

Beyond Staycation

September 2014

Prepared by Trajectory



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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 2014 holiday behaviour – taken so far and still to come
- Understand their holiday expectations for 2015 – and beyond
- Understand the role of deals and attitudes to them
- Assess what these data mean for the likely future of the staycation

Methodology

- 1006 interviews with a nationally representative GB sample
- Research conducted online using Research Now's consumer panel
- Fieldwork conducted between 11th and 14th September 2014

Where were we?

Expectations in Sept 2013

- Increased economic optimism started to appear after Easter – turning 2013 into a stronger than expected year given the pessimistic outlook at the end of 2012/beginning of 2013
- Good weather in 2013 saw positive associations of England holidays rise – but economic optimism meant more people hoped to take a long trip abroad in 2014 (especially 18-34s)

Expectations in March 2014

- Consumers were aware of the recovery and were showing higher levels of confidence and lower levels of concern – but weren't feeling the impacts yet. Little change in cost-cutting behaviour so far – and very few expected to stop in 2014
- This was reflected in expectations for holiday behaviour – a desire to take more long breaks abroad at some point, but maintaining the trend for 2014. Only 0.6% of consumers expected to switch domestic breaks for foreign ones
- With recovery on the horizon, increasing numbers expected to change their holiday behaviour from a recessionary mindset – more long breaks abroad and more short breaks in England

What actually happened

- Confidence has undoubtedly improved, with people less likely to be concerned and more likely to be feeling the recovery...
- ...but no dramatic shifts in holiday behaviour this year – taken and anticipated holidays recorded in this wave are in line with March's predictions
- Despite the ongoing recovery (and the official 'end' of the downturn) people are still yet to really feel any better off – although the slight increase in confidence has seen a drop in the prevalence of some consumer behaviours
- Expectations for next year continue this trend – with more people expecting to take domestic leisure trips than foreign ones

Holiday behaviour – and expectations – are consistent

- Just over half expect/have taken a staycation in 2013/14
- 2013 England and UK holidays matched expectations – but not foreign ones
- Those taking no holidays up this wave

	Sept 13	Mar 2014		Sept 2014
	<i>Total (taken/expected)</i>	<i>Took in 2013</i>	<i>Will take in 2014</i>	<i>Total (taken/expected)</i>
Any England	57 (48/9)	58	55	58 (49/9)
Any Rest of UK	19 (13/6)	20	23	22 (16/6)
Any Abroad	51 (41/10)	47	45	52 (41/11)
No holidays	23	22	23	25

Expectations for next year show little change on 2013

- Domestic trips expected to rise next year (with very slight fall in expectations abroad)
- Unlike foreign trips, domestic trips tend to match expectations

	Sept 13	Sept 14	Change
Any England	56	58	+2
Any Rest of UK	22	23	+1
Any Abroad	58	56	-2
No holidays	19	20	+1

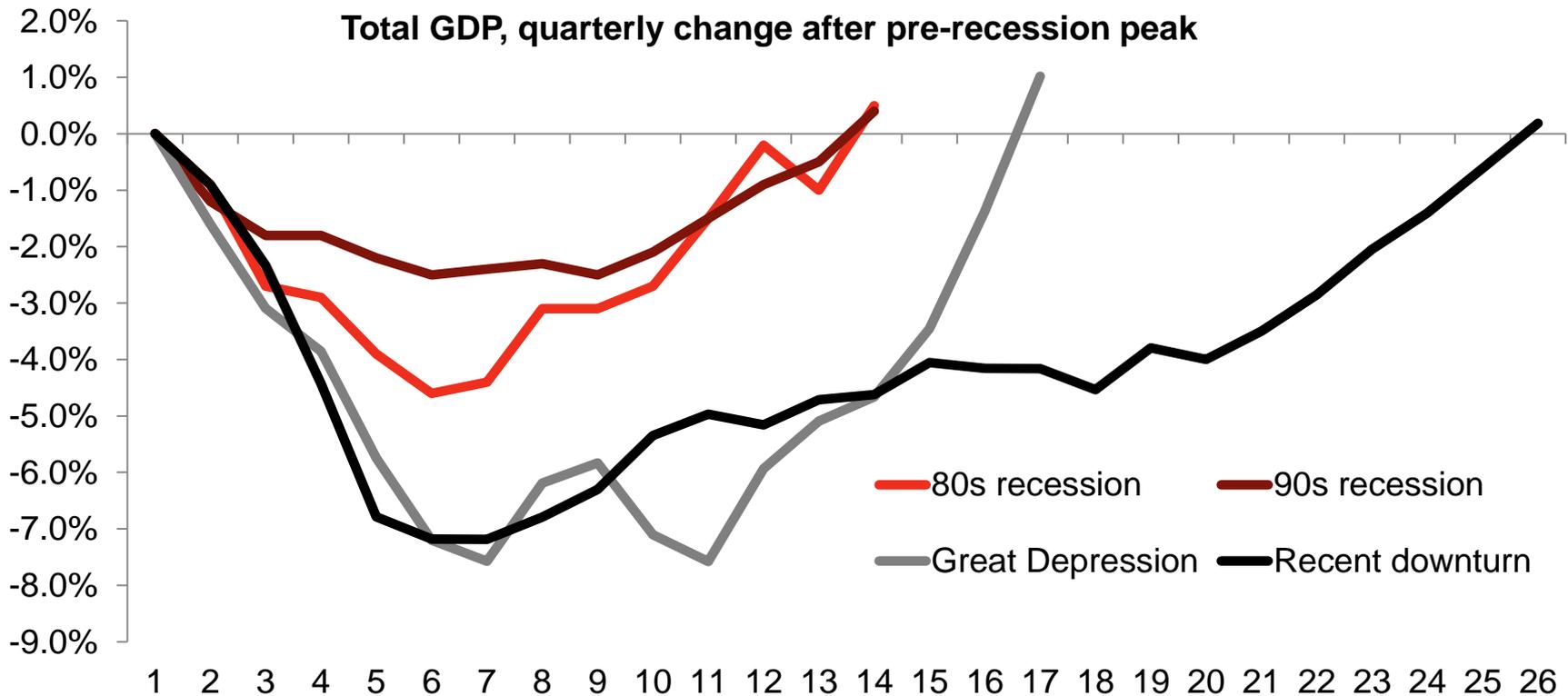
What does this mean for holidays?

- **This year:** Behaviour changed only slightly from 2013, although this wave has seen increases in confidence and the continuation of the slow decline in cutting back
- While the majority of consumers are cautious and only slightly affected, two very polarised extremes exist at either end
- **Next year:** People are likely to continue to feel better off and foreign trips next year are more likely to match expectations. This wave has seen sharp increase in people saying they feel more secure in their own finances – and people are calibrating their holiday plans accordingly.
- Those who take domestic leisure trips enjoy them, and the drivers go beyond price to include family & friends, events and simplicity. Domestic trips next year are likely to be more heavily concentrated on short breaks than long – although the power of deals suggests that some (especially younger consumers) can be persuaded by a good offer
- **Next 3-4 years:** Holiday taking behaviour will not revert to pre-downturn pattern – those who have holidayed in England have enjoyed it and are most likely to want both a foreign trip and a domestic one (although long breaks in England will lose out). Beyond the mainstream there will be a large proportion of people for whom the recovery is very slow (if it happens at all) who will not be able to afford foreign trips (and may struggle to holiday in England)

The downturn is over...

After 6.5 years, the downturn is over

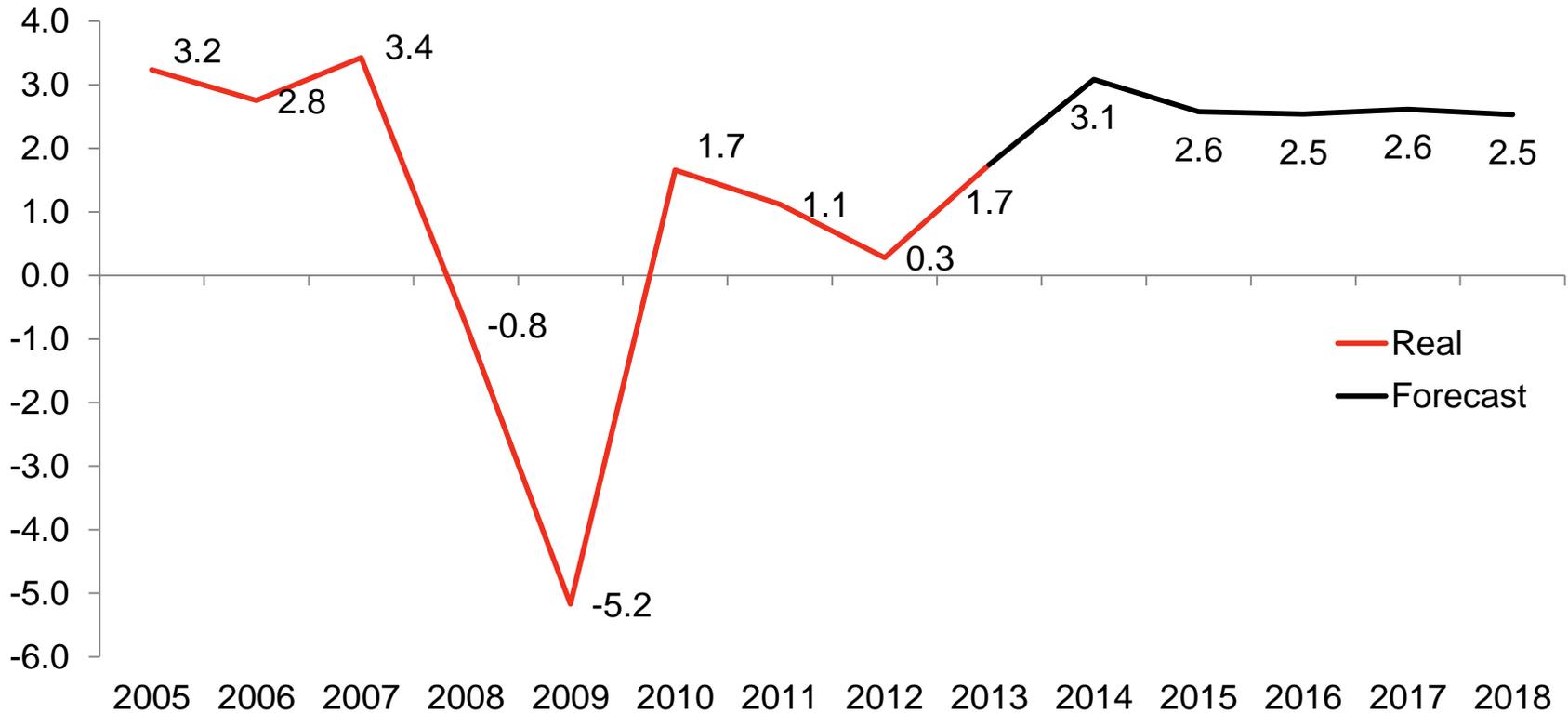
80s and 90s downturns: 14 Quarters, 3.5 years
 Great Depression (1930s): 17 Quarters, 4.25 years
 Latest downturn: 26 Quarters, 6.5 years
 Total GDP, quarterly change after pre-recession peak



The national economy is recovering from the downturn

- Total growth expected for 2014 revised upwards

UK GDP growth, % year on year



But wages are not rising as GDP does

- Wages are flat – and growth expectations for 2015 have been revised down
- The only easing of the cost of living has been the slight decline in inflation



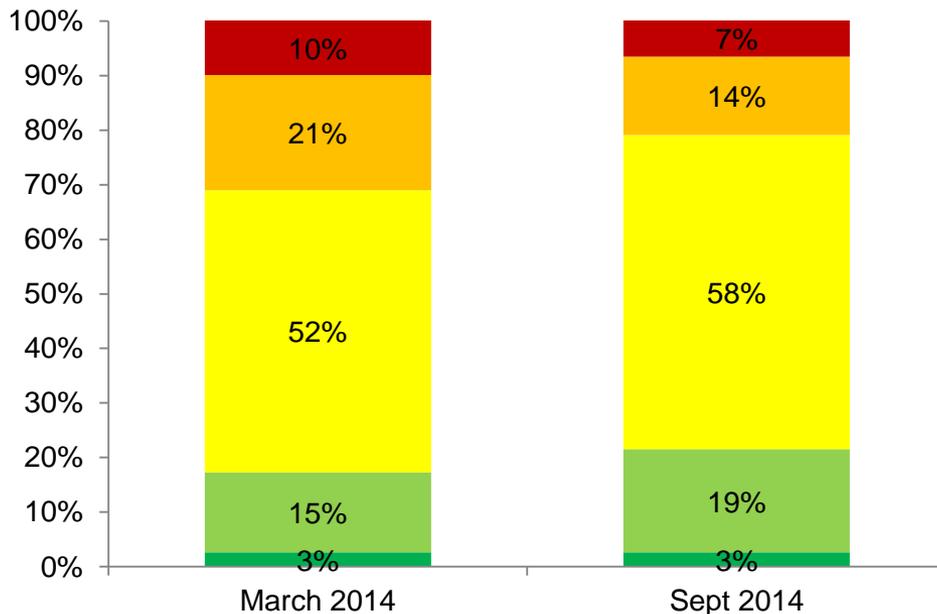
The consumer impact

Slight shift towards feeling the recovery

- Private sector more likely than public (28% vs 21%)
- Younger much more than older (31% 18-34s vs 16% 35-54s)

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

- I feel much worse off than I did
- I feel slightly worse off than I did
- I feel the same as I did
- I feel slightly better off than I did
- I feel much better off than I did



Have nots:

- Feeling worse off
- Worried
- Unlikely to be taking any holidays

On the fence:

- Haven't felt the recovery
- Concerned, but optimistic
- Have cut back on holidays in some way

Haves:

- Feel fine & optimistic
- Not really concerned (what recession?)
- Taking holidays and plan big for 2015

Source: VisitEngland Staycation Monitor Sep 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?

