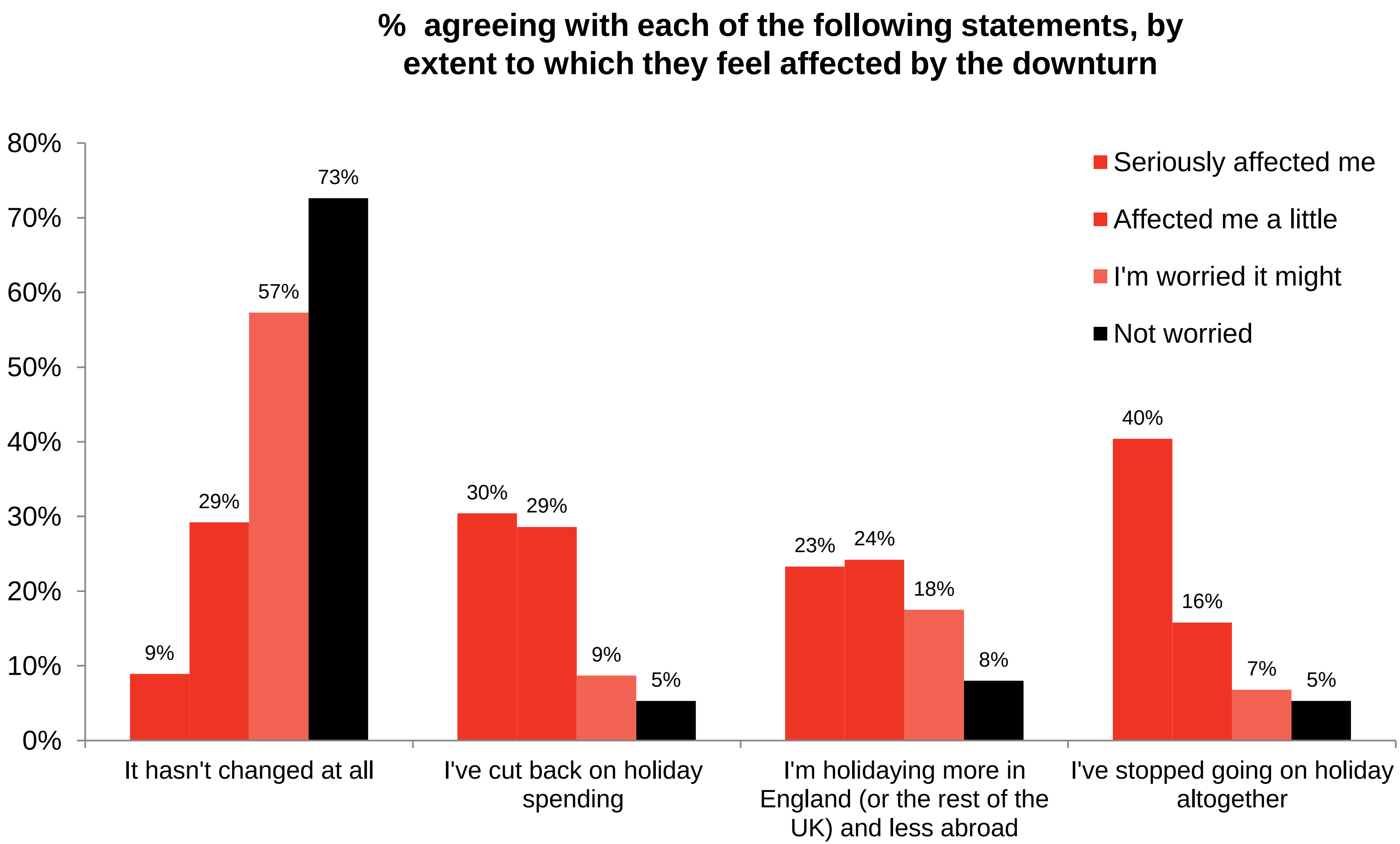
Biggest changes made by those most affected



Source: VisitEngland Staycation Monitor Feb 2014 / Base 1010

Q5 Overall, how do you feel your holiday behaviour has changed over the past few years? Please select all that apply

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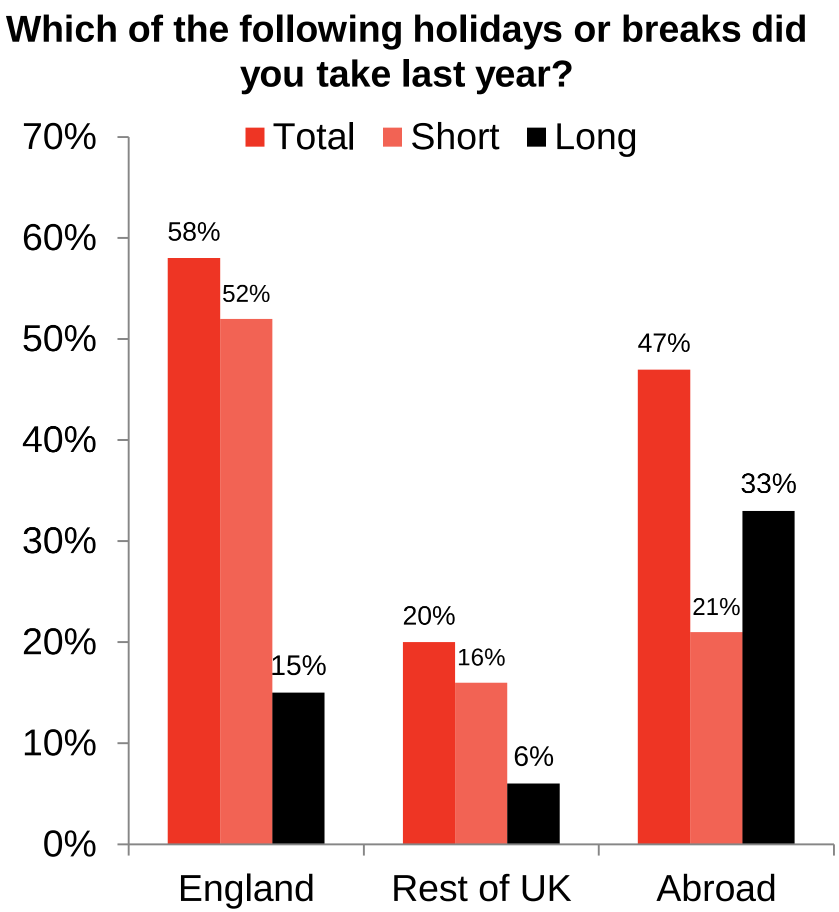
Holiday Behaviour 2013

More than half of people took a short break in England
- Overseas dominates longer breaks



- Younger people most likely to take domestic short breaks (54%), no variation in longer domestic breaks by age
- Older group (55+) significantly more likely than others to take long holiday abroad (40%)
- ABC1s more likely than C2DEs to take every type of holiday – especially foreign trips
- 16% of ABC1s took no holidays – compared to 28% of C2DEs

Source: VisitEngland Staycation Monitor Feb 2014 / Base 1010

Q6a Which of the following holidays or breaks did you take last year? Short break is 1-3 nights, a long holiday is 4+ nights

Holiday behaviour – optimists and pessimists

Pessimists – agreeing it is going to get worse before it gets better (47%)

- This group took the fewest foreign breaks in 2013 and were most likely to take no holidays at all (26%)
- For 23% of this group, a short break in the UK was their main holiday (31% a long holiday abroad)
- 23% agree that financial reasons were the main reason why they took their short break in England
- 35% agree that they were disappointed to have taken their break in England rather than abroad, 57% say doing so makes them want to take a foreign trip in 2014

Optimists – agreeing we are over the worst of it (29%)

- Over-index for every type of trip – 57% took a short break in England, 20% a long one.
- 40% took a long holiday abroad - most likely to be their main holiday, although 13% say their long holiday in England was their main one
- Only 18% said financial reasons were the main cause of a domestic short break
- 27% disappointed to have taken the short break in England, 47% say it made them more likely to take one abroad in 2014

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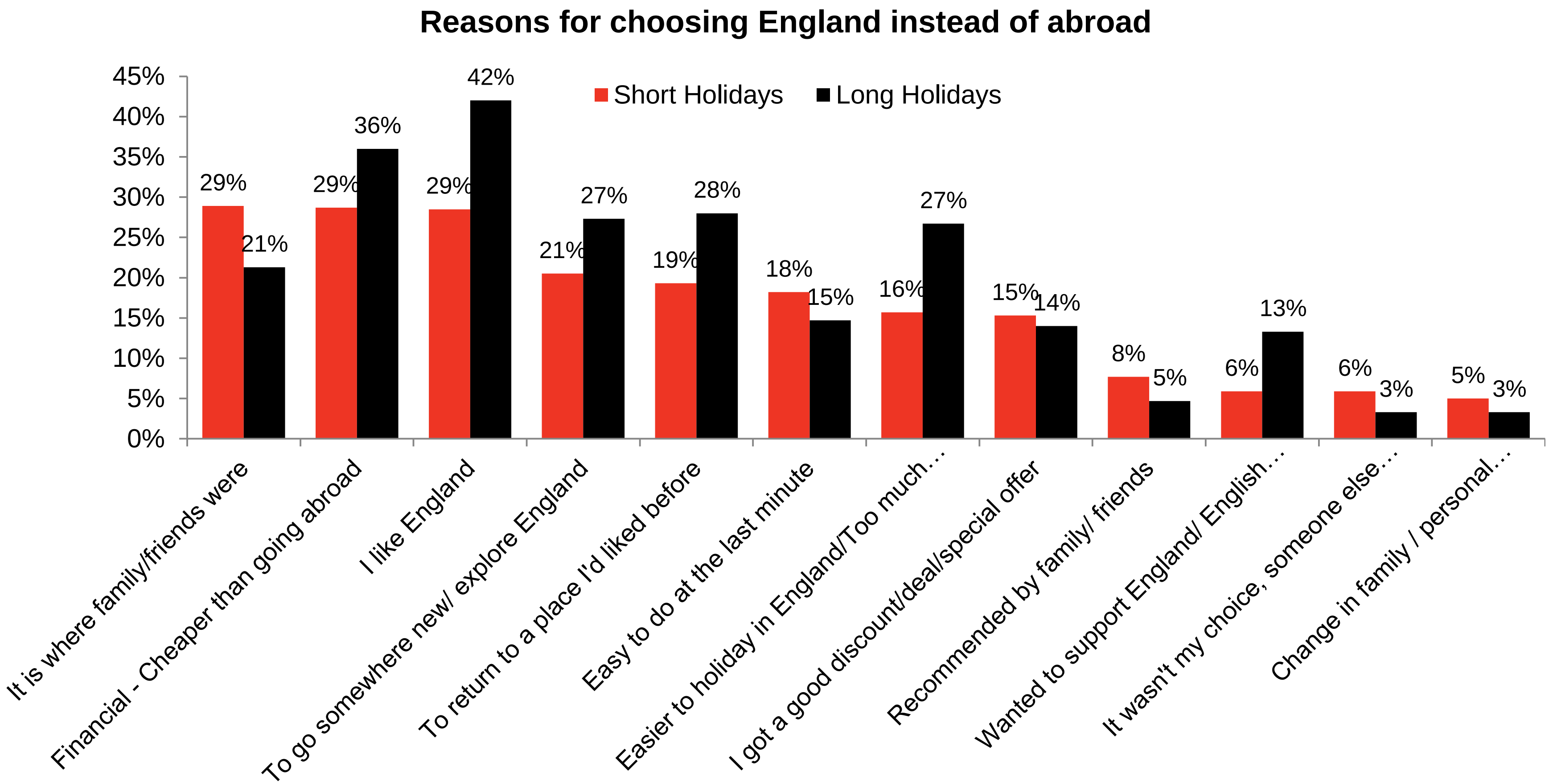
Benefits of England

- 61% say their trips were leisure based (40% VFR, 27% event based)
- Price most significant for longer trips – but family/friends crucial for short



Source: VisitEngland Staycation Monitor Feb 2014 / Base 592 (all those holidaying in England)
Q6 Why did you choose to take the break in England rather than abroad?

