Beyond Staycation

April 2015

Prepared by Trajectory

VisitEngland

Where were we?

Expectations in March 2014

- Consumers aware of the recovery and moving out of a recessionary mindset, showing higher levels of confidence and lower concern – but they hadn't started to feel the direct impacts of recovery yet
- This was reflected in holiday expectations for 2014: while there was a desire to take more long breaks abroad in the future, there was no shift in 2014 plans (only 0.6% expected to switch domestic trips for foreign ones)

Expectations in Sept 2014

- As the downturn officially ended, confidence continued to improve and people felt much more secure in their own finances. Cutting back behaviours continued to wane – with the proportion saying they were spending less on holidays falling by 5%
- Consumers displayed a greater willingness to plan big for 2015 (although many were still cautious) and domestic breaks looked likely to be short rather than long

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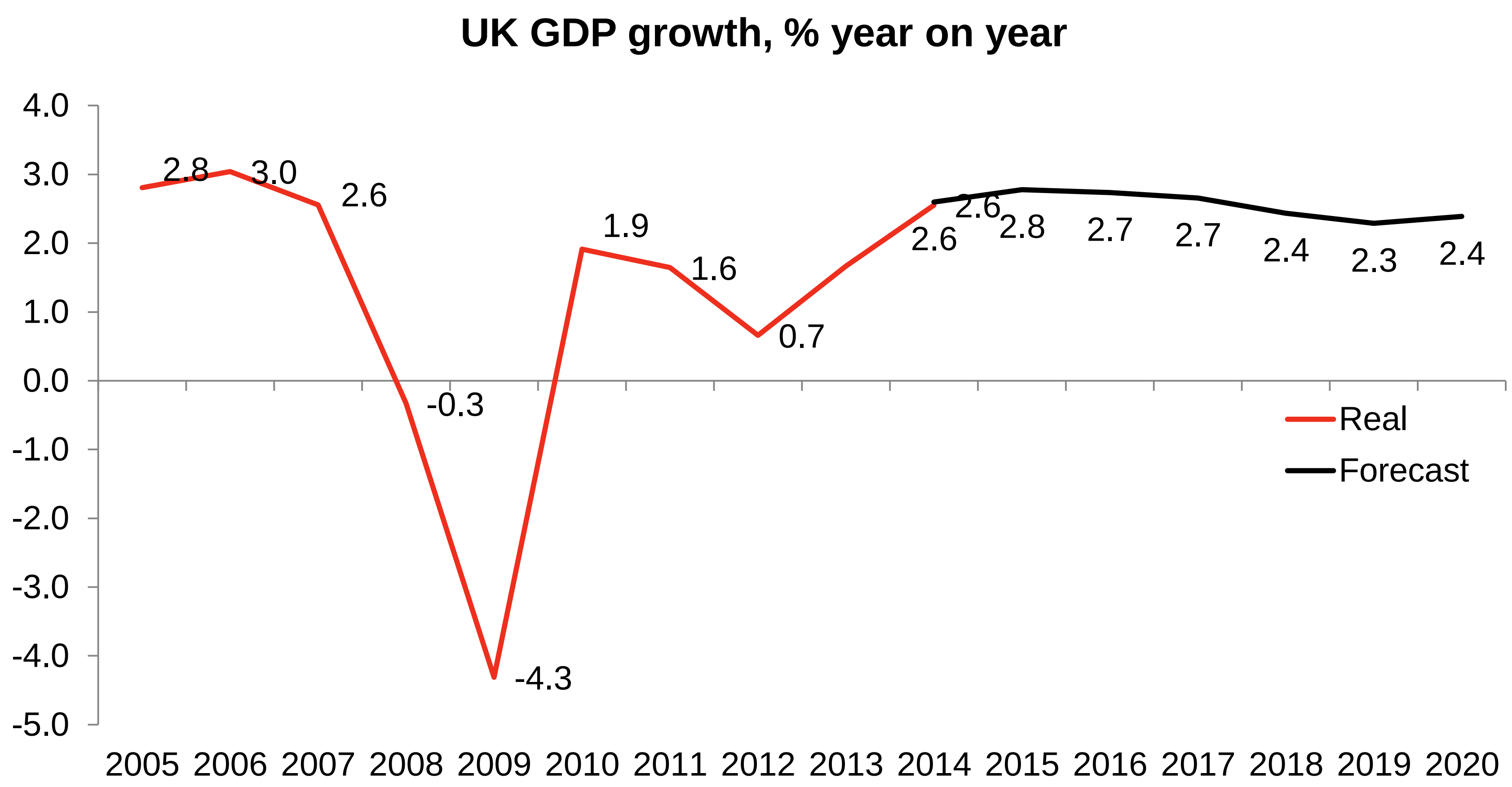
What actually happened?