The length and nature of the downturn means there is no one experience – while we can broadly group consumers into different categories of impact, this does not stipulate their holiday behaviour – some ‘have-nots’ will have taken a holiday this year

The New Morality

Caused by:

- Long term rise in individualism
- Current financial pressures
- Institutional scandals

Drives:

- Local/national needs over global
- Expectations of deals and value
- Lack of trust/confidence

Compromised Consumer

Someone who feels:

- Under daily time pressure
- Price consciousness
- Like they have a low level of control/choice

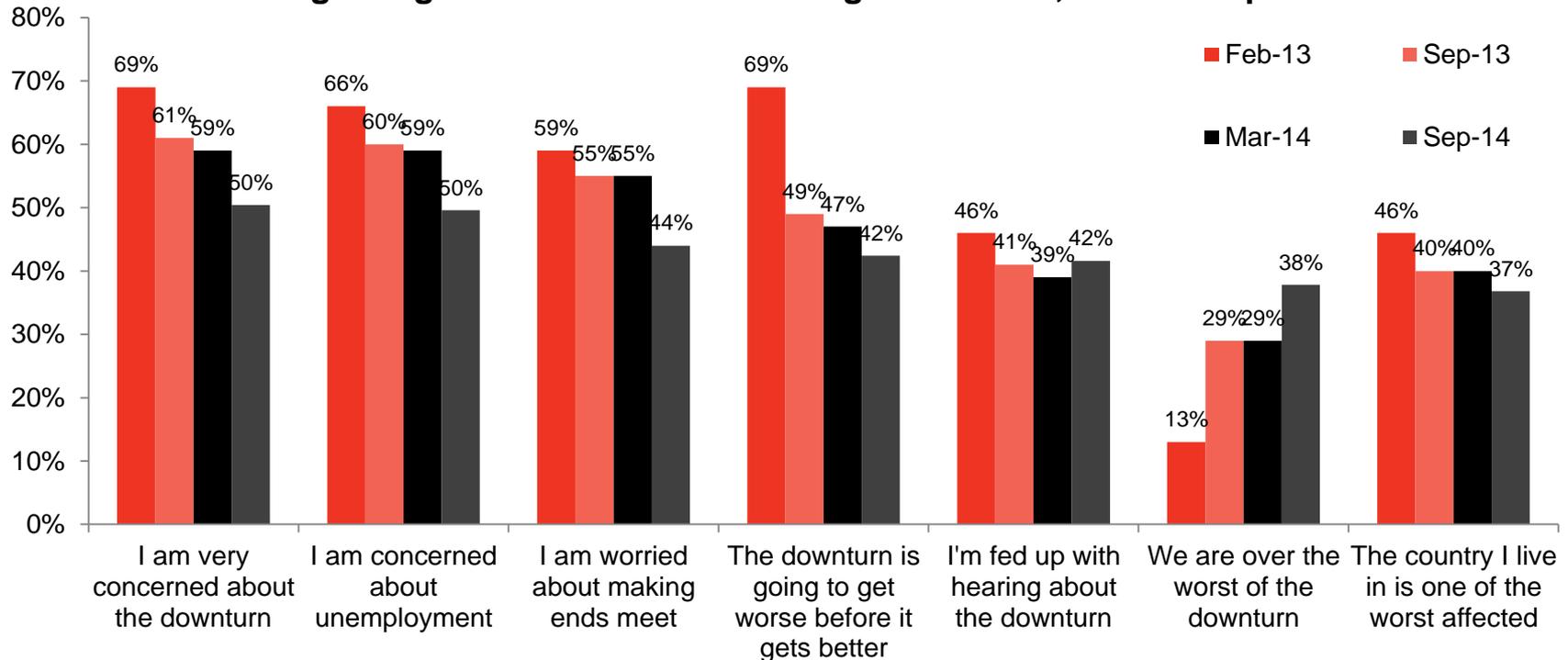
Results in:

- Lower wellbeing
- Trade-offs and decision fatigue
- Less autonomy/security

Concerns fall, but still dominate

- Concern about wider impacts is declining, while 'we are over the worst' rises
- **BUT** more than 2 in 5 still expect it to get worse, half are 'very' concerned
- ABC1s concerned but much less than others – 39% are worried about making ends meet compared to 49% of C2DEs

% agreeing with each of the following statements, Feb 13- Sept 14

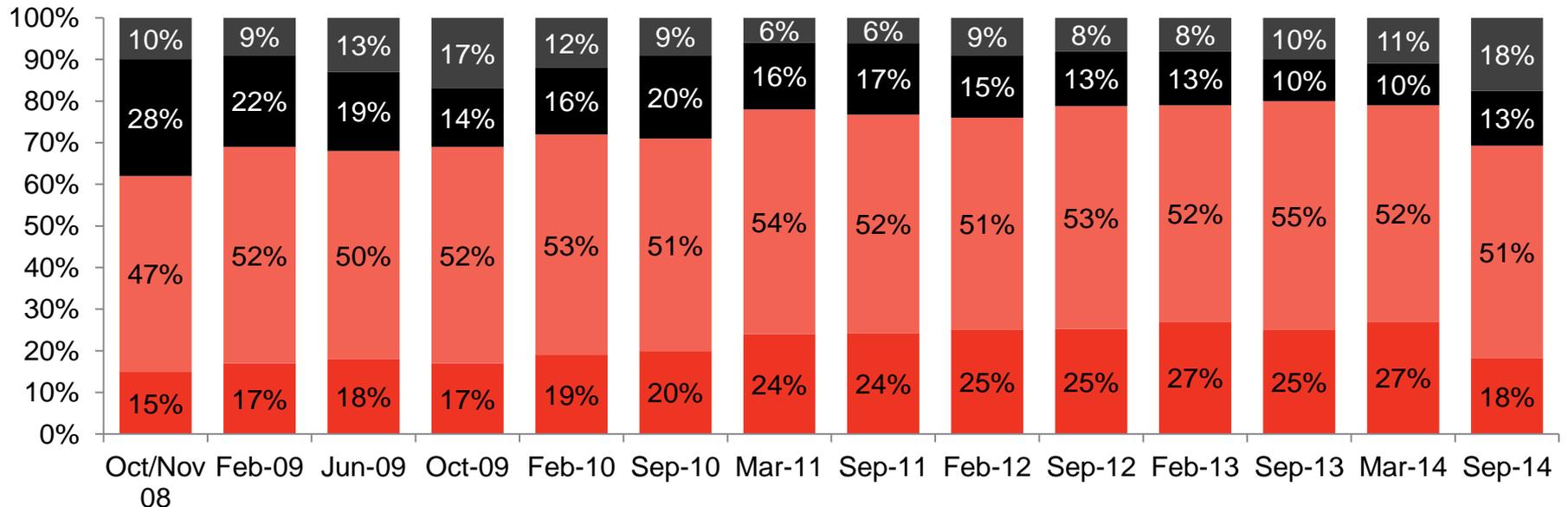


While still cautious, consumers are feeling less affected

- 69% say the downturn has affected them –from 80% in Sept
- Just under 1 in 5 say 'seriously'
- Almost a third now say it hasn't affected them

% agreeing with each of the following statements, Oct 08 - Sept 14

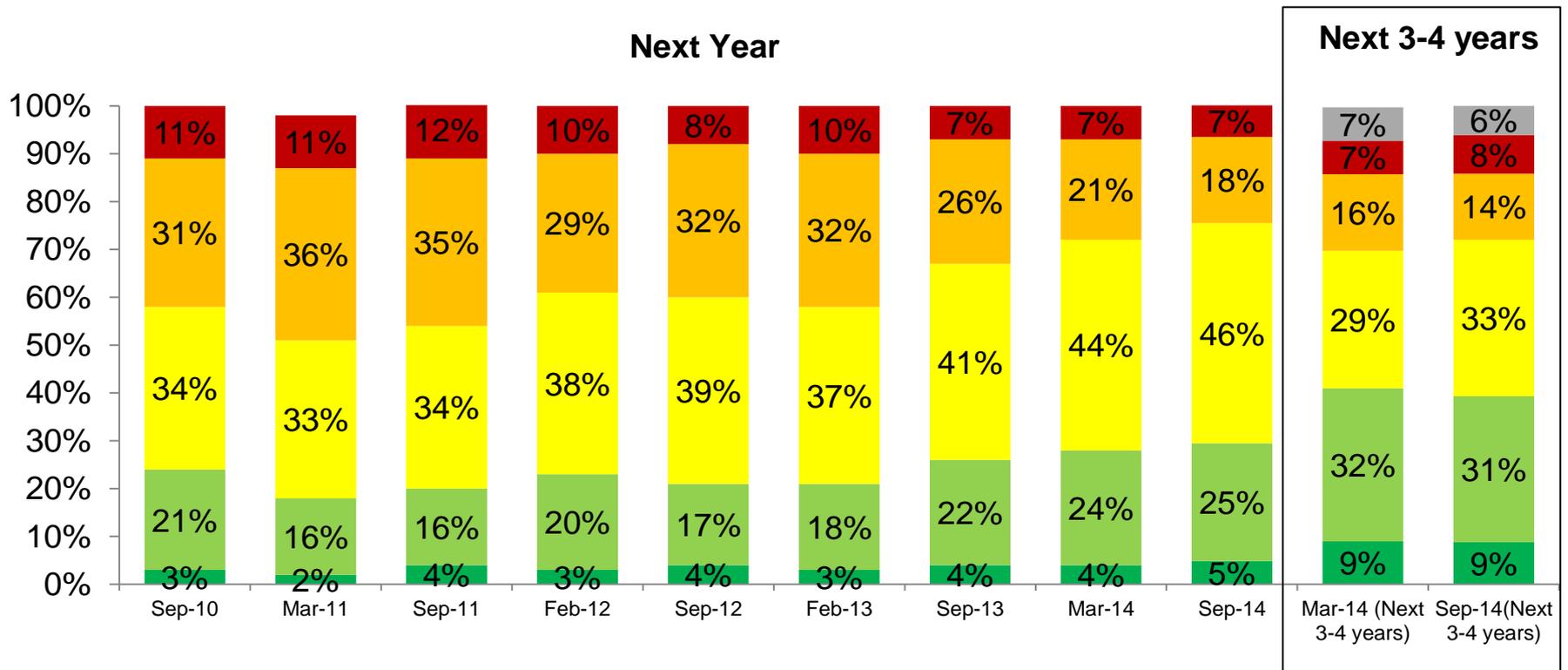
- It hasn't affected me yet, and I'm really not worrying
- It hasn't affected me yet, but I'm concerned that it might do
- It's affected me a little
- It's seriously affected me