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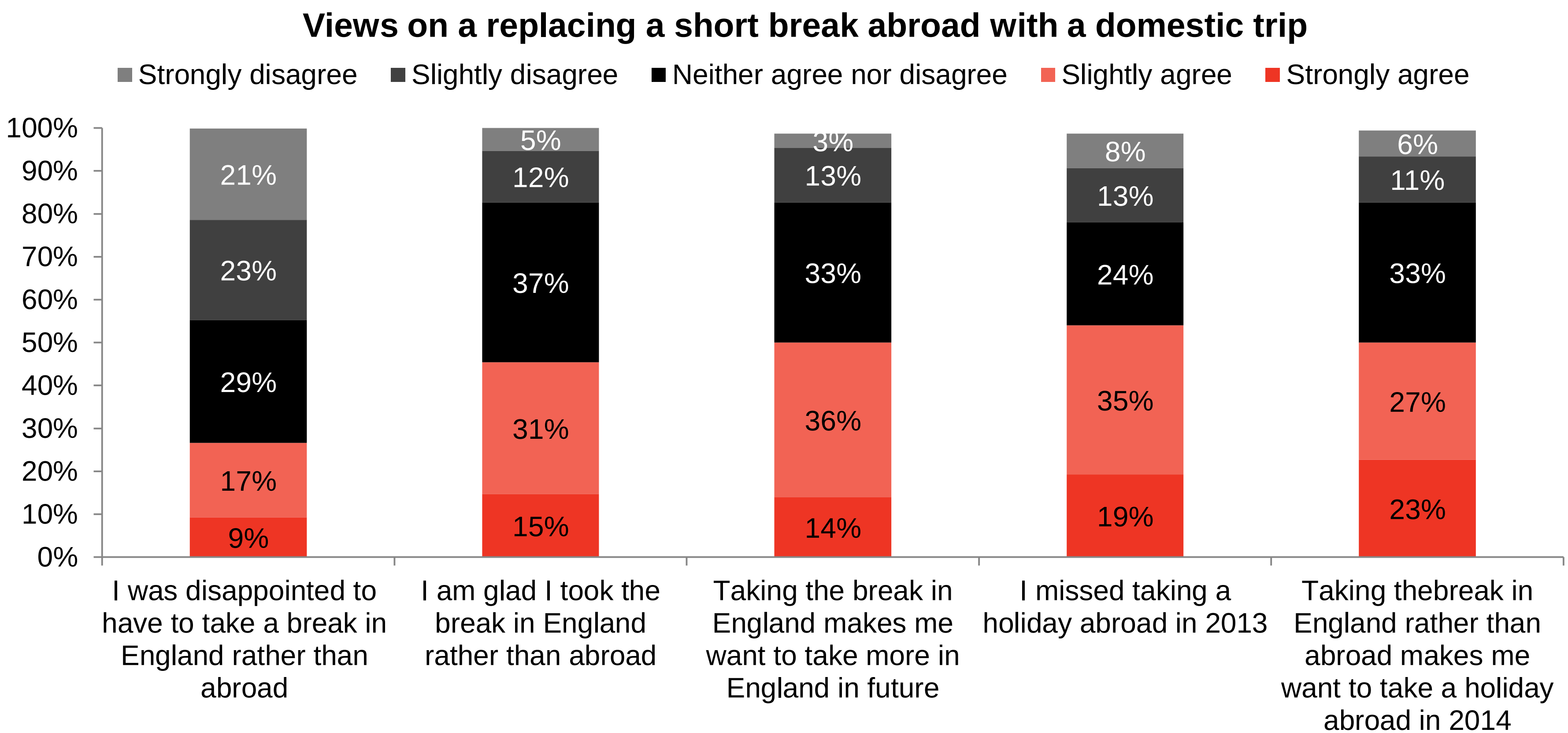
Switchers – short breaks

- 17% of sample replaced a foreign trip with a domestic one (21% in 2012)
- Switchers have a positive view of their domestic short breaks
- Missing a foreign trip increases desire to go abroad soon



Source: VisitEngland Staycation Monitor Feb 2014 / Base 158 (all those replacing a short break abroad with one in England)

Q7 To what extent do you personally agree or disagree with the following statements about replacing a holiday abroad with one in England in 2013?

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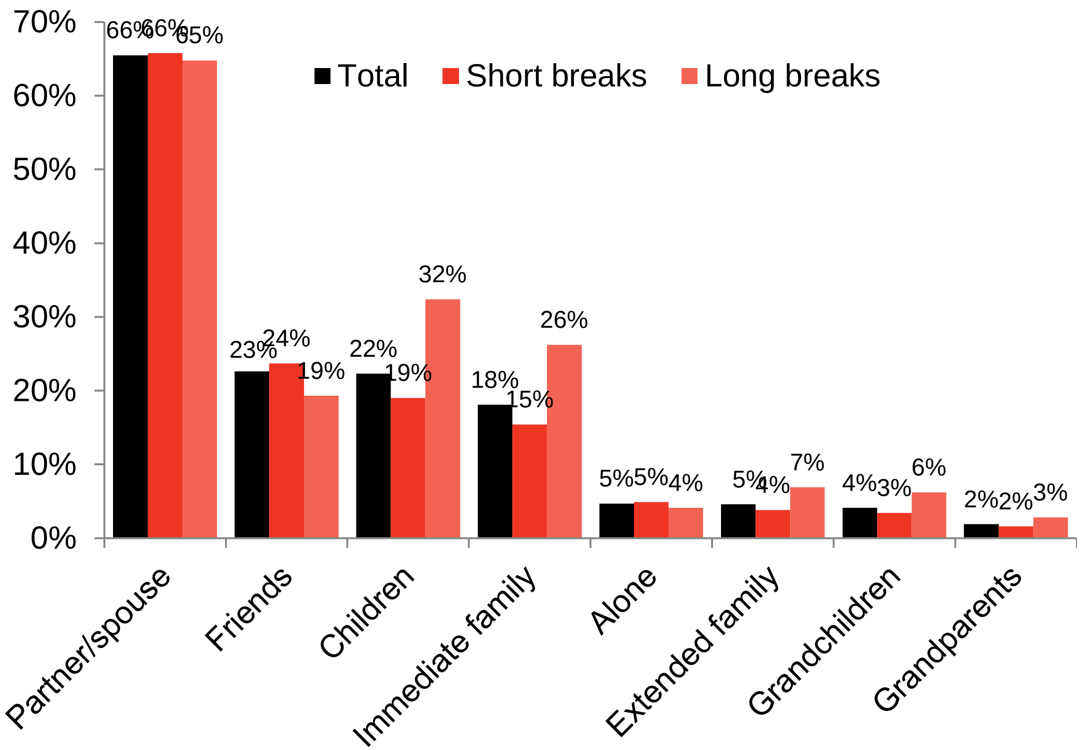
Nearly one in four domestic trips are made with friends

- Only a minority involve wider family

Who was with you the last time you took a trip in England?



- Predominantly, younger people are more likely to holiday with friends (29%)
- Over 55s are the most likely to go away with just partner/spouse (77%) and least likely to go with their children (13%)
- But 10% of over 55s went on a domestic trip with Grandchildren last year

Source: VisitEngland Staycation Monitor Feb 2014 / Base 592 (all those holidaying in England)
Q8b Who was with you the last time you took a break/holiday in England?

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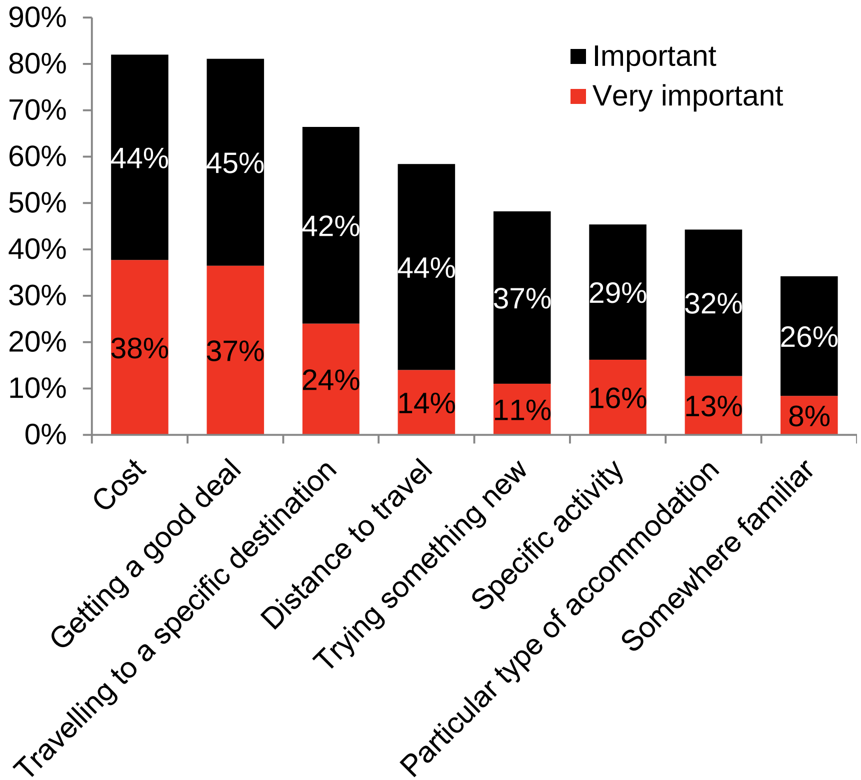
Price and deals the key considerations for any trip
- accommodation, distance and familiarity are secondary concerns

% agreeing each of the following was important or very important on their last domestic trip



- Most concerns are chiefly relevant to younger groups - e.g. Cost: 43% of 18-24 compared to 29% of over 55s say it was very important
- Also strongly weighted towards lower SEG – 47% of C2DEs say cost was very important, compared to 30% of ABC1s
- Comparatively little difference for any of the measures by long or short holiday

Source: VisitEngland Staycation Monitor Feb 2014 / Base 592 (all those holidaying in England)
Q8c Please state how important each of these considerations were to you personally at the time of booking