Cautious consumers look to make the most of the trips they can take

- Signs of optimism at the end of last year are evaporating as consumers are concerned the recovery may be passing them by
- This has led to increased cutting back behaviours in everyday spending – especially around groceries and energy, but this prudence is helping to fund spending on leisure and holidays
- Holidays in 2014 changed only slightly on 2013, with a small shift towards longer trips abroad, at the expense of long trips in England. The England short break market remains the same.
- For those that have holidayed in England, this wave provides further evidence that the appeal of England goes beyond finances (even though they are important) – with a rise in the number returning to places they'd liked before
- Significant number of trips are malleable – either because they are impulsive, and specific triggers are powerful motivators, or because they change during the planning process – and even routine breaks can change in this way
- In the future – outlook remains cautious, with a clear desire amongst consumers for longer trips abroad and as much else as they can get.

The national economy is continuing its recovering from the downturn



Source: Oxford Economics 2014

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Inflation is falling, while wages are (slowly) growing (for some)

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Source: Oxford Economics 2014

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But uncertainty and instability remain at home and abroad

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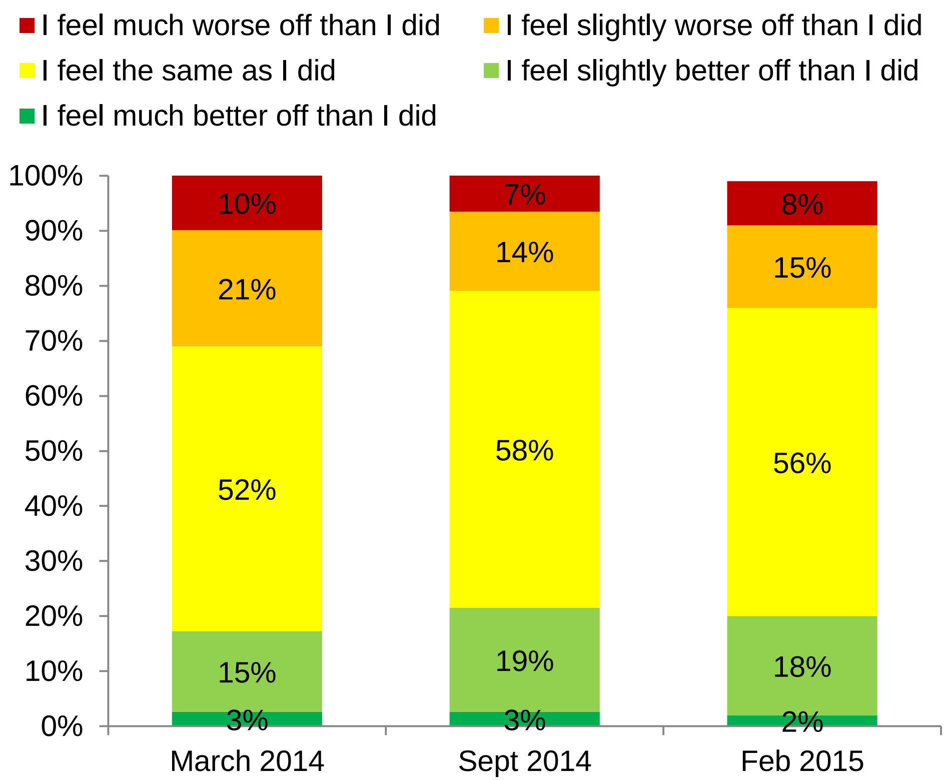
Majority still not feeling the recovery
- Younger 18-34 most likely to be feeling better off (26%)
- Public sector workers most likely to be feeling worse (24%)

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



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 and beyond

Source: VisitEngland Staycation Monitor Feb 2015 / Base 1,002

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?