Confidence virtually unchanged since March

- ABC1s more optimistic than C2DEs (38% expect to improve in next year)
- 41% of 18-34s optimistic about next year, 54% next 3-4

■ Don't know ■ Much worse ■ A little worse ■ No better or worse ■ A little better ■ Much better



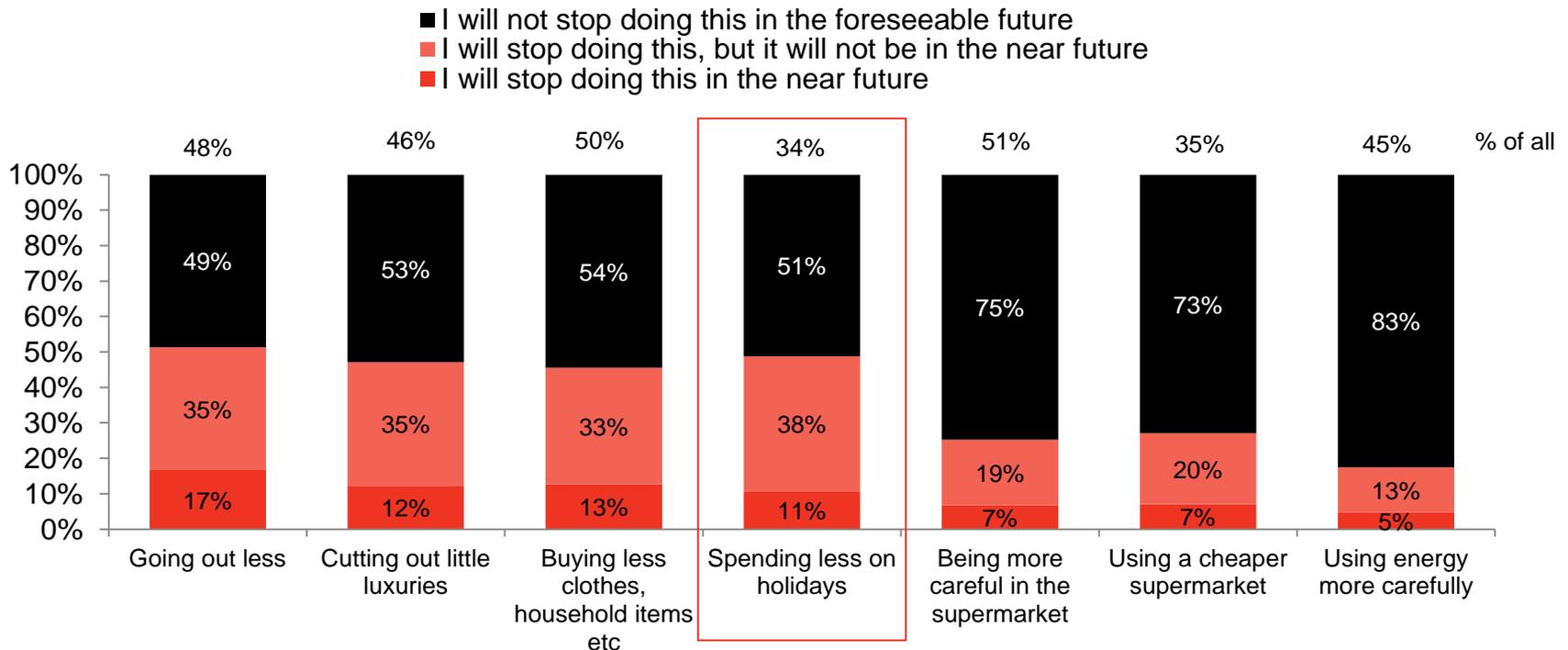
Source: VisitEngland Staycation Monitor Sep 2014 / Base 1,006

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 continue to wane

- Slight increase in expecting to stop soon – esp. 'going out less' (up 6% since March)
- 5% drop since March in those spending less on Holidays – and a 4% drop in 'keepers'
- Decline in those being more careful when shopping (-10%)/with energy (-10%), and those using cheaper supermarkets (6%)

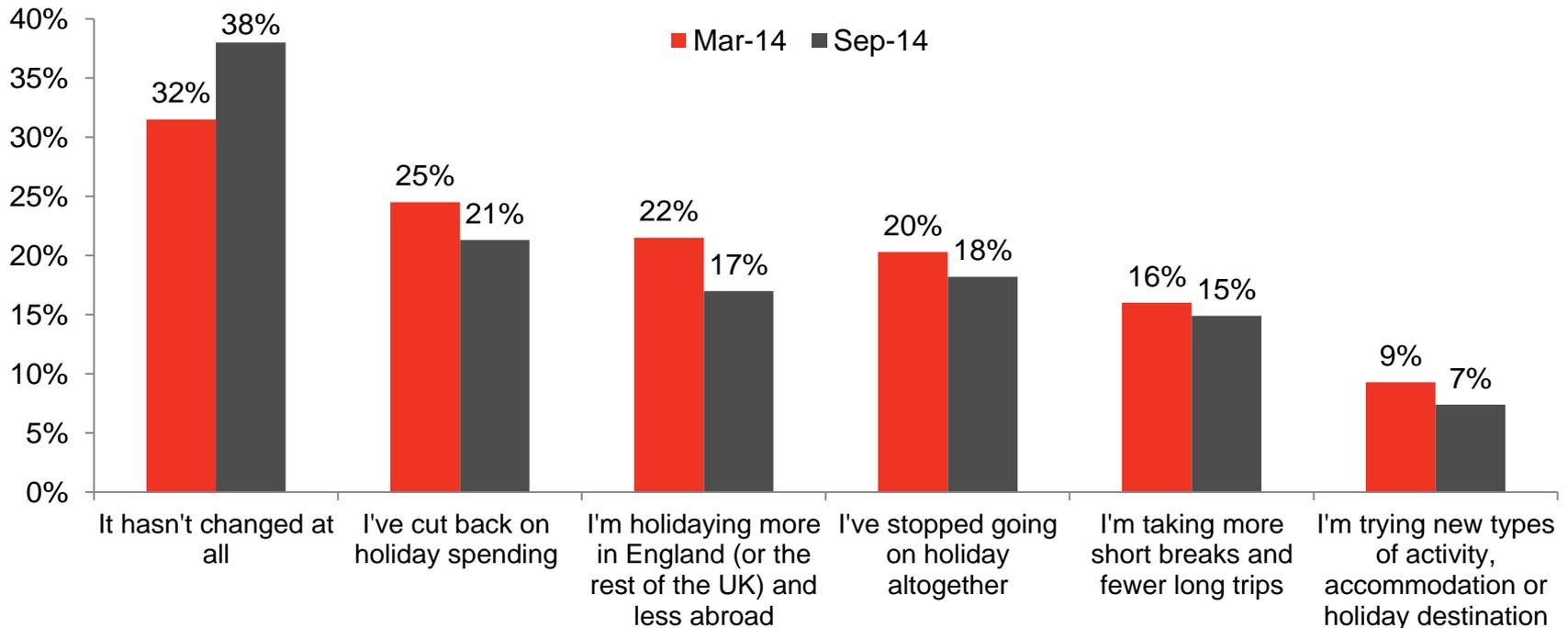
How much longer respondents expect to be doing each activity



62% have made changes to their holiday behaviour

- Was 68% in March – biggest fall (5%) those holidaying more in England
- Switchers and staycationers (predictably) most likely to be holidaying in England
- Also public sector workers and 18-34s

% agreeing with each of the following statements

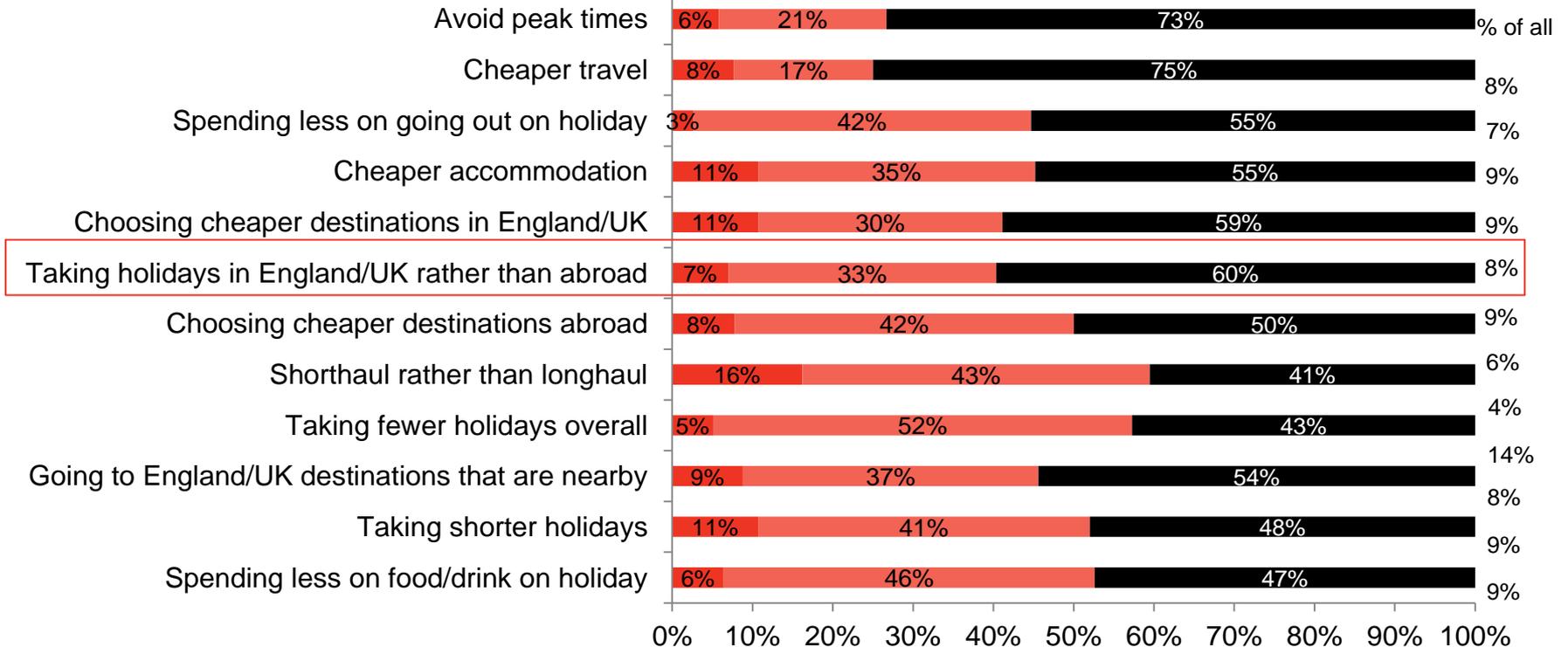


Just under half of those who made different holiday cuts expect to stop

- But only 7% expect to stop taking holidays in England in the near future (lost)
- 33% say they will at some point (up for grabs) / 60% will not stop (keepers)

Expectations for stopping each behaviour

- I will stop doing this in the near future
- I will stop doing this, but it will not be in the near future
- I will not stop doing this in the foreseeable future