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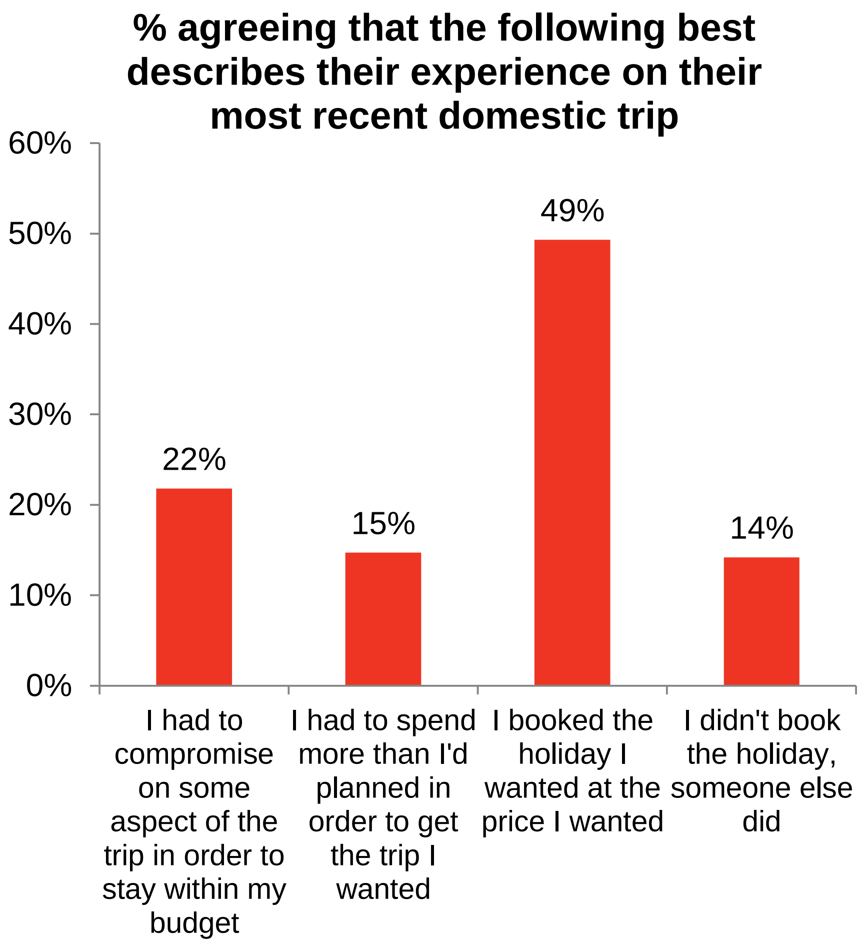
Half of people get the trip they want at the price they want



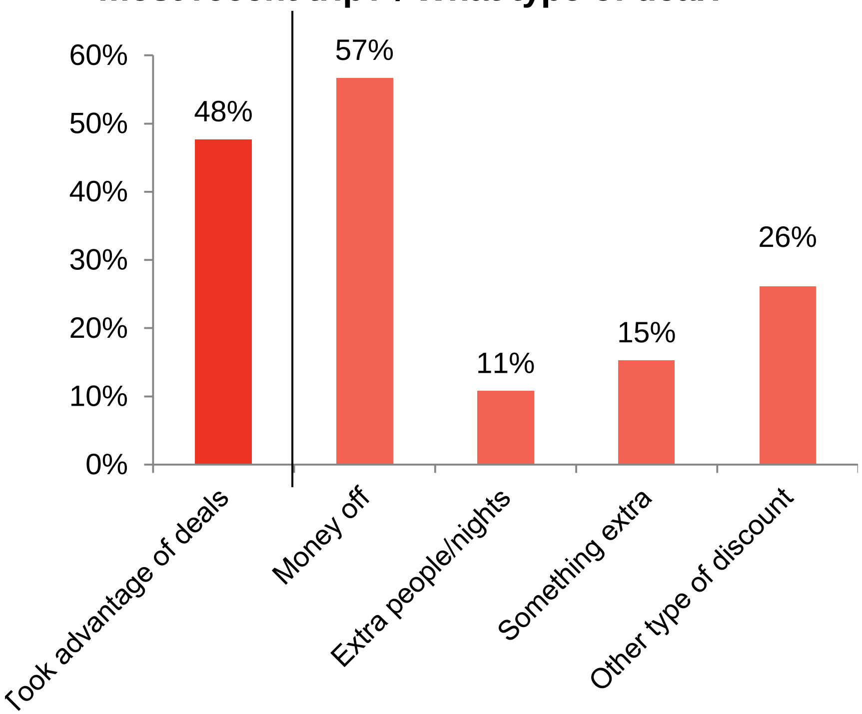
- Younger people most likely to both compromise and spend more – older people most likely to get the trip they want
- People for whom cost is a very important consideration for holidays (Q8c1) are 9% more likely than average to have had to compromise on their trip (31%)
- People who are spending less on holidays (Q3a.8) are 20% more likely to compromise than those who aren't (34% vs. 14%)

Source: VisitEngland Staycation Monitor Feb 2014 / Base 592 (all those holidaying in England)
Q8d Which of the following statements best describes your experience when booking?

Nearly half took advantage of a discount or deal

- Younger more likely to favour something extra
- Older look for money off

Did you take advantage of any deals/special offers when booking your most recent trip? / What type of deal?

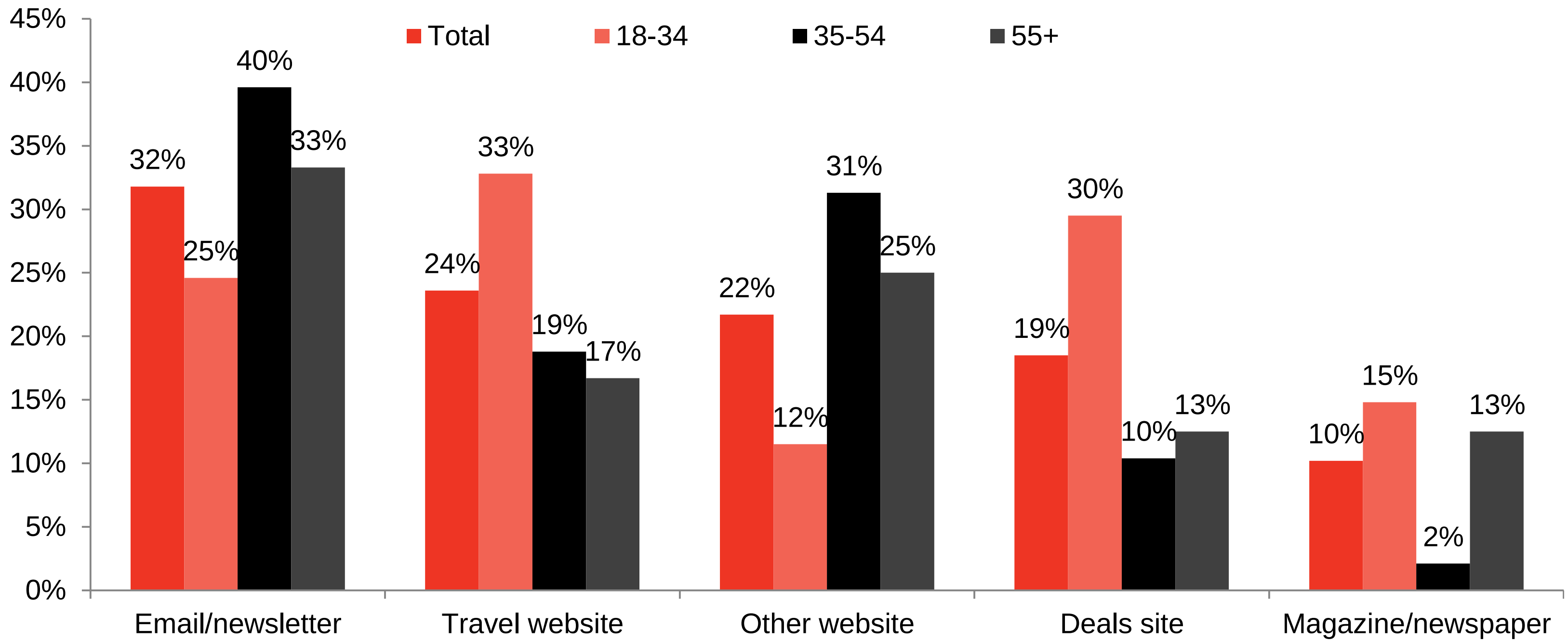


- Those spending less on holidays overall more likely to have taken advantage of a deal – 56%
- 'Money off' – is most popular with all groups, especially ABC1s (63%)
- C2DEs over-index on getting something extra – (20%)

Source: VisitEngland Staycation Monitor Feb 2014 / Base 329 (all those holidaying in England who booked their trip)
Q8g/h Did you take advantage of any deals / special offers when booking your most recent trip? / What type of deal?

Younger people go directly to deals and travel sites

Where deal was found, by age

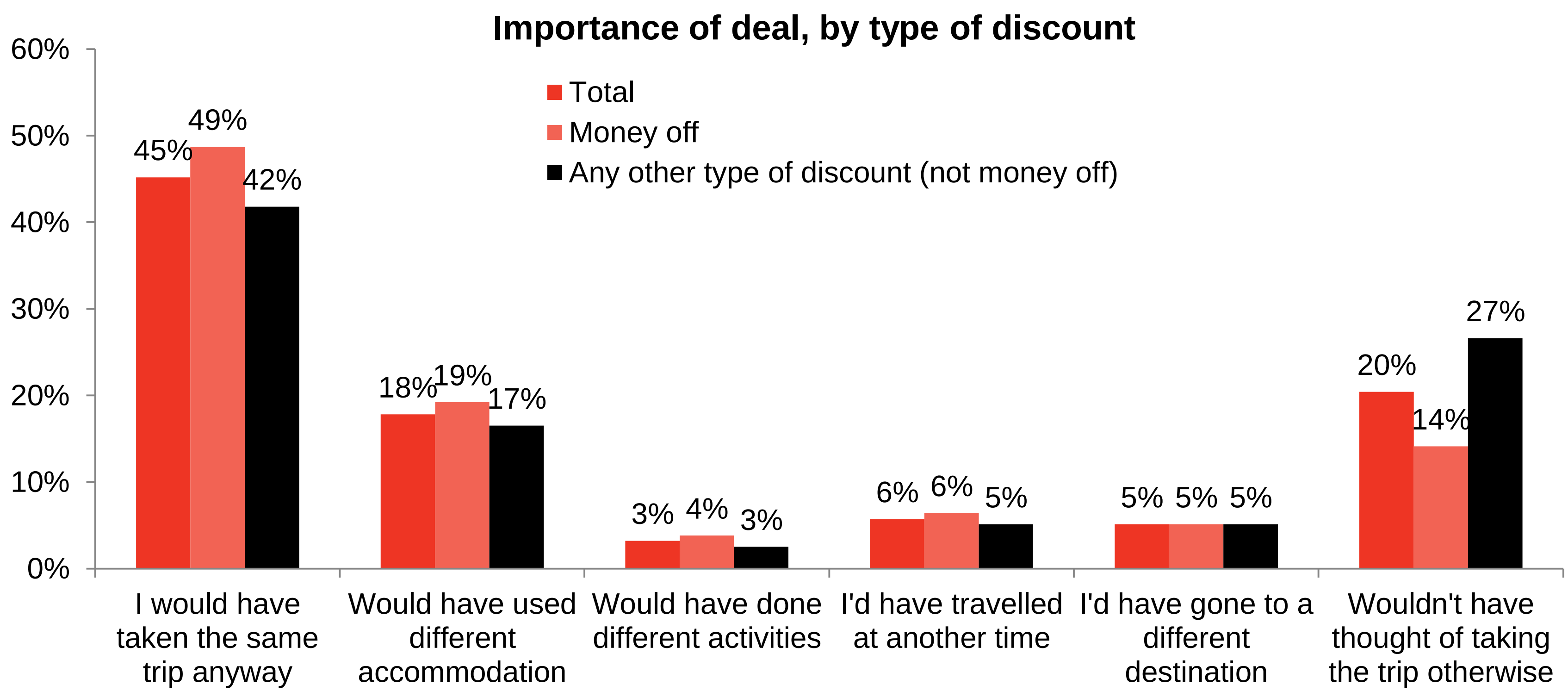


Source: VisitEngland Staycation Monitor Feb 2014 / Base 157 (61 18-34s / 48 35-54s / 48 55+)
(all those holidaying in England who took advantage of a deal)
Q8i How did you find out about it? Please select all that apply

VisitEngland

Nearly half would have made the same trip anyway

- 20% say the deal was integral – and wouldn't have made it otherwise
- But only one in twenty would have changed the destination



Source: VisitEngland Staycation Monitor Feb 2014 / Base 157 (all those holidaying in England who took advantage of a deal)
Q8j How important was the deal/discount/special offer in your decision to book that particular holiday?