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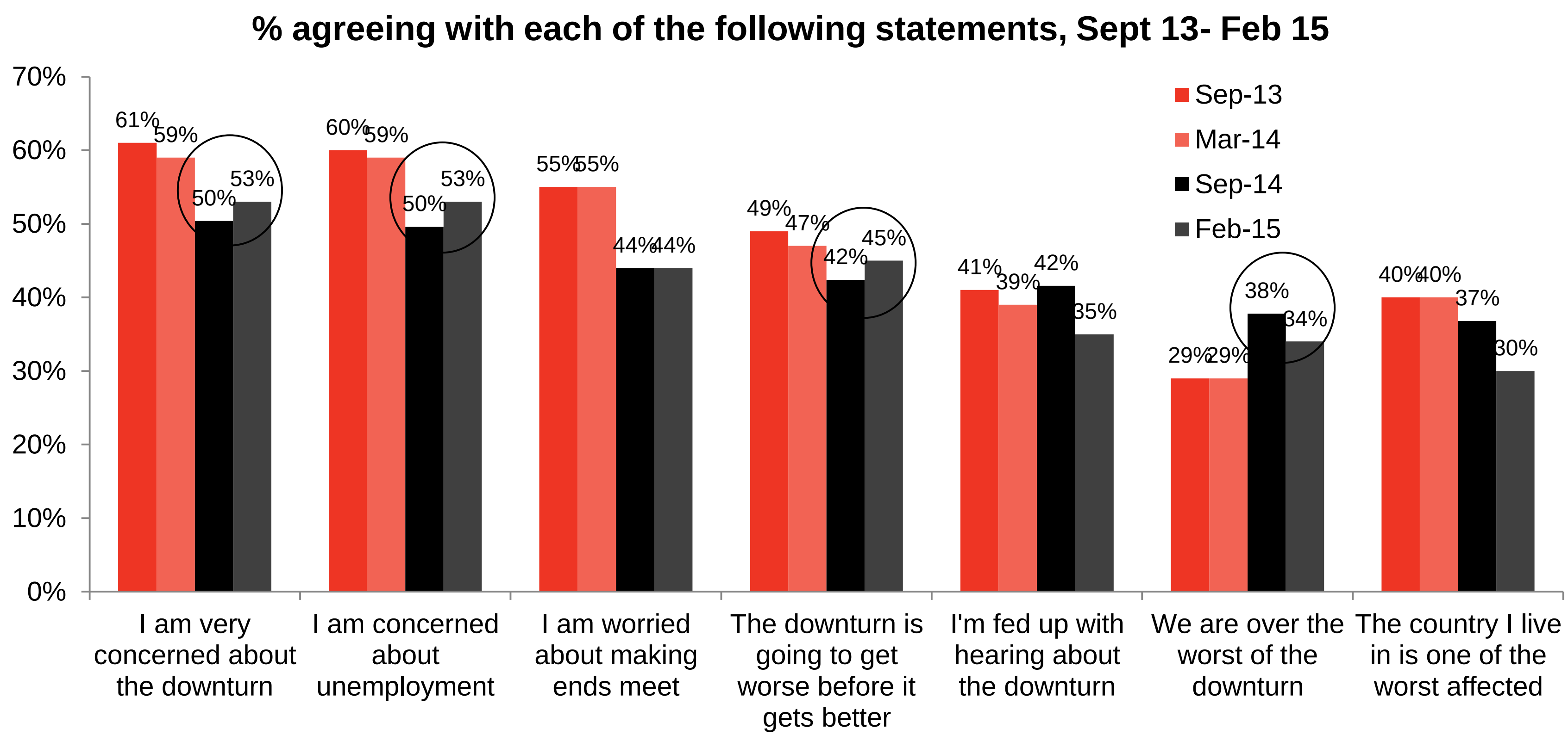
Concerns start to rise – but little evidence of direct impact

- Public sector workers consistently more concerned/worried
- 'Squeezed middle' demographically also more likely to be concerned