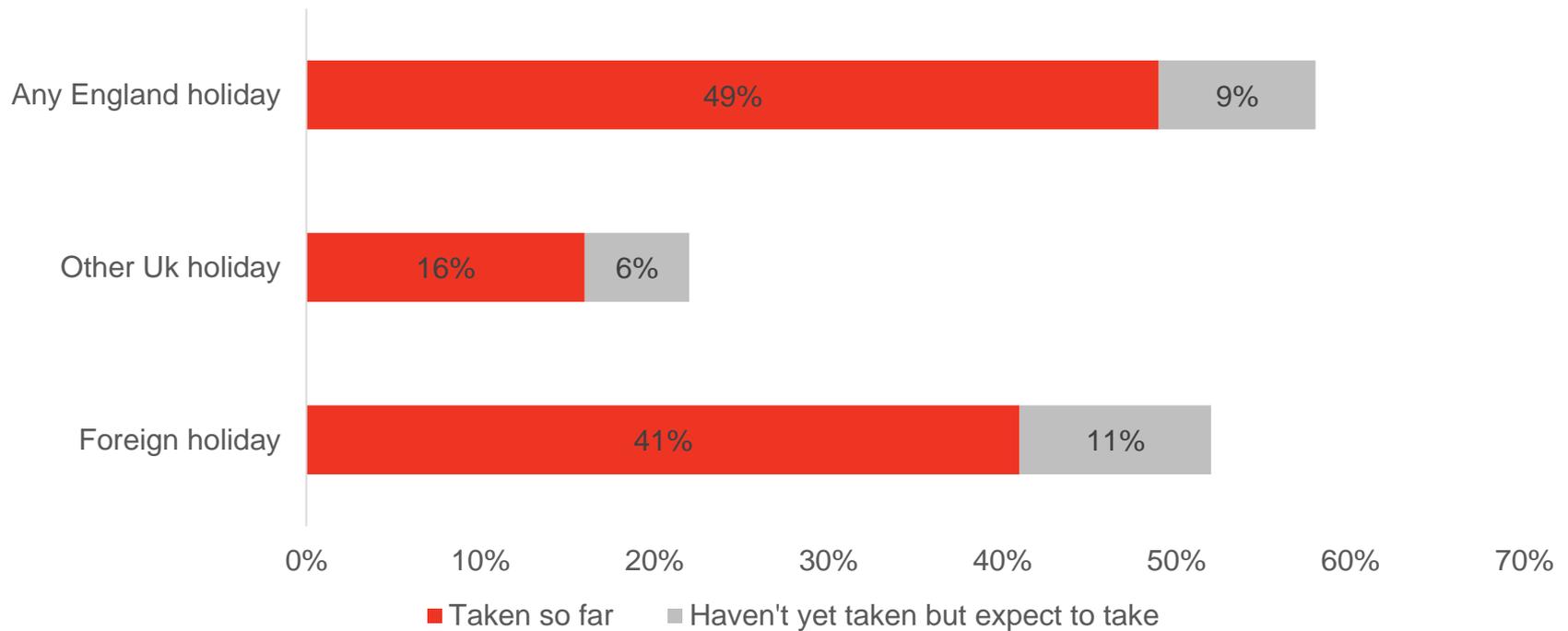


Impact on Holidays

Domestic breaks still dominate foreign ones

- In Sept 2013 another 10% of consumers expected to take a foreign trip – but only 6% managed to

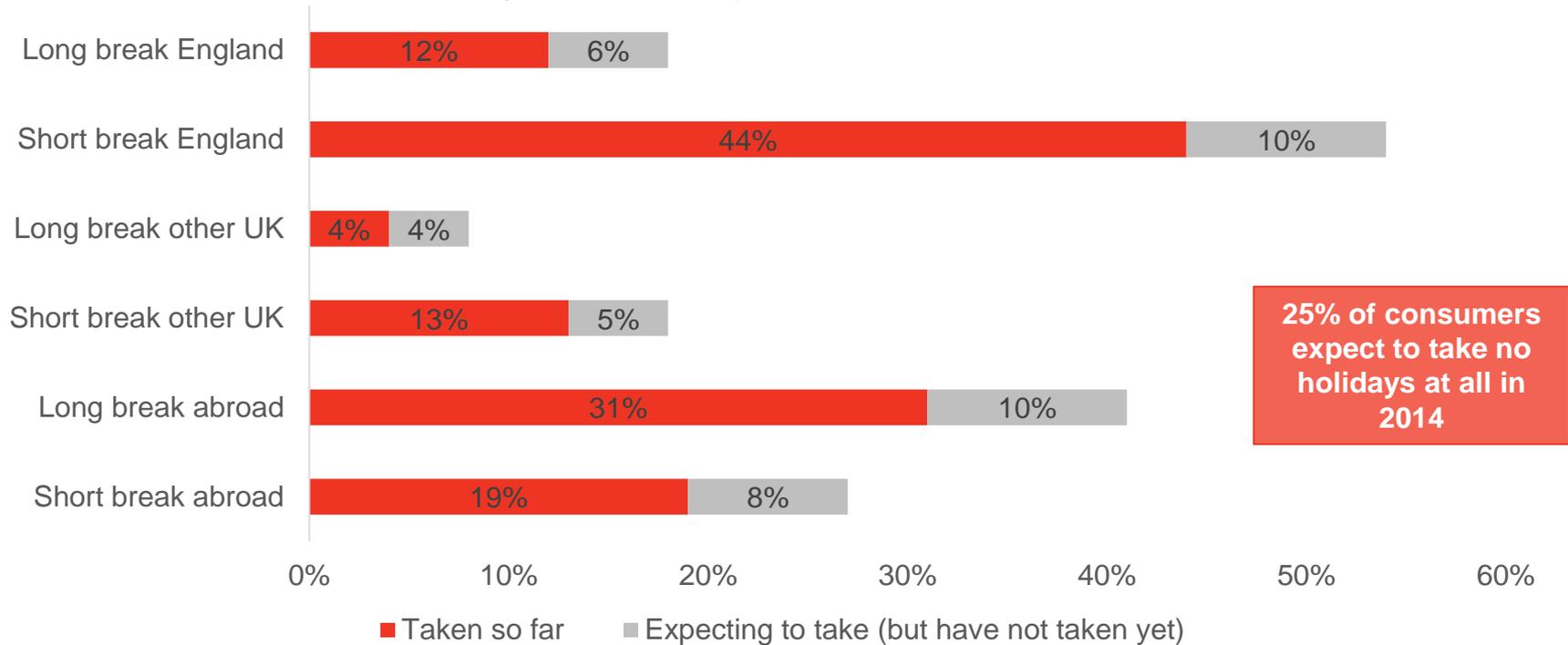
Holidays taken/expected to take in 2014



Consumers expect more domestic short breaks this year

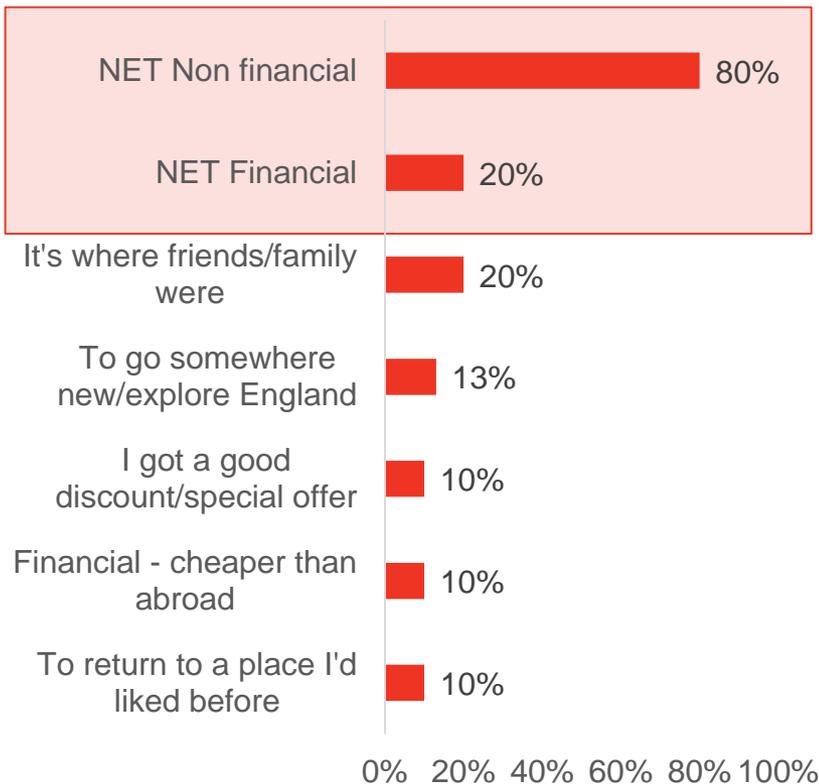
- ...but also hope to take a long foreign trip
- Almost half of consumers don't expect to take any more trips in 2014

Holidays taken/expected to take in 2014

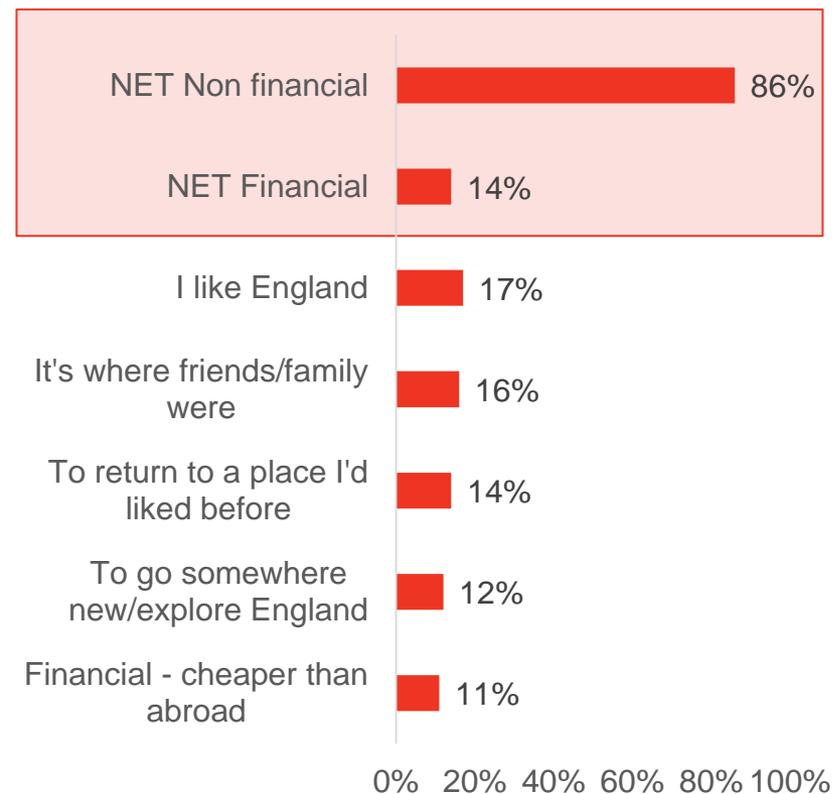


The appeal of England is a bigger driver than finances

MAIN reason for domestic short break



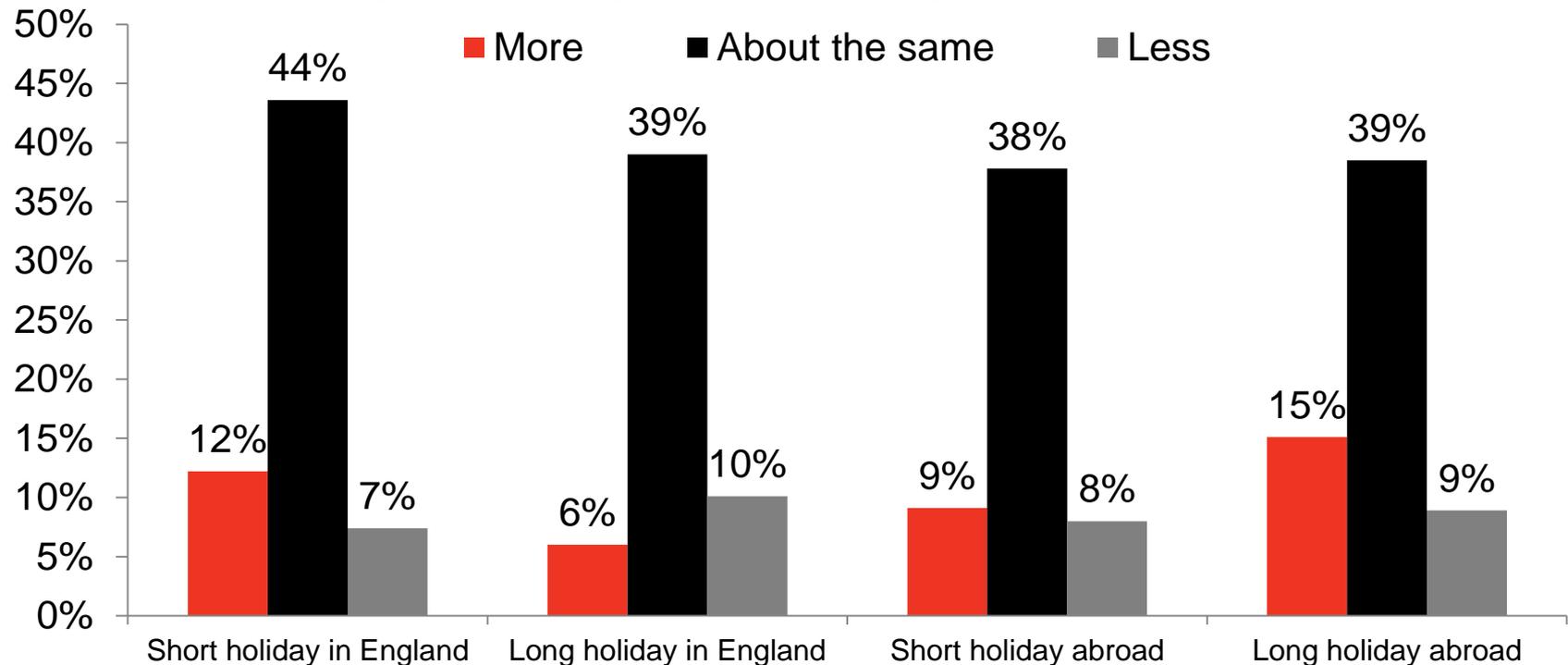
MAIN reason for domestic long break



But 'steady as she goes' is the mantra for many

- 1 in 10 or fewer expect to cut back next year
- Only slightly more expect to take more