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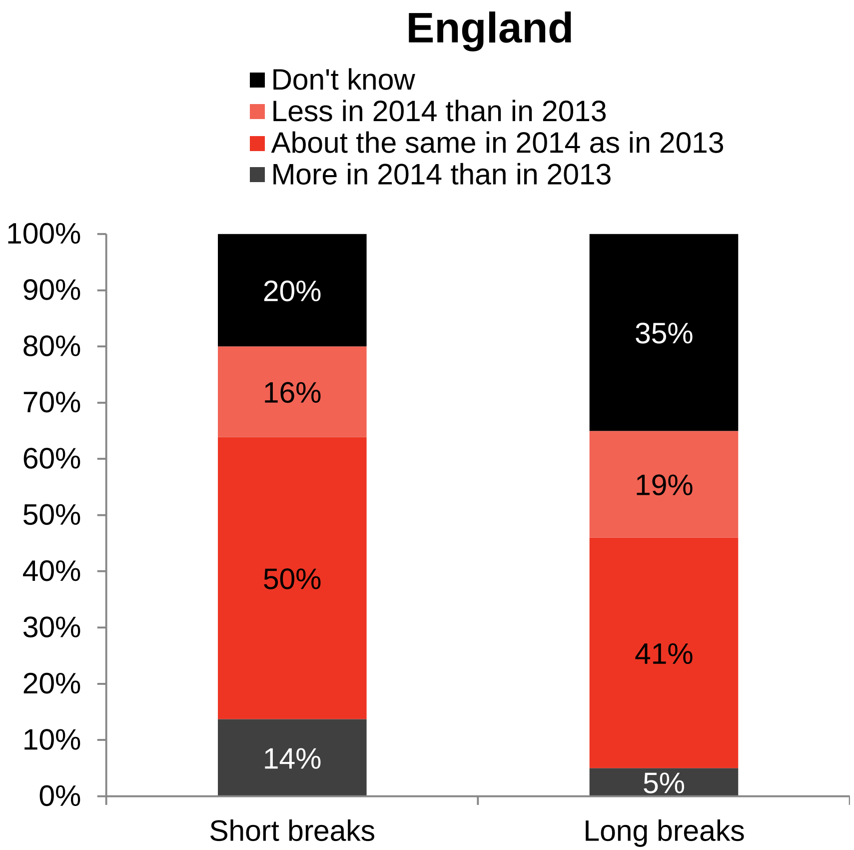
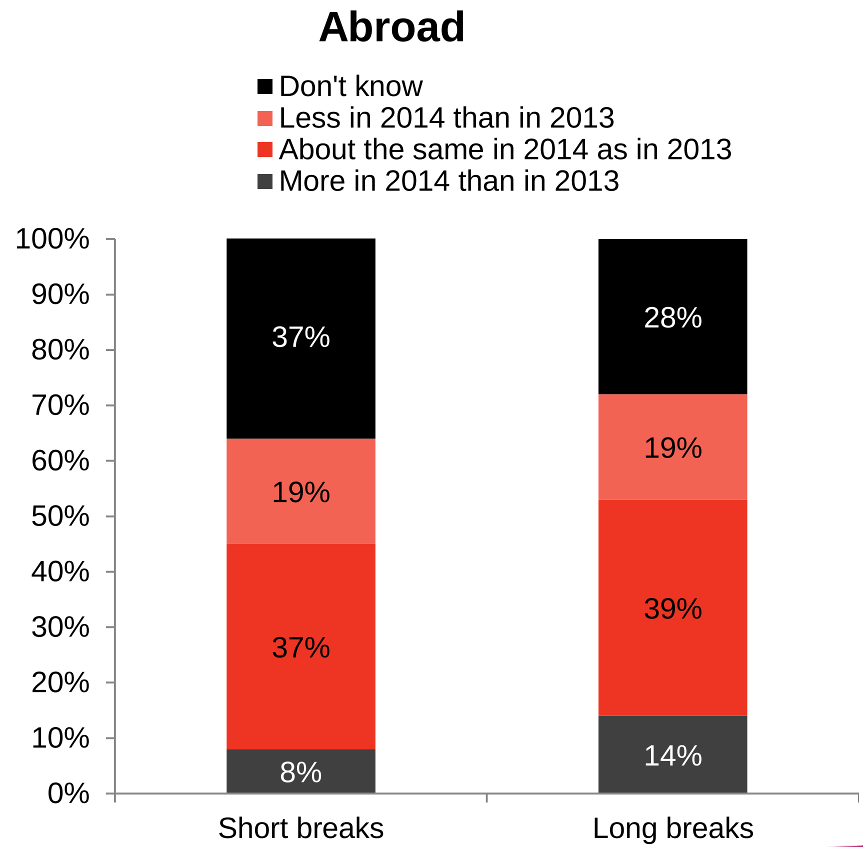
Holiday Expectations 2014 and Beyond

Holidays in 2014

- Negative balance – more people expect fewer trips
- More Long breaks abroad expected – and more short breaks in England

This year (2014) do you expect you'll take more, the same, or less of the following types of holiday or short break than you took in 2013?





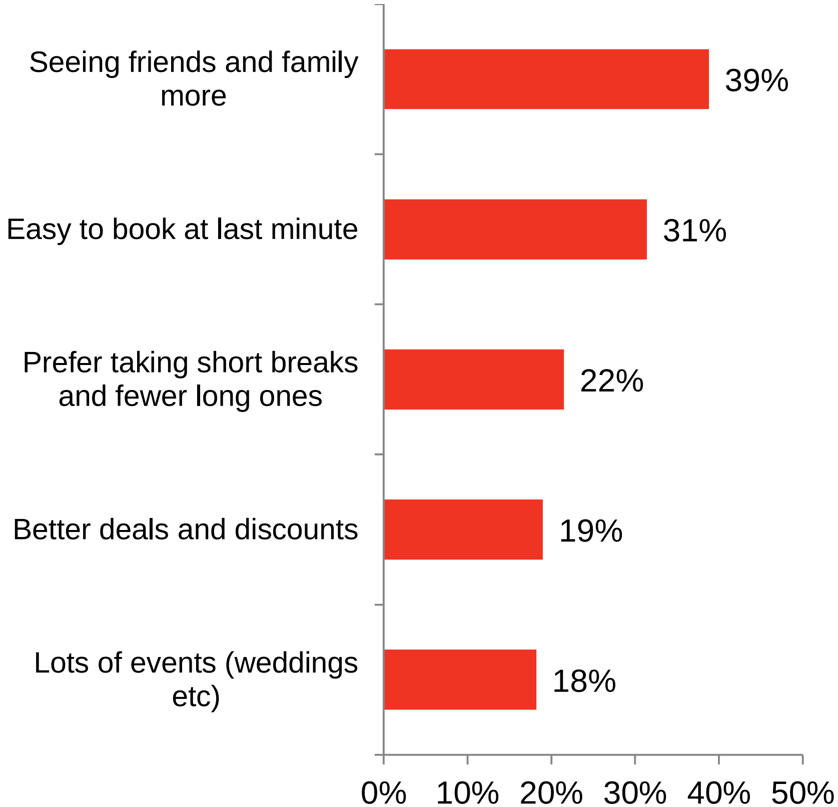
Source: VisitEngland Staycation Monitor Feb 2014 / Base 1010

Q11a This year, do you expect you'll take more, the same or less of the following types of holiday than you did in 2013?

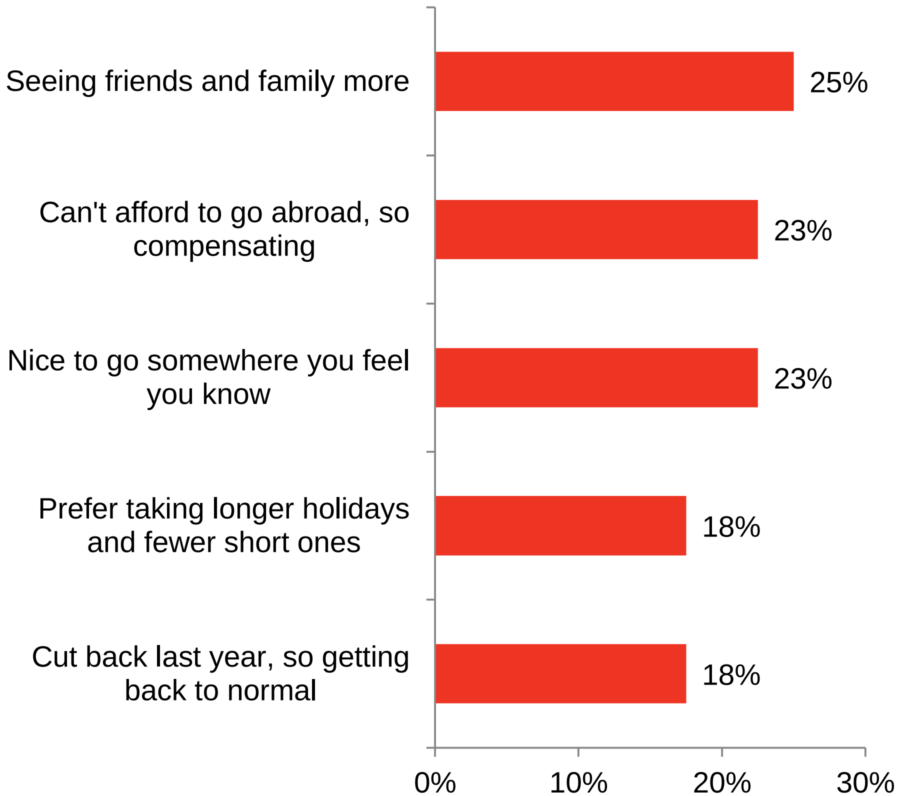
Domestic Holidays

- Price a factor for both, but deals and convenience helps short breaks
- Lack of funds helps long domestic holidays