Source: VisitEngland Staycation Monitor Feb 2015 / Base 1,002

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

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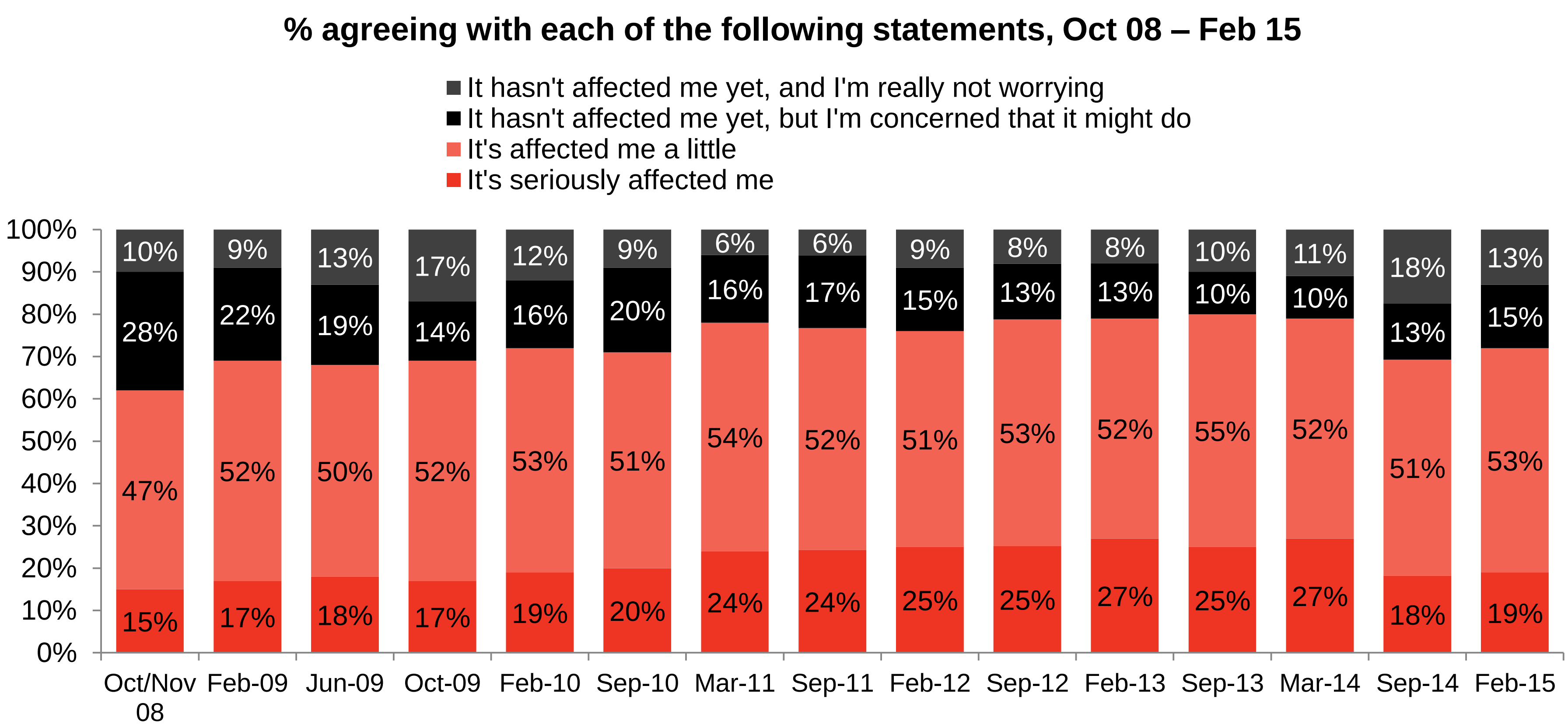
Greater concern but only slightly more say they are affected

- While concern has risen, this has not translated into direct impact
- For many, the concern may be a result of worrying that the recovery may pass them by