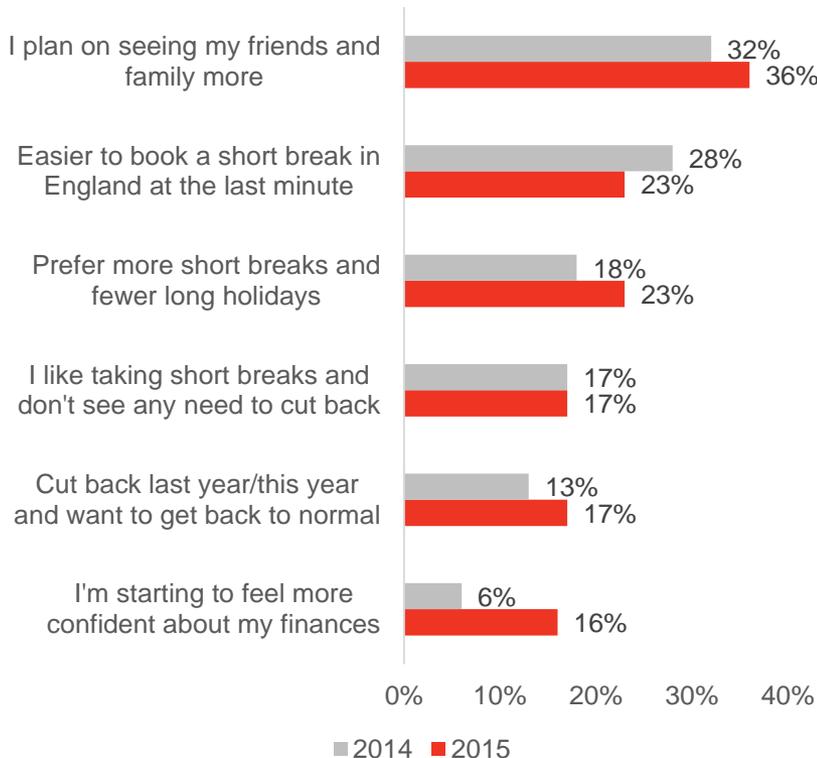
And thinking ahead to 2015, do you think you'll take MORE, THE SAME or LESS of the following types of holiday or short breaks than you'll have taken in 2014?



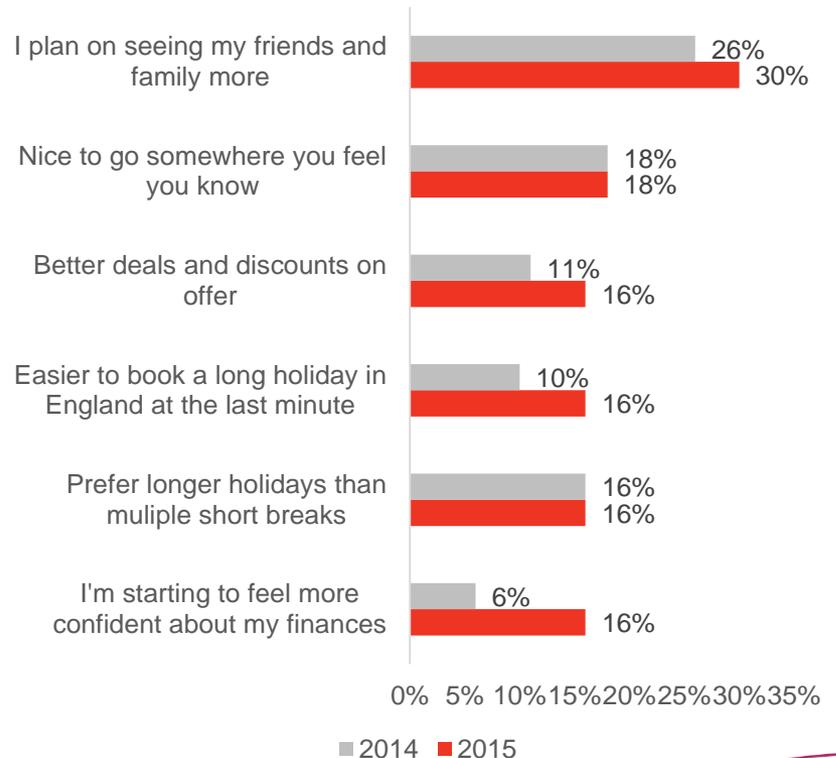
Reasons for more domestic holidays in 2014/2015

- Driven by ease, preference and friends/family...
- but also by increased confidence (from 6% to 16%)

More short breaks



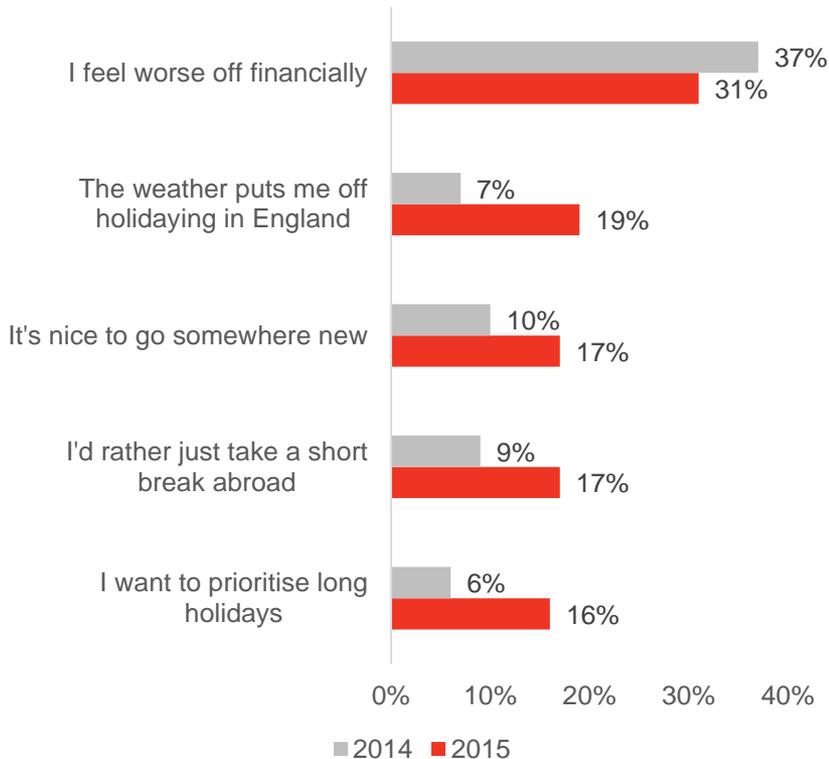
More long holidays



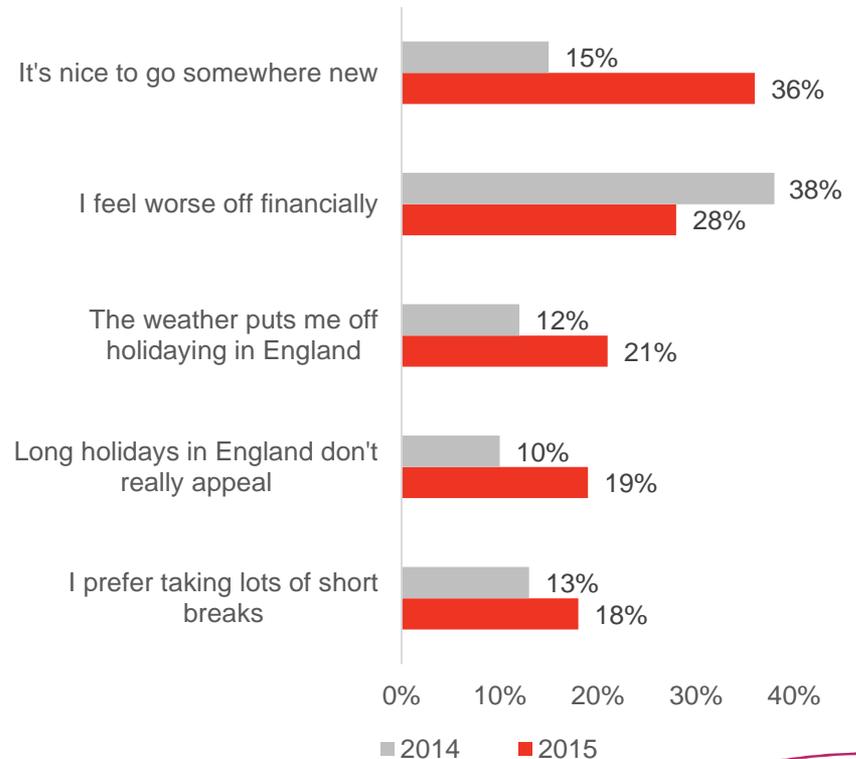
Reasons for fewer domestic holidays in 2014/2015

- Consumers who are feeling better off are driven to go somewhere new/abroad
- But many still feel worse off financially