Short Breaks – reasons for more



Long Holidays – reasons for more



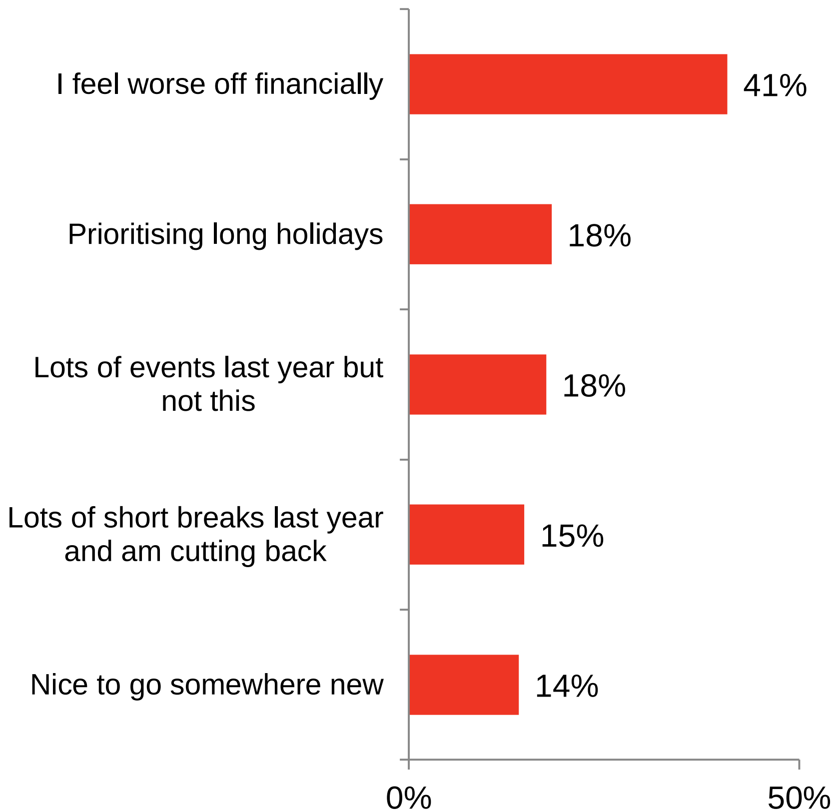
Source: VisitEngland Staycation Monitor Feb 2014 / LOW BASE 121 / 40

Q11b/c You said you expect to take more short/longer breaks in England this year. Below are a list of possible reasons, please select all that apply

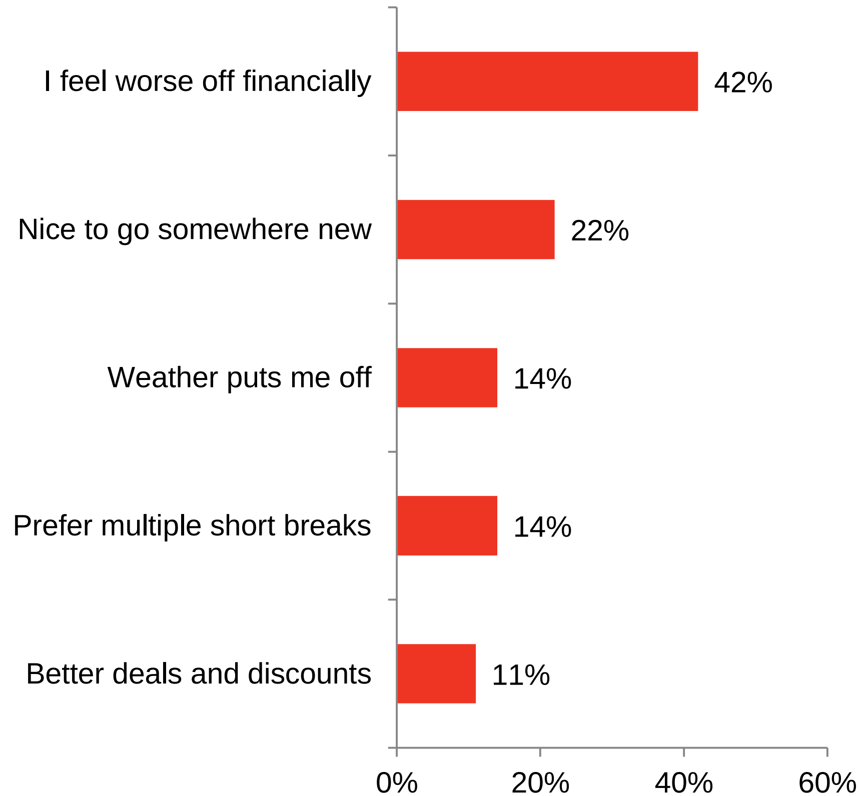
Domestic Holidays – reasons for fewer

- The major factor for both is price – indicating that a significant proportion of consumers are missing the recovery & still experiencing the downturn

Short Breaks – reasons for fewer



Long Holidays – reasons for fewer

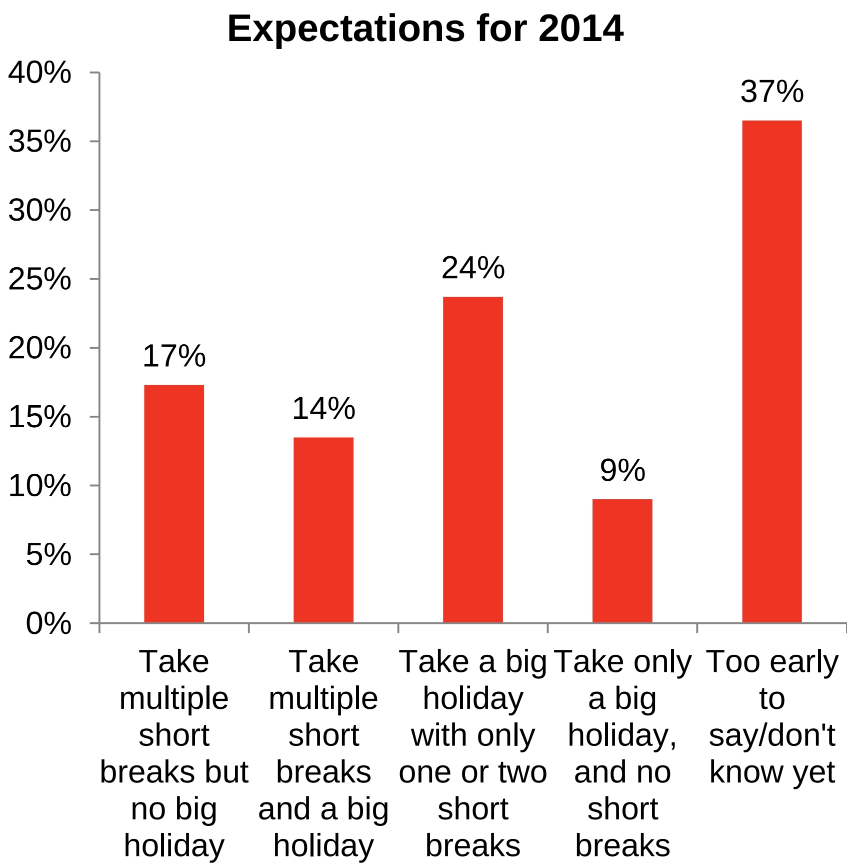


Source: VisitEngland Staycation Monitor Feb 2014 / Base 142 / 166

Q11d / e You said you expect to take less short/longer breaks in England this year. Below are a list of possible reasons, please select all that apply

Overall expectations show preference for short breaks

- 38% expect to take a mixture of breaks and long trips



- Very few are planning to take no short breaks – although a larger number are expecting to take at least one big holiday
- Those least optimistic about the economy are expecting to take fewer long breaks
  - 24% of those spending less on holidays are expect to only take short breaks
  - 18% of those who think the economy will get worse before it gets better
- Those most optimistic are most likely to take a big holiday with just a couple of short breaks
  - 26% of private sector
  - 27% of people who agree that we're over the worst of it

Source: VisitEngland Staycation Monitor Feb 2014 / Base 1010

Q11f More generally speaking, which of the following do you expect to do in 2014?

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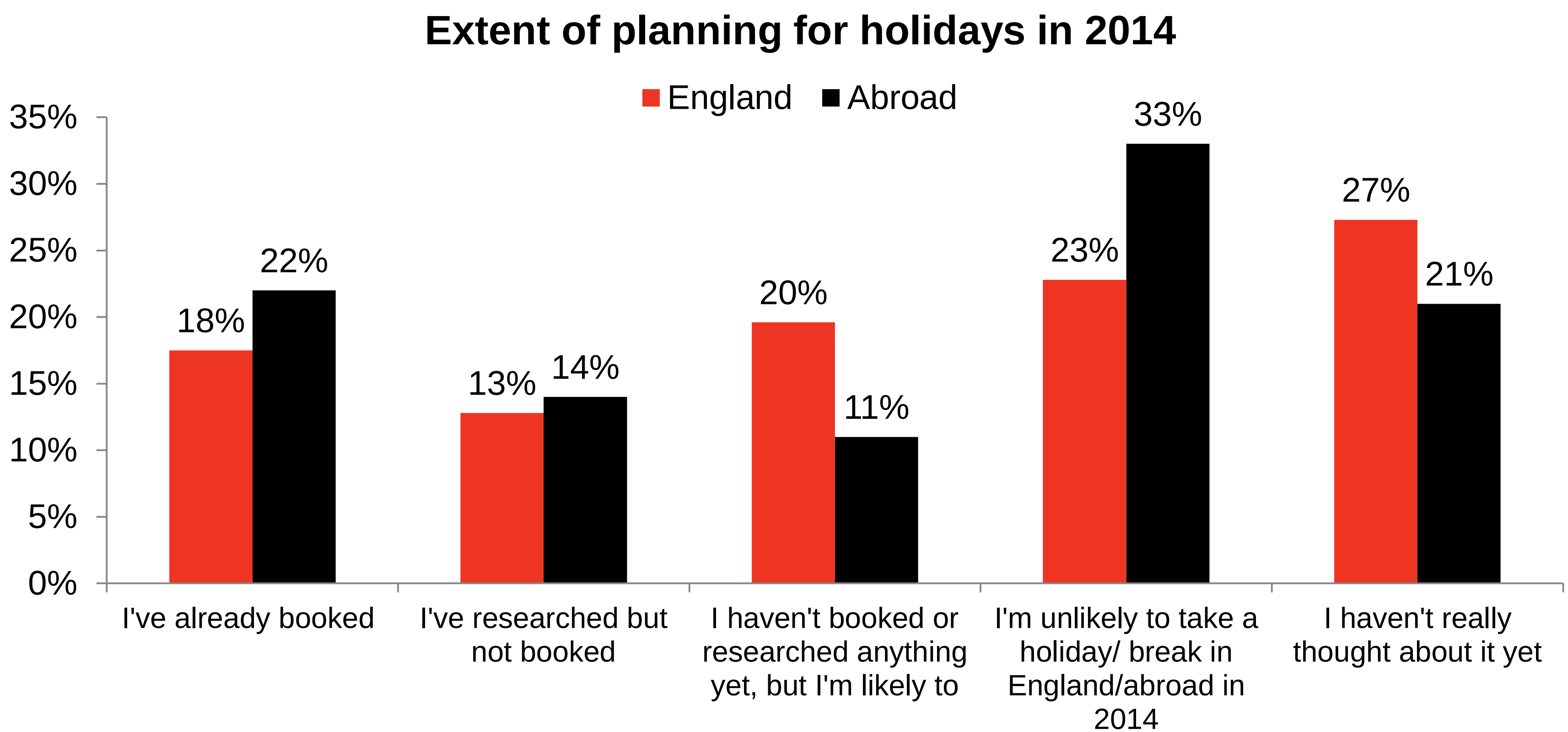
Foreign Holidays more likely to be booked already

- perceived convenience of domestic trips means less planned
- But more than 1 in 5 have not yet thought about it and are 'up for grabs'



Source: VisitEngland Staycation Monitor Feb 2014 / Base 1010

Q13 a/b Which of the following best describes the extent to which you've planned your holidays for 2014?