Source: VisitEngland Staycation Monitor Feb 2015 / Base 1,002

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

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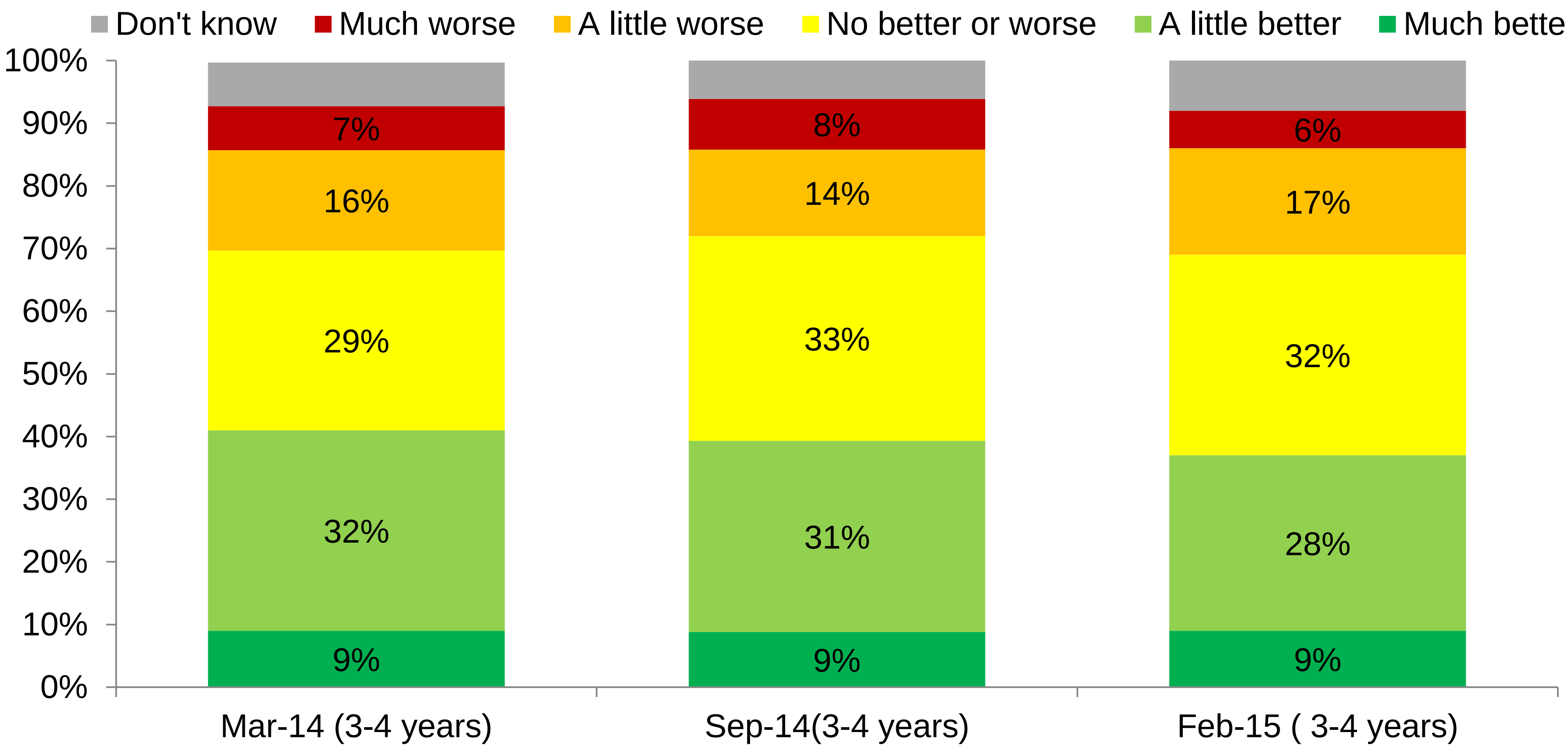
More people expect no change in the short term – and confidence is down for the next 3-4 years

- Only 17% report feeling more optimistic now than they did a year ago

View of personal financial situation next year/next 3-4 years (%)



Source: VisitEngland Staycation Monitor Feb 2015 / Base 1,002

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...

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Optimists and pessimists

Optimists: those believing that we are over the worst of the downturn *(34% ,-4% on Sept)*

- 39% of men and just 29% of women are optimists. More likely to be those working FT (37%) than PT (31%)
- Some concerns still exist – 20% of those worried about making ends meet are also optimists
- Slightly more freedom in holiday behaviours – 41% of those that had a foreign holiday are optimists

Pessimists: those believing that the economic situation will get worse before it gets better *(45% ,+3% on Sept)*

- Even age and gender split
- Those working PT likely to be pessimists (51%)
- Pessimism likely to be derived from own experience – 70% of people who feel seriously affected are pessimists
- More than half of those who took no holidays in 2014 are pessimists