Fewer short breaks

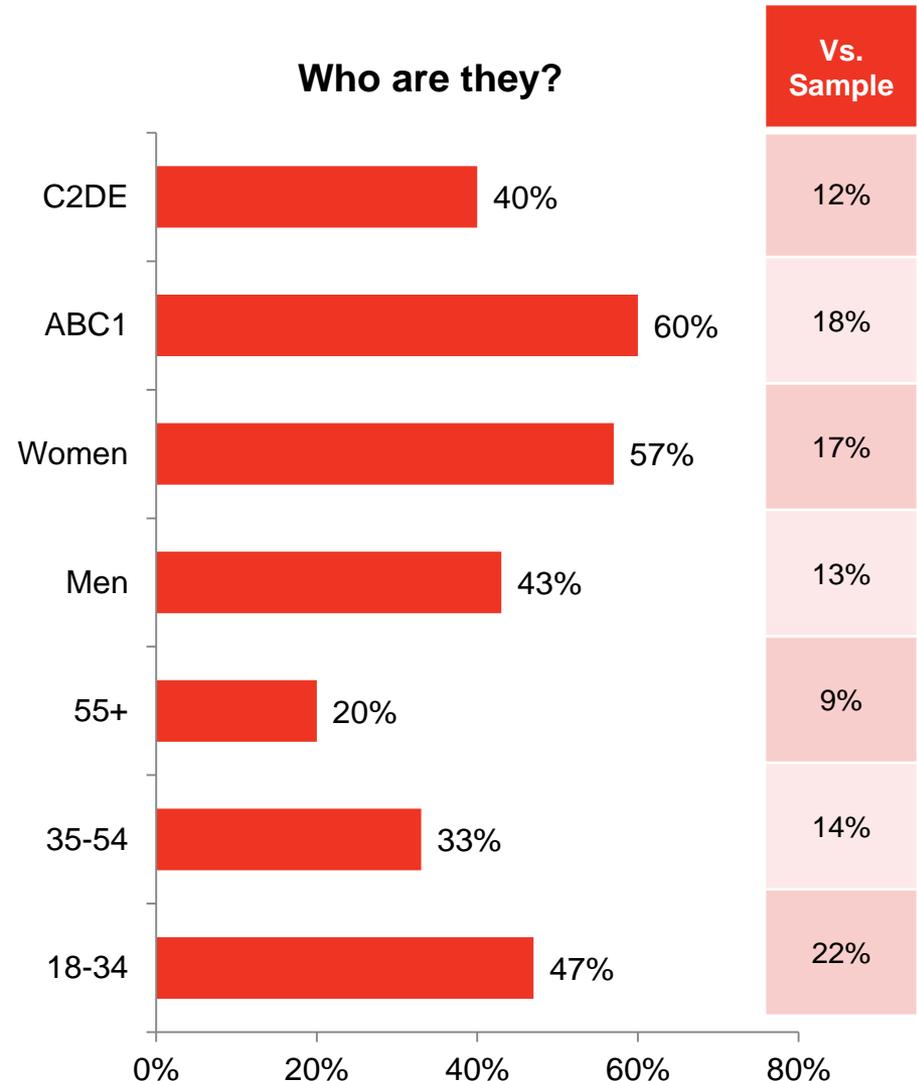


Fewer long holidays



Key battleground: Switchers

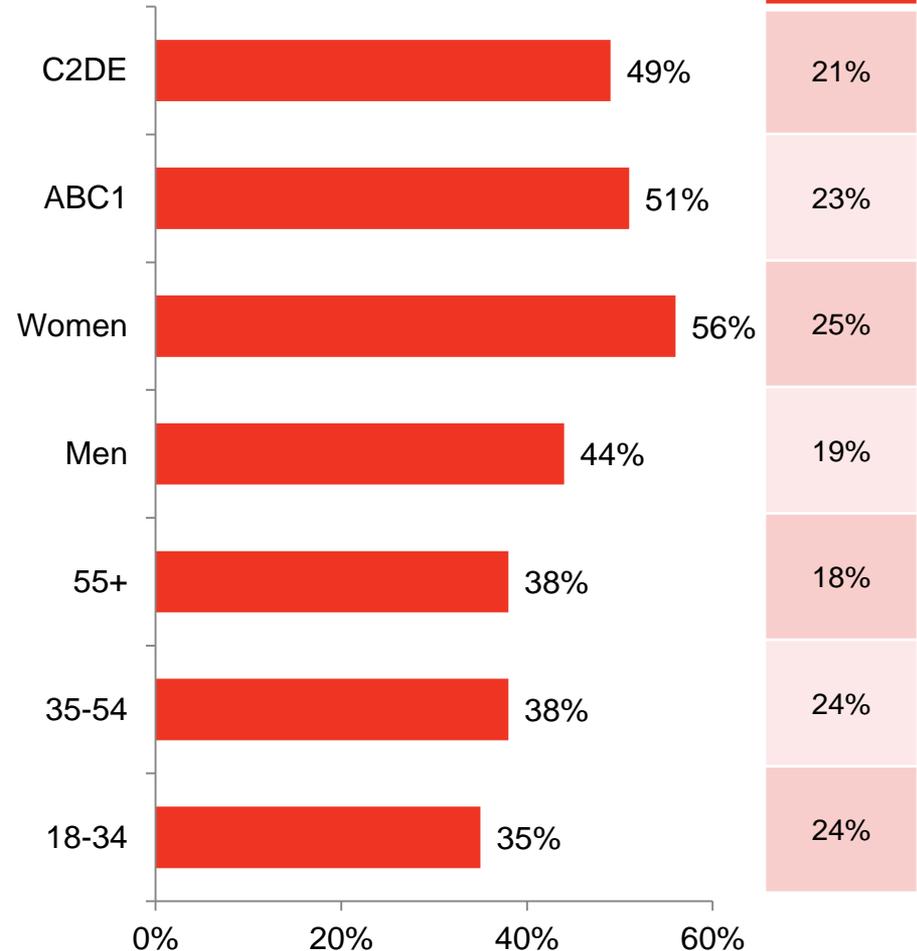
- 15% of consumers replaced a foreign holiday with a domestic one in 2014
- More concerned about downturn and more likely to feel affected - but also more likely to feel optimistic about the future
- 48% said they loved or greatly liked taking holidays in England – above the average of 40%
- On the fence about holidays –
 - 49% were happy with the holiday in England
 - 48% agreed it made them want to take more trips in the UK
 - 44% agreed it made them want to take a trip abroad
- Expect to take more trips next year – both at home and abroad



Key battleground: England Loyalists

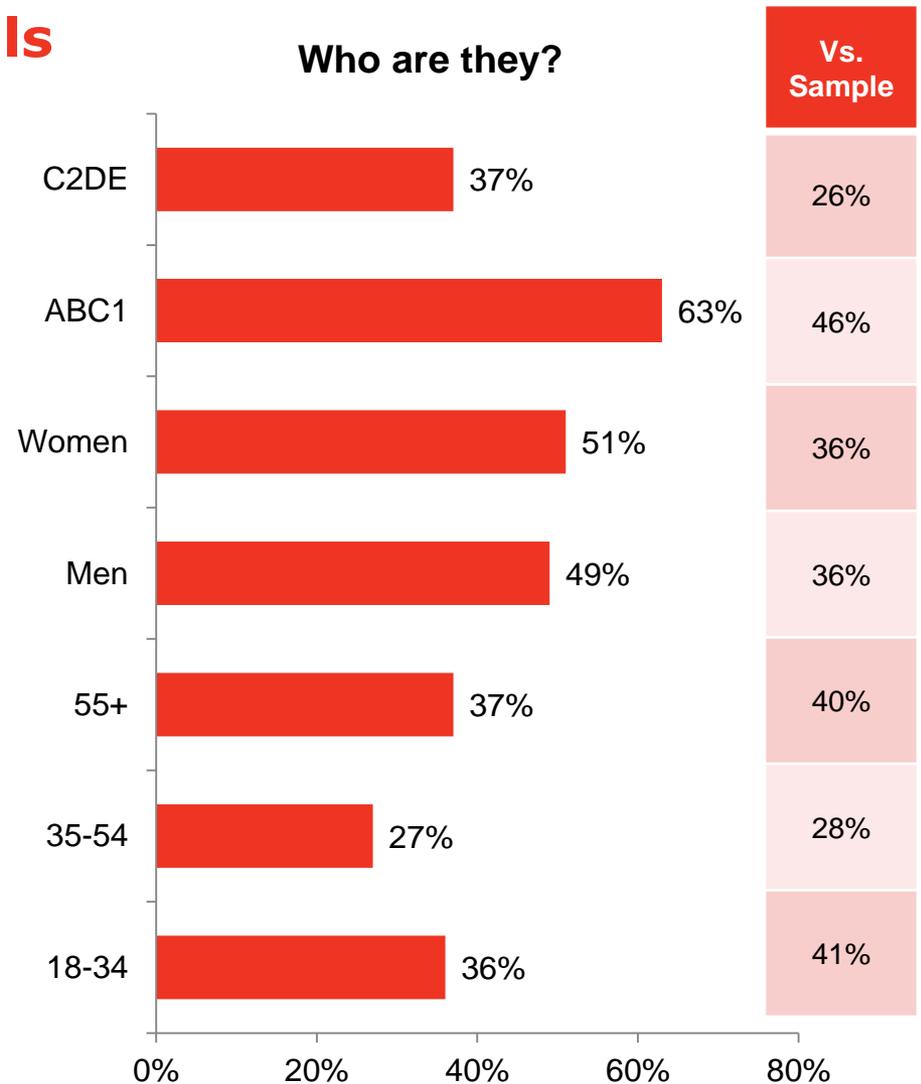
- 22% of consumers **only** had holidays in England in 2014
- Concerns and experiences of the downturn in line with the average – but like Switchers are more optimistic about the future
- 25% unaffected by the downturn – they are holidaying at home because they want to
- 63% said they either loved or greatly liked taking holidays in England
- Expect to take more trips in England next year
 - 19% will take more short breaks (vs. 13% overall)
 - 12% will take more long trips (vs. 7% overall)

Who are they?



Key battleground: Have-it-alls

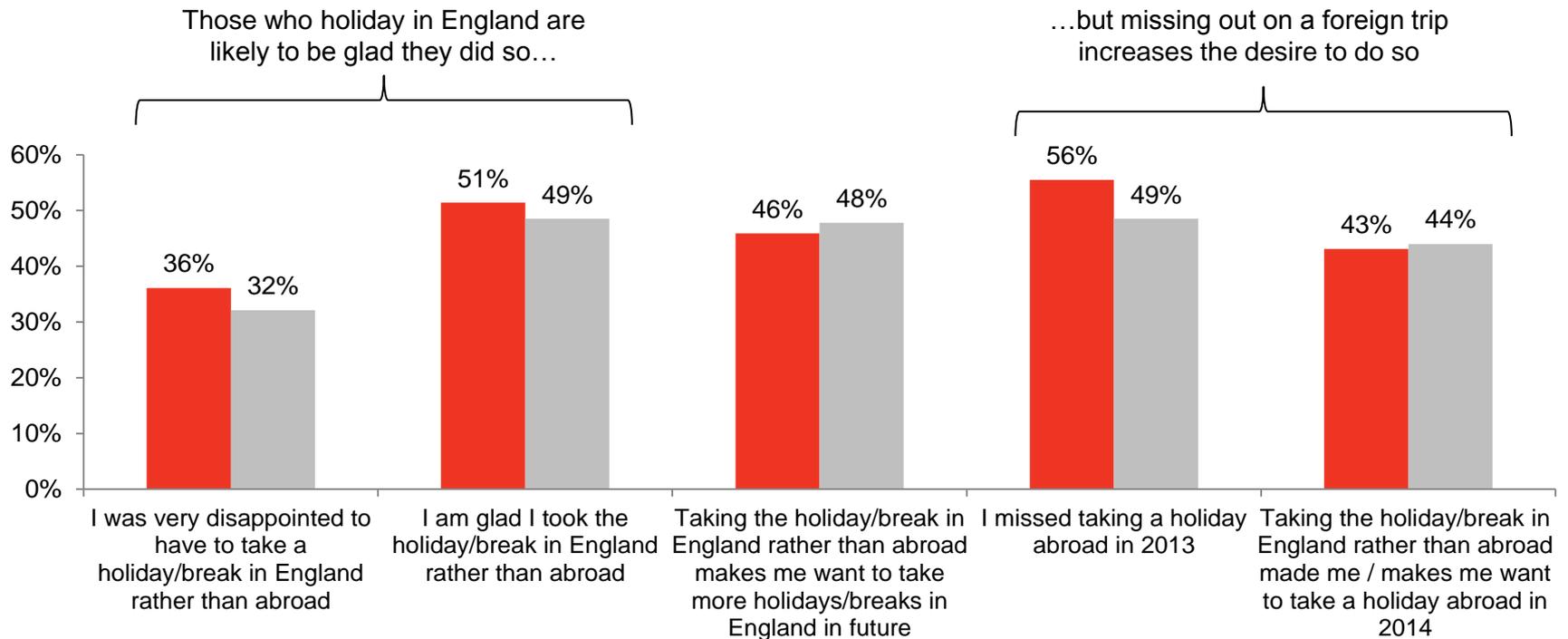
- 36% of consumers expect to take both a foreign and domestic holiday by the end of this year – although only 23% have done both already
- These consumers are less concerned by the downturn and less likely to feel affected
- They are much less likely to have changed their holiday behaviour – 48% say it hasn't changed at all
- Those that have changed their behaviour are taking more short breaks and fewer long trips (21%) and are trying new things (11%)
- 43% say they either love or greatly like taking holidays in England



Staycations are a positive experience – but absence makes the heart grow fonder

- 19% say they 'love' taking holidays in England
- 22% say they like a great deal