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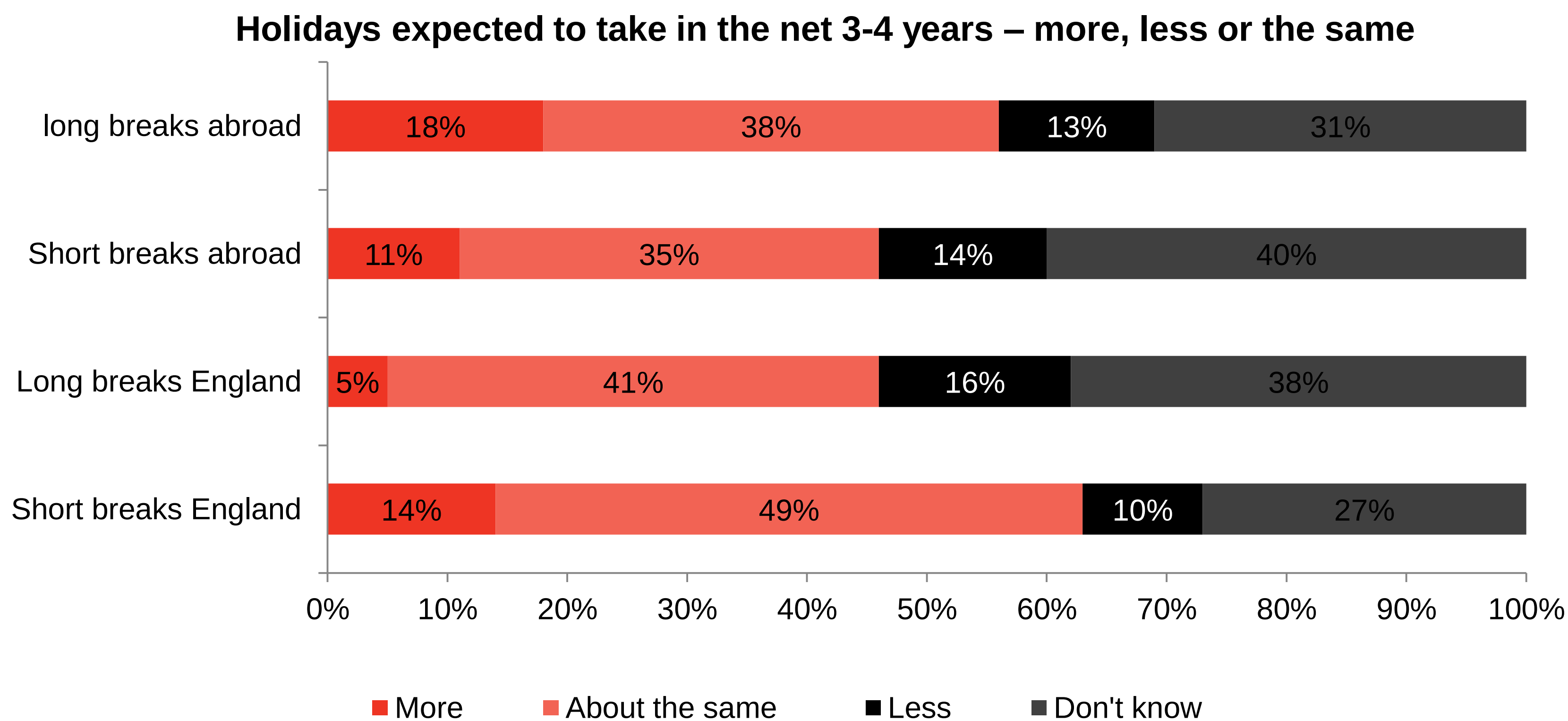
Staycation future – more short breaks, fewer long ones

- Nearly 1 in 5 expect to take more long trips abroad – the same number that will aim to take fewer long breaks in England
- Does not differ from 2014 predictions – expect for more long breaks abroad



Source: VisitEngland Staycation Monitor Feb 2014 / Base 1010

Q12 Thinking about the longer term (the next three to four years) will you take more, less or the same amount of holidays or breaks than you will this year?

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Those expecting more of different types of trip fall into the same groups

- Younger demographic who have had to make some changes in the past few years, but are more optimistic about the future
- Within a few years they expect to be taking more longer trips abroad and, coupled with more short breaks in England

Expecting to take more long trips abroad (18% overall)

- Those currently spending less on holidays (20%)
- People who agree that we are 'over the worst of it' (23%)
- Younger aged 18-34 (25%)
- These groups are also more likely to be expecting to take fewer long trips in England

Expecting to take more short breaks in England (14% overall)

- Those currently spending less on holidays (16%)
- People who agree that we are 'over the worst of it' (19%)
- Younger aged 18-34 (18%)

The Impact of the Recovery

- Wider national economic indicators suggest that the economy is improving – falling unemployment and inflation and rising GDP are reflected in slight drops in concern about the impact of the downturn and rising optimism about future prospects

- However, this is not yet reflected in people's personal circumstances – only 29% think we are over the worst of the downturn (unchanged from Sept). Only 18% of people say they have felt any better off as a result of a wider economic recovery

- Optimism about the future is weighted towards the long term – although 28% expect to feel much or a little better off in the next year, 41% expect to feel the same in 3-4 years (although even on this horizon, 21% think their situation will worsen)

- There are signs, however, of a shift in mood from the past few years – many recessionary behaviours are slowing down, although some appear to have been adopted permanently. The majority expect to increase leisure and discretionary spend at some point in the future – but not in the short term

The Impact of the Recovery and plans for 2014

- Half of people plan to take the same number of short breaks in England, and 41% say the same of long breaks (14% and 5% say they will increase domestic holidays respectively).

- For a minority (14%), there is an ambition to take more long trips abroad - but longer holidays are far less certain – up to a third admit they don't know what long breaks they'll take.

- Only 22% say they've already booked a holiday abroad for 2014 – over half say they have not thought about it or are unlikely to

- Although there is an ambition amongst consumers to increase the number of foreign holidays they take, the majority of people are not yet feeling the recovery in a meaningful way, and for financial reasons are likely to continue to holiday in England

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The Future of the Staycation

- In the short term, the staycation is likely to remain on the course of the last few years – only 7% of people who said they have been holidaying in England rather than abroad expect to stop in the 'near future' - although a further 36% say they will stop at some point

- This mirrors the wider economic & financial picture. Aware of the recovery nationally, consumers are starting to feel less cautious and more optimistic – but recognise that they are unlikely to feel much better off themselves in the short term

- This is reflected in their holiday ambitions – although there is very little difference between expectations for this year and last year

- In the long term, however, expectations are greater. More people expect to take more long trips abroad (56% expect to take more or the same amount as in 2013 in 3-4 years time)

- This is intrinsically linked to economic fortunes – people are expecting their behaviour to change in 3-4 years time partly because they expect to be better off then

- The long term will not see a return to pre-recession behaviour – things have changed. Many consumers will stick with their cost cutting behaviours even after they feel the recovery – although the desire for foreign holidays may affect holiday behaviour

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Thank You

Appendix

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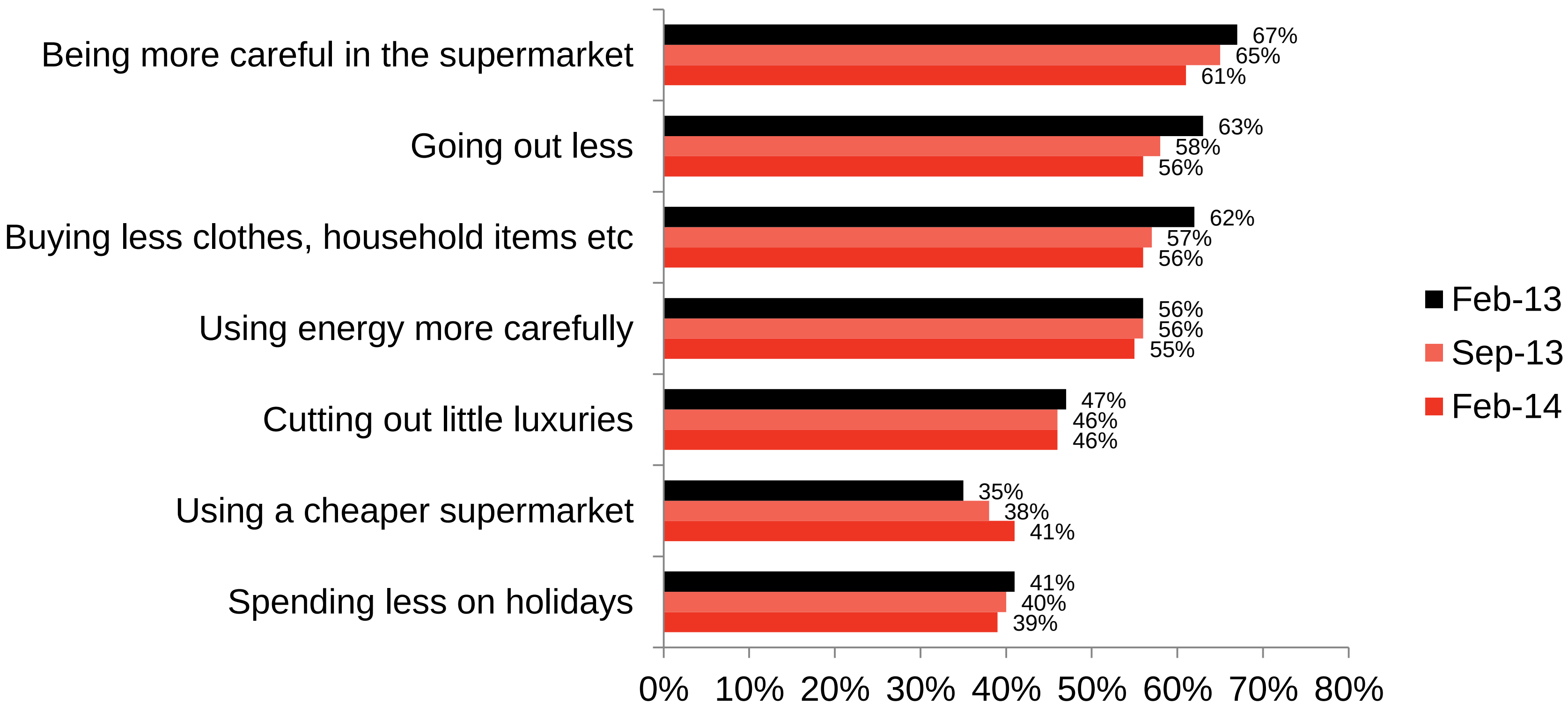
Many recessionary coping behaviours are waning

- Proportion spending less on holidays drops very slightly
- Only increase is for discount supermarkets – a permanent behaviour?

% agreeing that they are doing any of the following Feb 13-Feb 14



Source: VisitEngland Staycation Monitor Feb 2014 / Base 1,010

Q3a In which, if any, of the following ways are you cutting back on the amount you spend?