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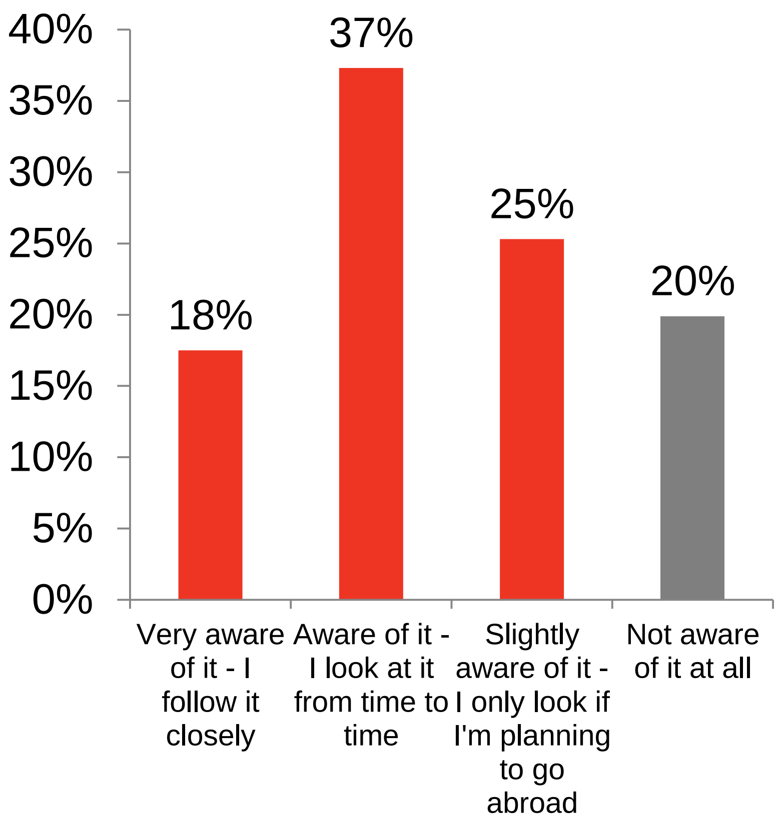
Most at least slightly aware of the exchange rate – but only 18% follow it closely



- More are completely unaware of it than follow it closely
- Level of awareness varies widely by holiday behaviour:
- The proportion who *follow it closely*:
  - **28%** of those who went abroad in 2014
  - **22%** of Switchers
  - **9%** of England Loyalists

Source: VisitEngland Staycation Monitor Feb 2015 / Base 1,002

Q19 To what extent would you say you are aware of the exchange rate as it affects the value of the pound compared to other currencies

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Cutting back behaviours

Consumers are **less likely to be cutting back on leisure spending**, and are funding this through **greater emphasis on everyday savings**. For those that are still cutting back, the majority don't expect to stop soon – although the proportion who do is increasing.

- This wave has shown a slight shift in cutting back priorities:

  Fewer people say they are cutting out little luxuries (down 9%)

  Fewer people say they are spending less on holidays (down 2%)

- However, the length and depth of the downturn has caused some behaviours to become more entrenched – particularly everyday consumer coping mechanisms. In addition, many of those cutting back are doing so because of ongoing financial pressures