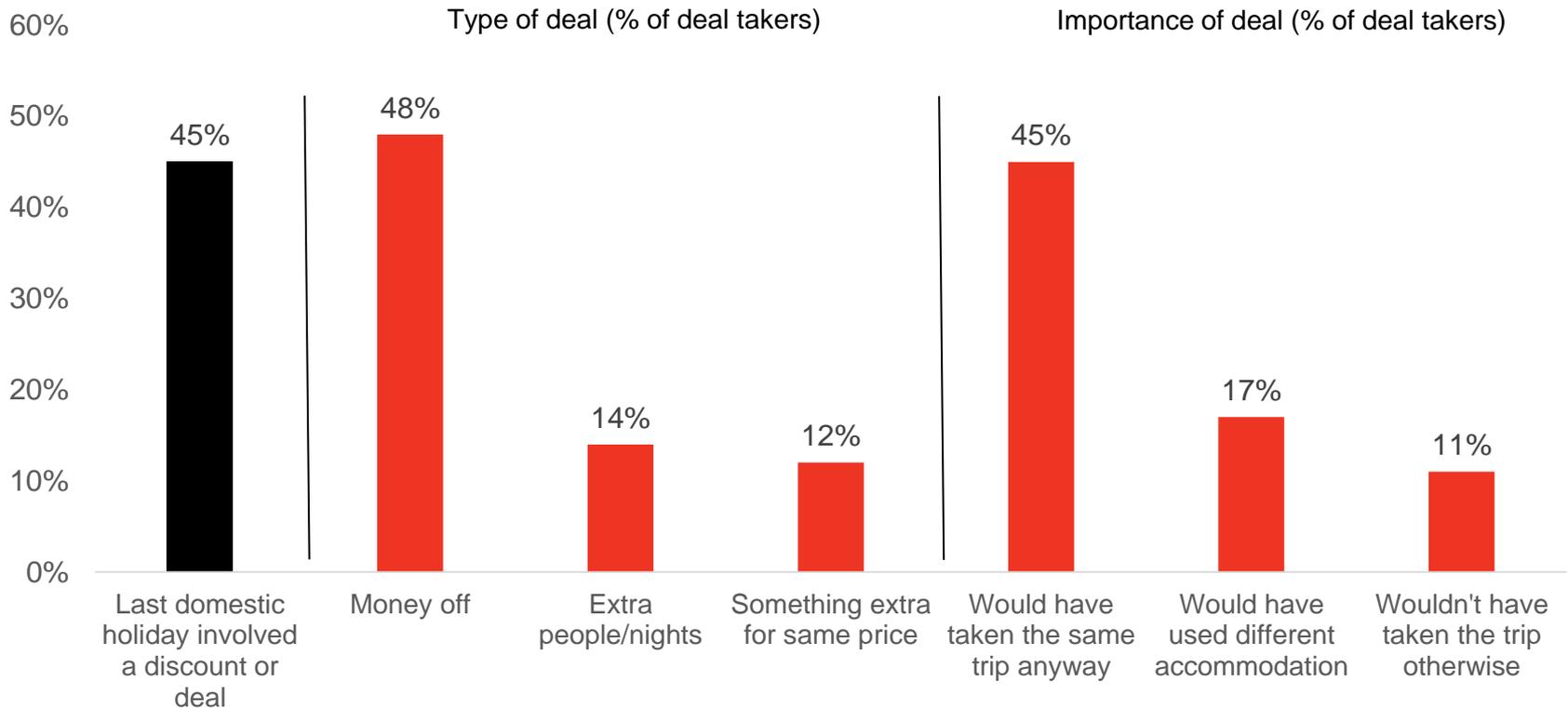
■ England Loyalists ■ Switchers



Deals deals deals

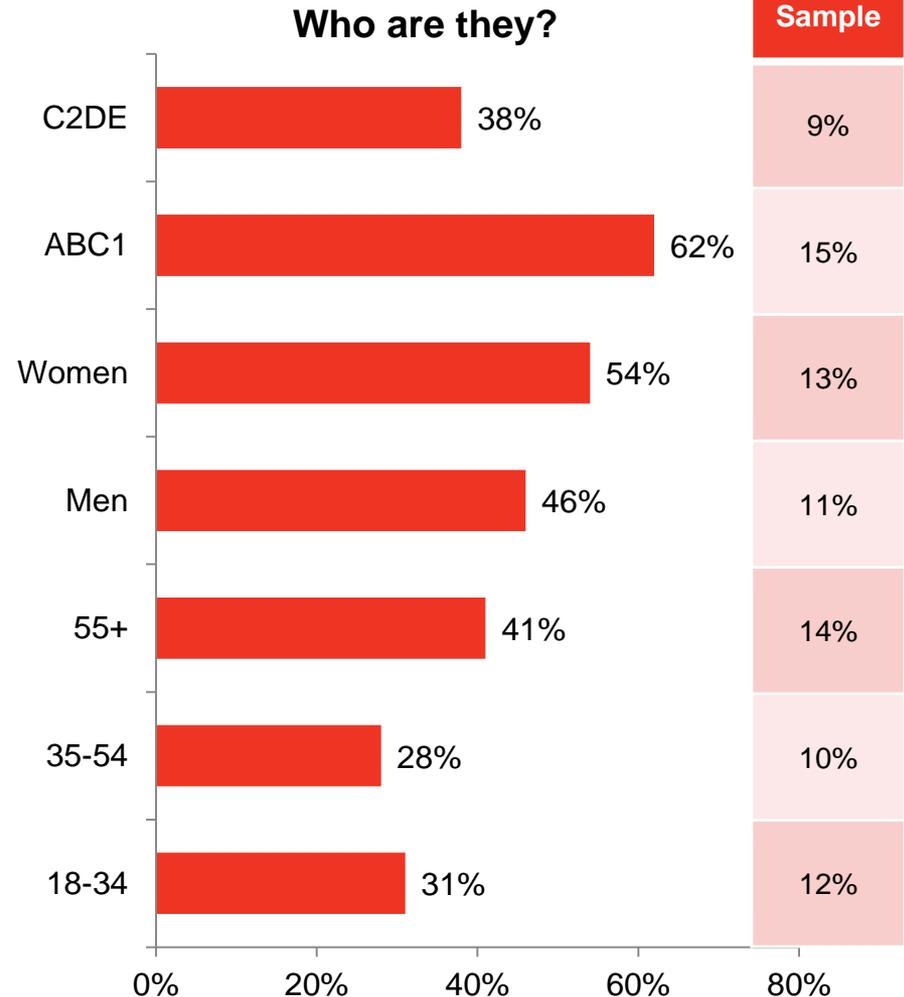
Half of domestic holidays involved a discount in 2014

- Down 3% on 2013
- Youngest least likely to use discounts (41%, vs 42% for 35-54s and 51% for 55+)



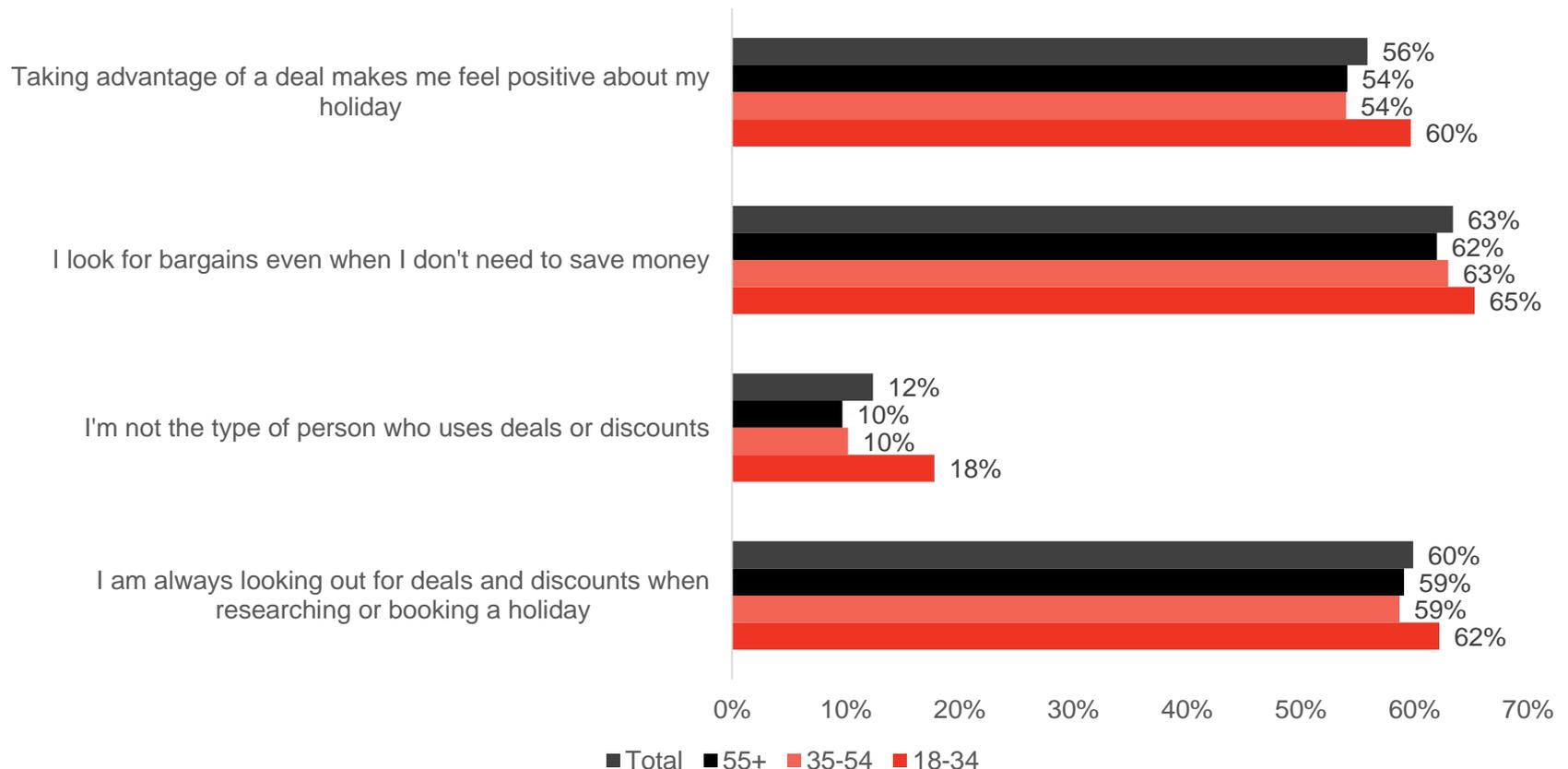
Key battleground: deal & discount takers

- 12% of consumers booked a domestic holiday using a discount or deal in 2014
- Deal takers are more likely to be concerned about the downturn
- They think we are over the worst of it and are slightly more optimistic about the future
- They are most unsure about their future holiday behaviour – 31% don't know if they'll take more, fewer or the same number of long breaks in England next year (with more uncertainty in their plans for holidays abroad)