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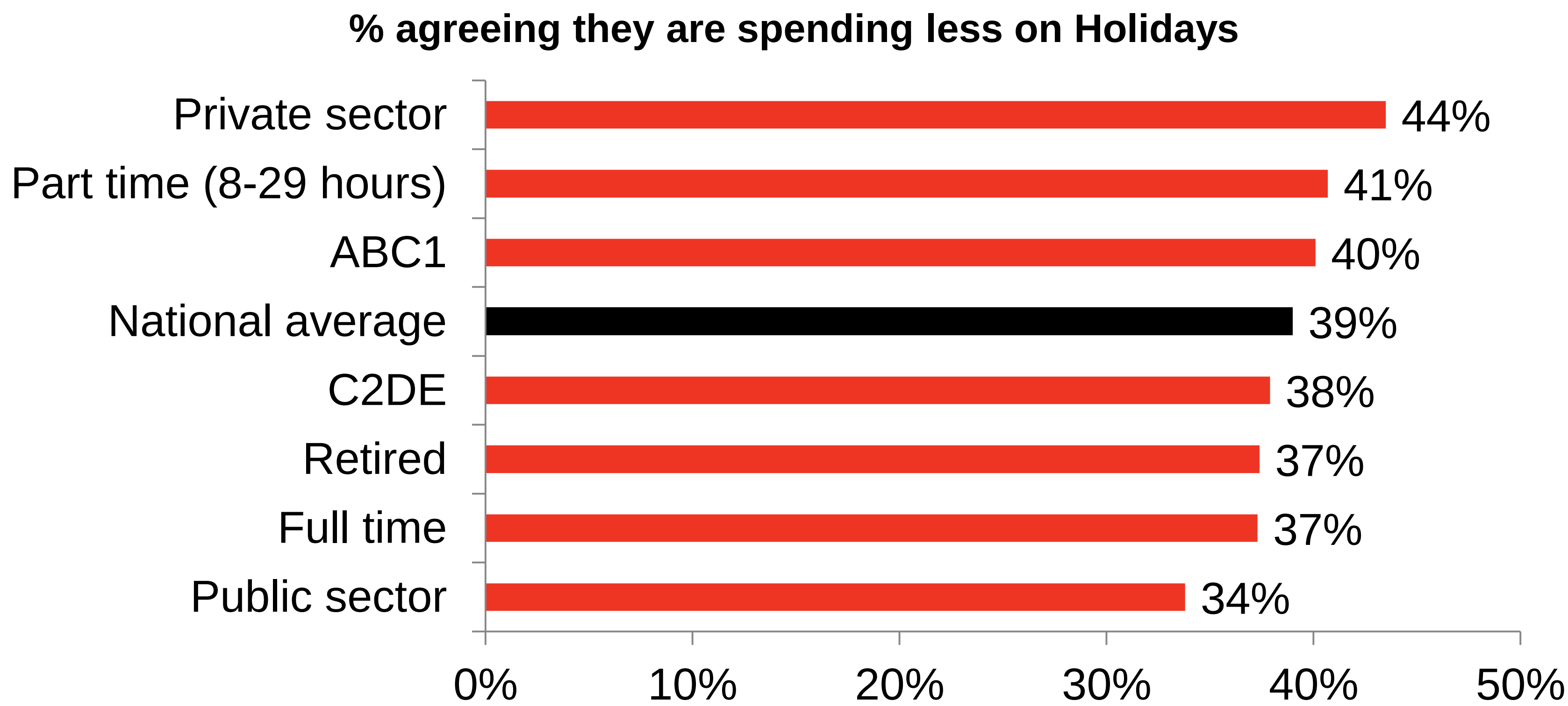
Private sector and ABC1s most likely to be spending less on holidays

- These groups among the most optimistic about recovery
- Most likely to be optimistic about the future

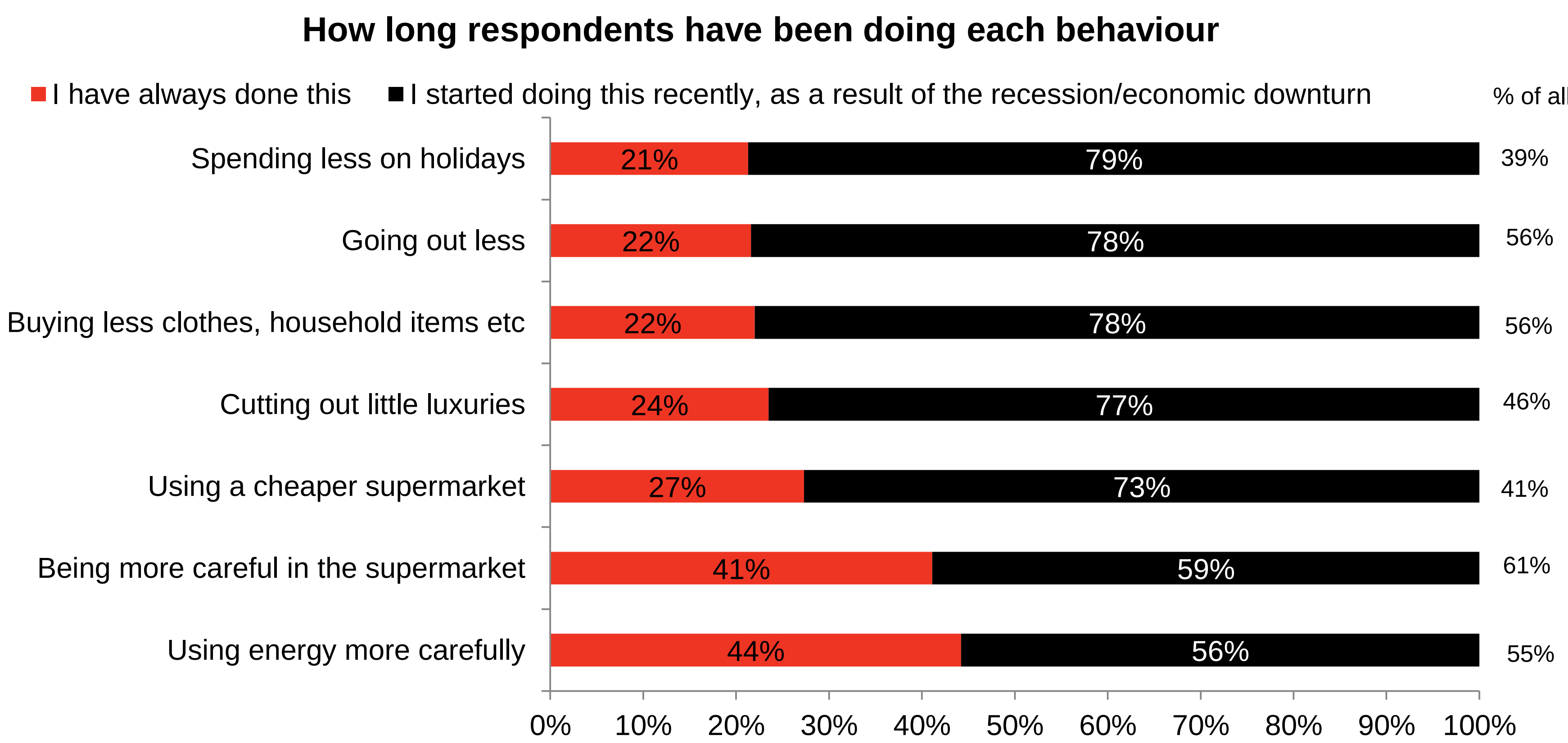


Source: VisitEngland Staycation Monitor Feb 2014 / Base 1,010
Q3a In which, if any, of the following ways are you cutting back on the amount you spend?

VisitEngland

Most behaviours started as a result of the recession

- 83% of private sector holidays cutters started as a result of the downturn
- 81% of ABC1s the same – both slightly above average of 79%



Source: VisitEngland Staycation Monitor Feb 2014 / Base 394-694 (only those who are doing each behaviour)
Q3b How long have you been doing these things?

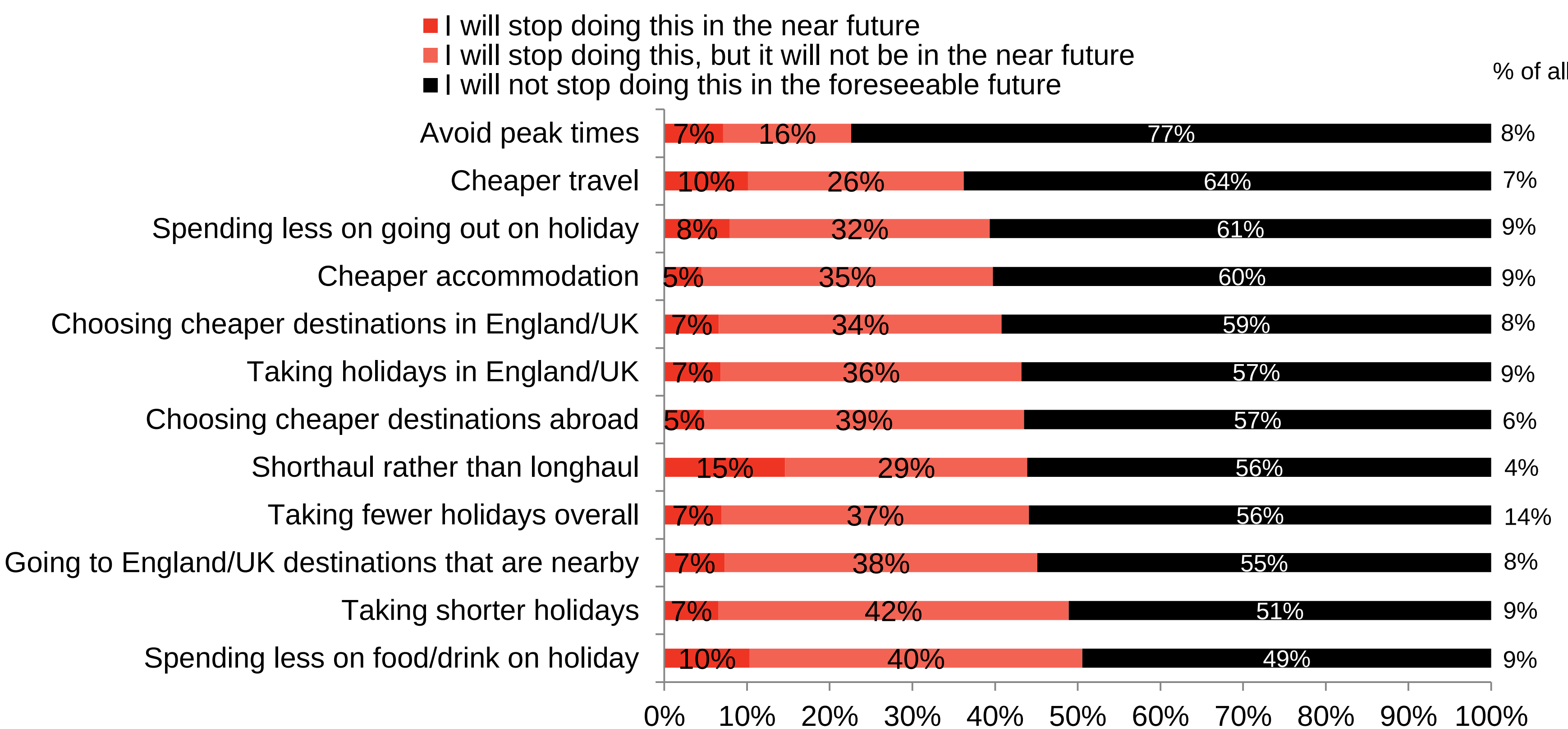
trajectory the futures partnership

VisitEngland

Half of consumers expect to stop making holiday cutbacks

- But only 7% expect to stop taking holidays in England in the near future (lost)
- 36% say they will at some point (up for grabs)
- 57% will not stop (keepers)

Expectations for stopping each behaviour

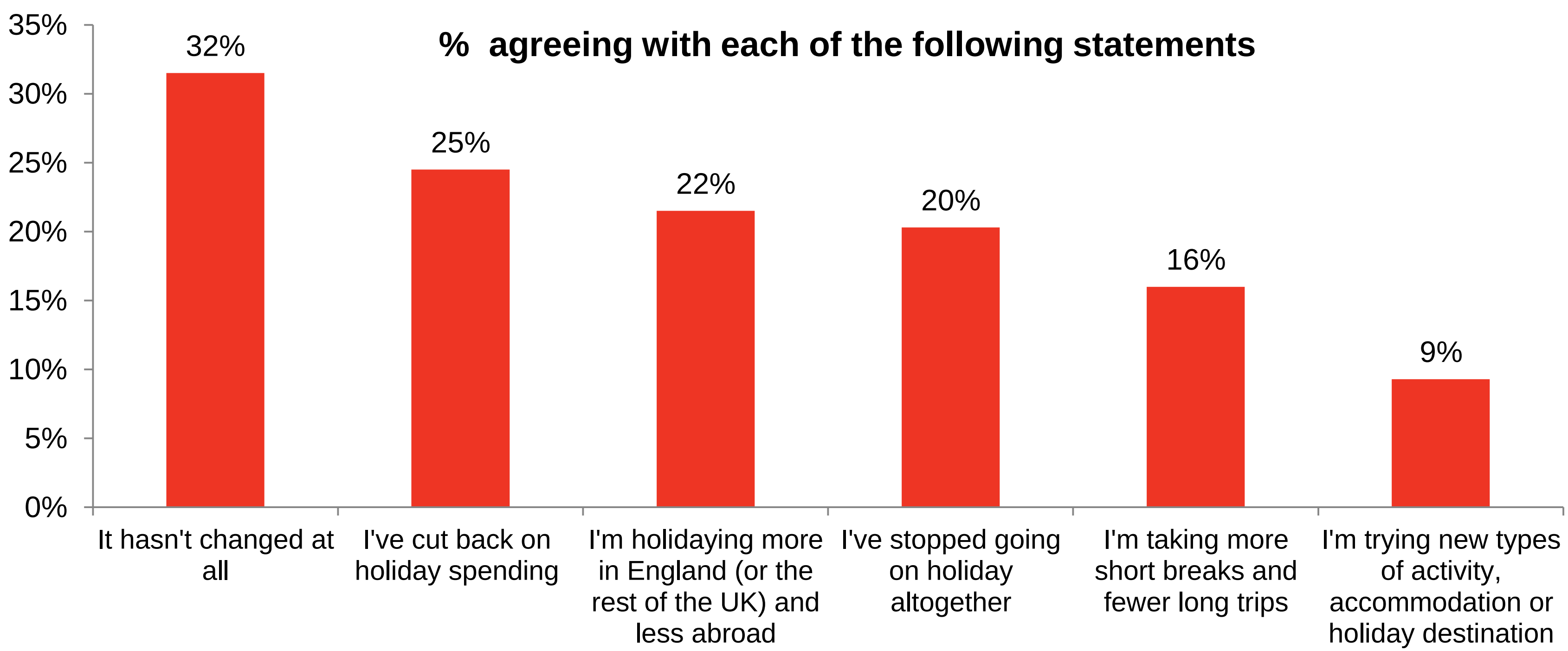


Source: VisitEngland Staycation Monitor Feb 2014 / Base 394 (only those who are spending less on holidays)

Q4a How long will you be doing them?

68% have made changes to their holiday behaviour

- Younger people are most likely to be trying new things
- Older most likely to have stopped, or changed nothing
- Cutting back equal across age groups

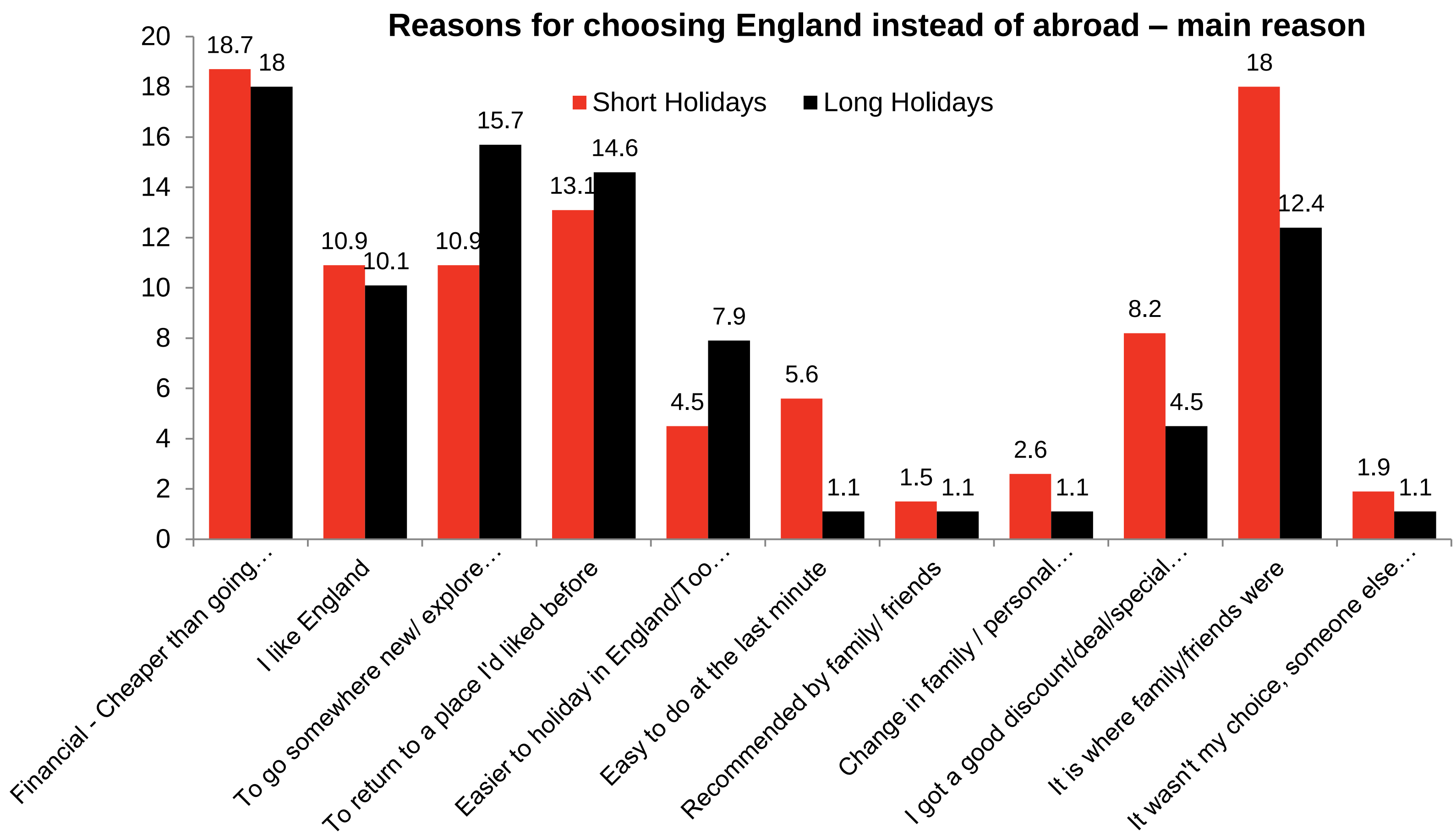


Source: VisitEngland Staycation Monitor Feb 2014 / Base 1010

Q5 Overall, how do you feel your holiday behaviour has changed over the past few years? Please select all that apply

VisitEngland

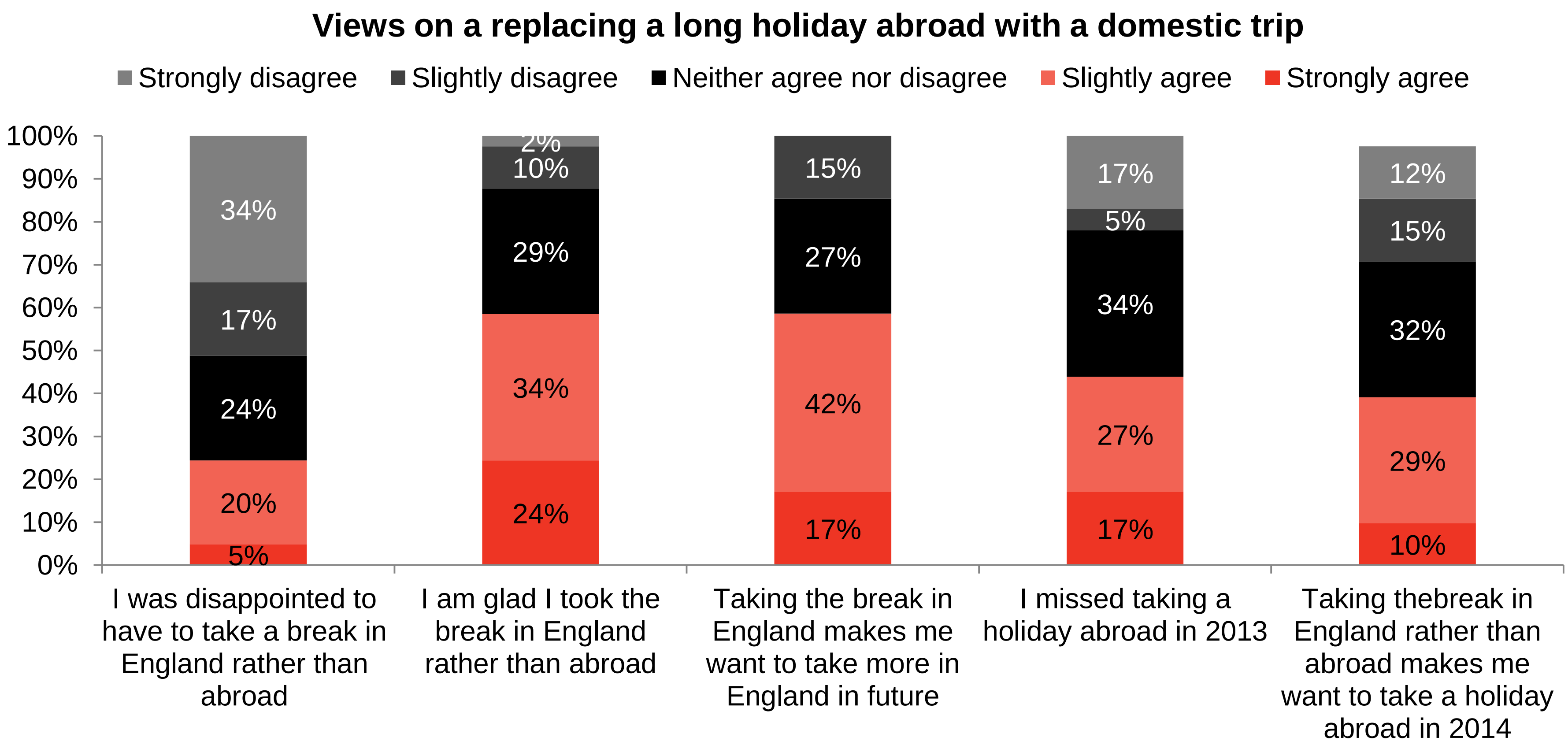
Benefits of England – main reason for choosing trip



Source: VisitEngland Staycation Monitor Feb 2014 / Base 592 (all those holidaying in England)
Q6 Why did you choose to take the break in England rather than abroad?

Switchers – long breaks

- 17% of sample replaced a foreign trip with a domestic one (21% in 2012)
- Longer trips in England have a positive effect on future behaviour



Source: VisitEngland Staycation Monitor Feb 2014 / LOW BASE 48 (all those replacing a long holiday abroad with one in England)
Q7 To what extent do you personally agree or disagree with the following statements about replacing a holiday abroad with one in England in 2013?