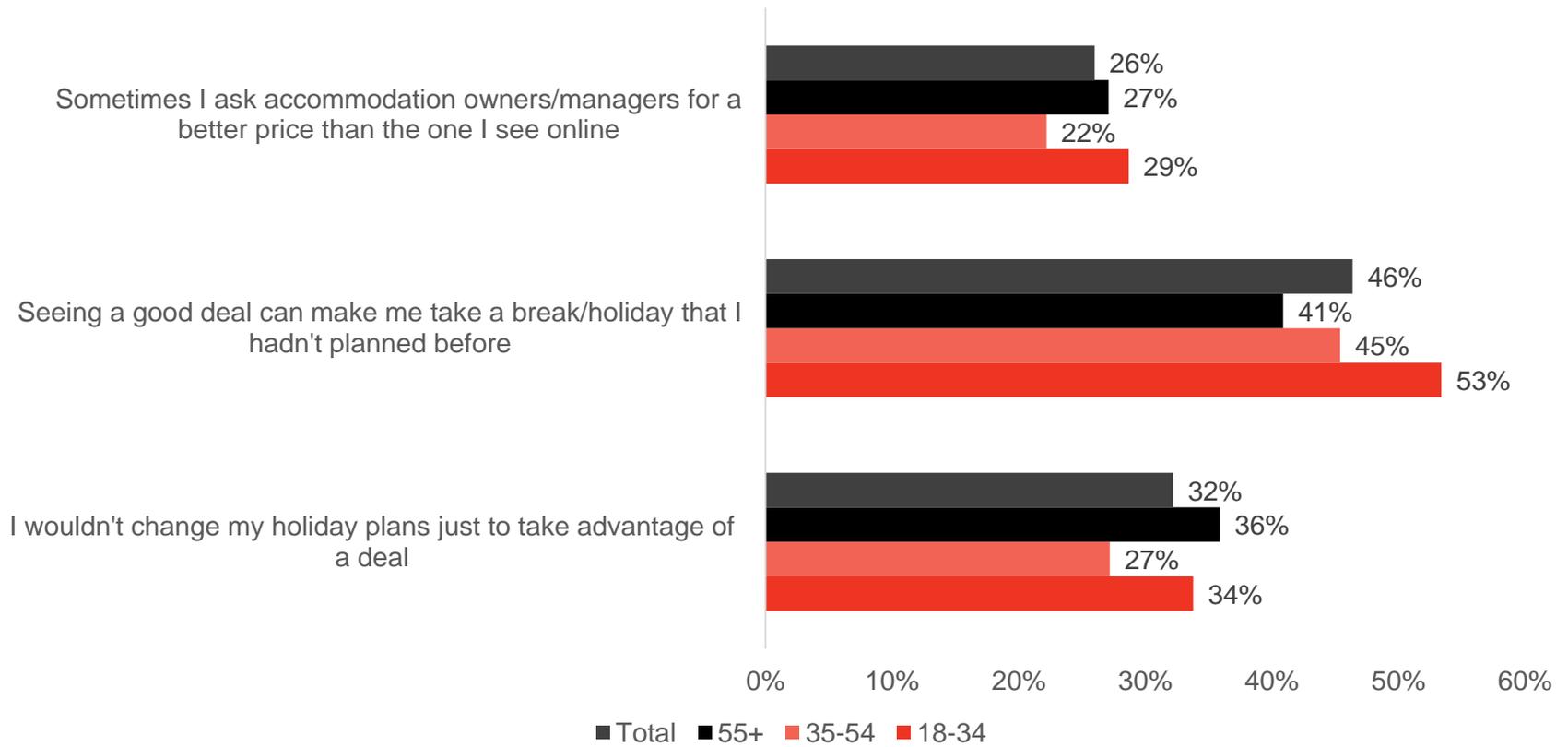


The majority identify as deal takers

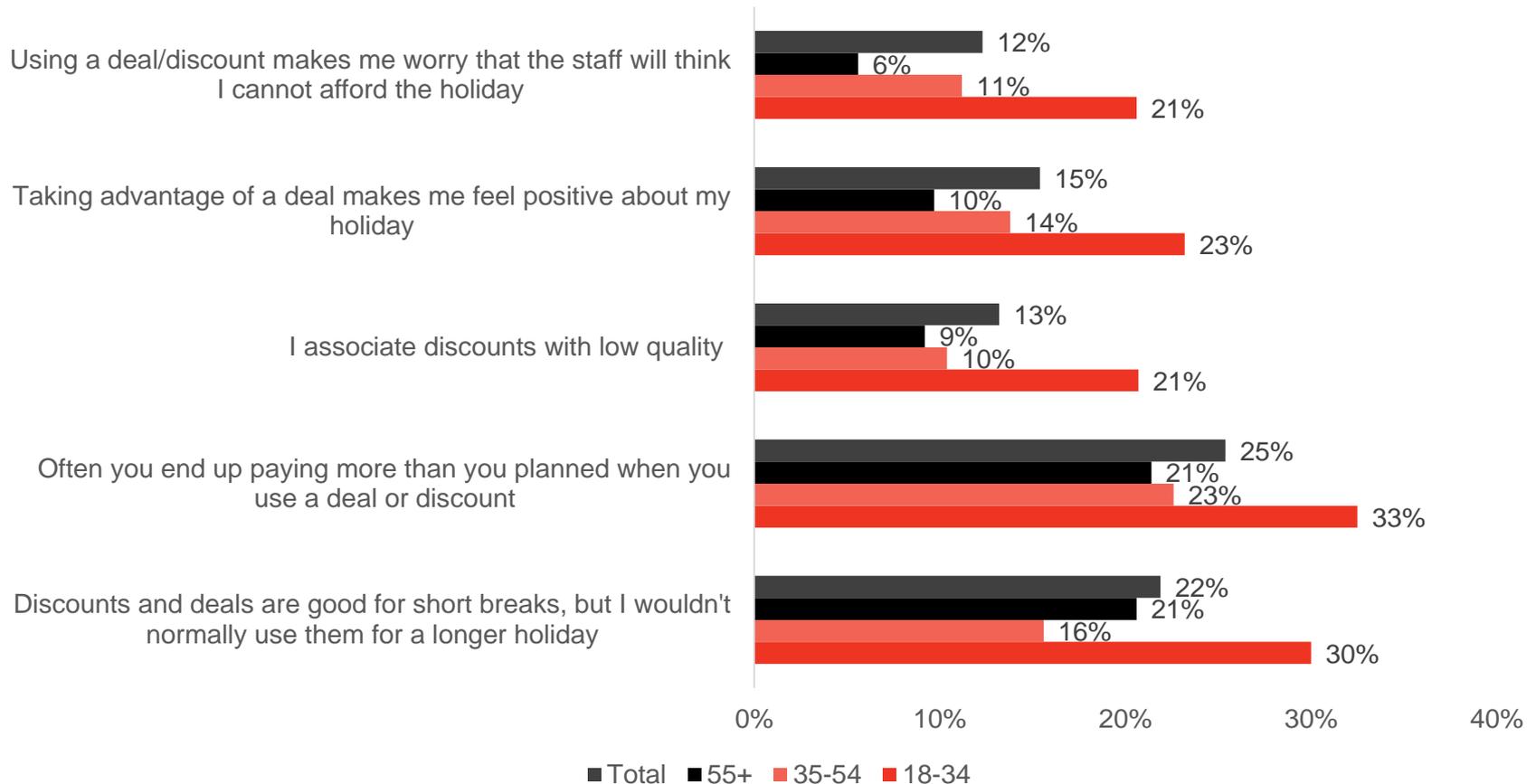
- Over half see a positive association (rather than a financial imperative)
- But one in five younger consumers reject the identifier



Half of younger people will take a trip based on a deal...



...but they are most worried about quality and image



Deal Clusters

- Based on new battery of attitudinal questions
- Segmented using hierarchical clustering into 6 distinct groups
- Full data available in appendix

**Booked on
a deal in
2014 (%)**

	Name (TBC)	Deal behaviour	Economic Impact	Demographics	
1	Middle of the road (23%)	Completely ambivalent, not bothered about deals. Have no strong opinions whatsoever	Least concerned, least likely to feel seriously affected	Even age split, only 1/5 have kids under 18 at home, 60% in work, 20% retired	35%
2	Proactive deal hunters (19%)	Avid deal hunters, strongly identify as such and feel positive about them, don't think deals mean less quality. Proactive – will go offline and are prepared to change/take a holiday to accommodate a deal	Concerned and worried – most likely to feel affected by the downturn	Older skew, but mostly working and more likely to have kids at home	64%
3	Inert deal hunters (19%)	Similar to above, but not at all proactive. Won't go direct and are unlikely to change their plans	Concerned, especially about jobs, but are less likely than average to actually feel affected	Younger, ABC1 skew, likely to be in work	44%
4	Insulated deal takers (9%)	Identify as deal takers, but won't change their plans to accommodate one	Not very concerned, not really affected, and not noticing the recovery	Older (1/3 retired), unlikely to have kids	25%
5	Conflicted youngsters (14%)	Don't identify strongly and can be cynical about quality with a deal. See deals as more for short breaks – wouldn't change their plans but would take a trip to accommodate a deal	Most concerned and feel seriously affected. But also feel optimistic	Youngest cluster (46% under 35). Mostly in work, many have young kids. Also most multi-ethnic	49%
6	Unconcerned old people (16%)	Identify slightly as deal takers but don't agree that a deal makes them feel positive. Wouldn't change their plans	Least affected by downturn, and not really concerned about it	Older (1/4 retired), not likely to have kids at home	36%

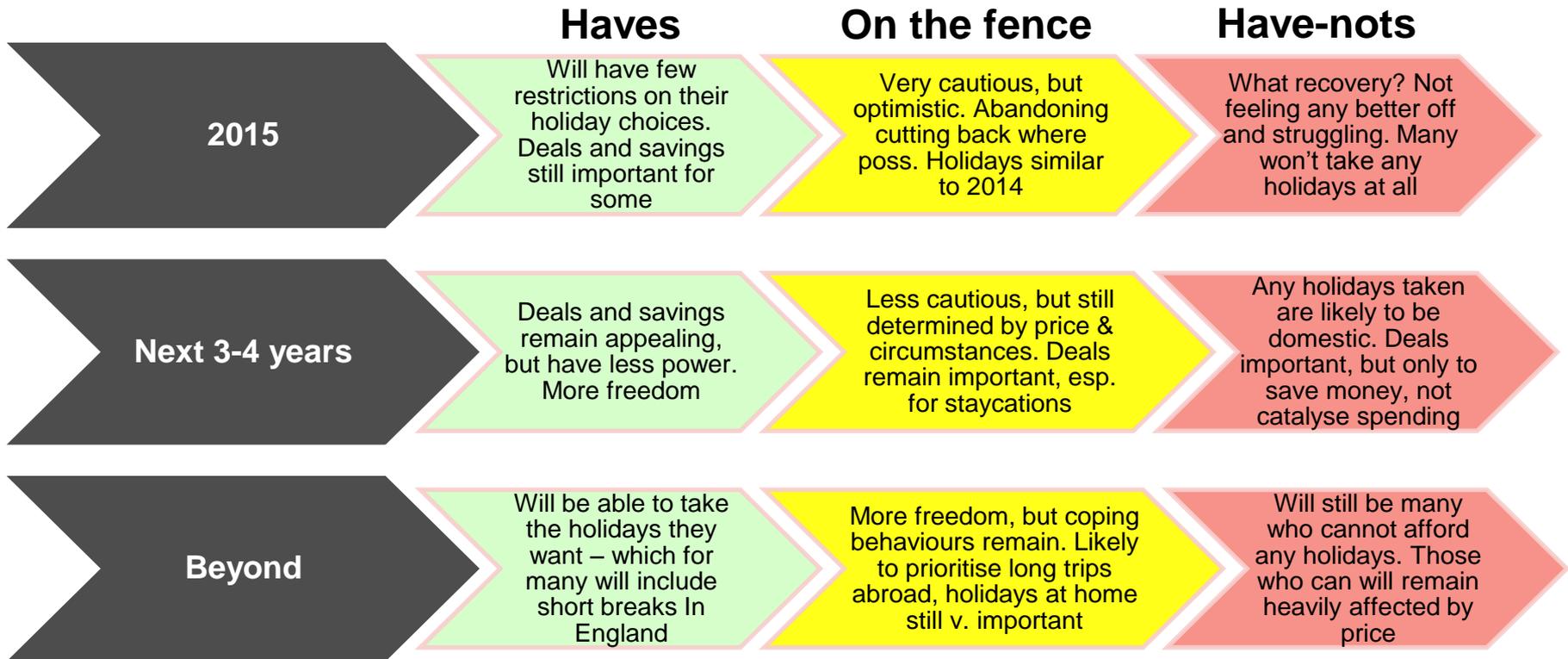
Deals and Discounts - Summary

- The majority of consumers identify to some extent as deal takers – with regard to both holidays and wider consumer behaviour – and see them positively
- Deal taking out of want rather than need speaks to the power of a discount or good deal – as well as raising expectations (i.e. booking a hotel and expecting to find a deal somewhere)
- A significant minority will also use a deal as the reason to book a trip – or to change their plans
- But around a fifth of consumers are cynical about deals and question their true value – of these, many will stop using deals when they no longer feel they have to

What does this mean for holidays?

- **This year:** Behaviour changed only slightly from 2013, although this wave has seen increases in confidence and the continuation of the slow decline in cutting back
- While the majority of consumers are cautious and only slightly affected, two very polarised extremes exist at either end
- **Next year:** People are likely to continue to feel better off and foreign trips next year are more likely to match expectations. This wave has seen sharp increase in people saying their feel more secure in their own finances – and people are calibrating their holiday plans accordingly.
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- **Next 3-4 years:** Holiday taking behaviour will not revert to pre-downturn pattern – those who have holidayed in England have enjoyed it and are most likely to want both a foreign trip and a domestic one (although long breaks in England will lose out). Beyond the mainstream there will be a large proportion of people for whom the recovery is very slow (if it happens at all) who will not be able to afford foreign trips (and may struggle to holiday in England)

Where next for the Staycation?



There are also non-financial drivers of domestic holidays, which will continue to boost trips in England:

- Demographics – larger, vertical families
- Events – more of them, and VFR blending with leisure
- Improvement/appeal of English tourism offer