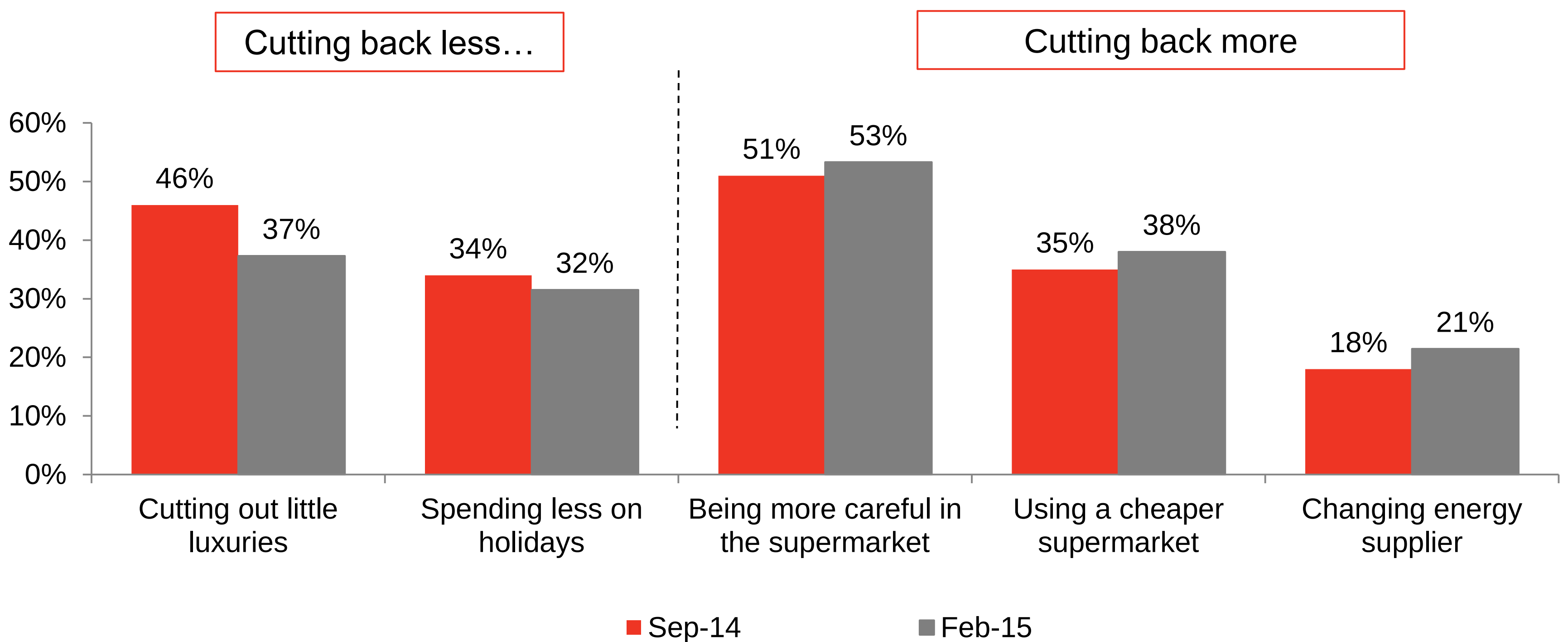
- Of those who are still cutting back on holidays, the measures are less extreme

  Fewer people say they are taking fewer holidays (down 3%)

  Fewer people say they are taking no holidays (down 4%)

Changes to everyday behaviour helping funding treats & trips

- Those who are cutting back more on everyday spending are more likely to feel affected by the downturn (24% seriously), and as likely as average to feel confident about the next year
- They are also wary about the future – 53% think the downturn will get worse before it gets better
- This indicates that this behaviour is motivated by finances rather than a discretionary approach to cost-cutting and thrift

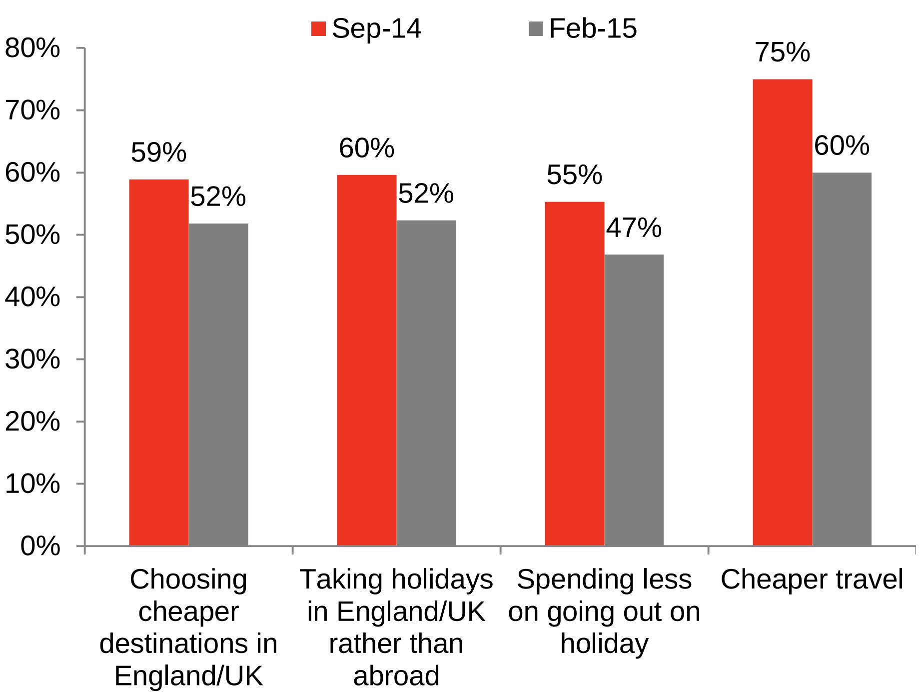


Source: VisitEngland Staycation Monitor Feb 2015 / Base 1,002

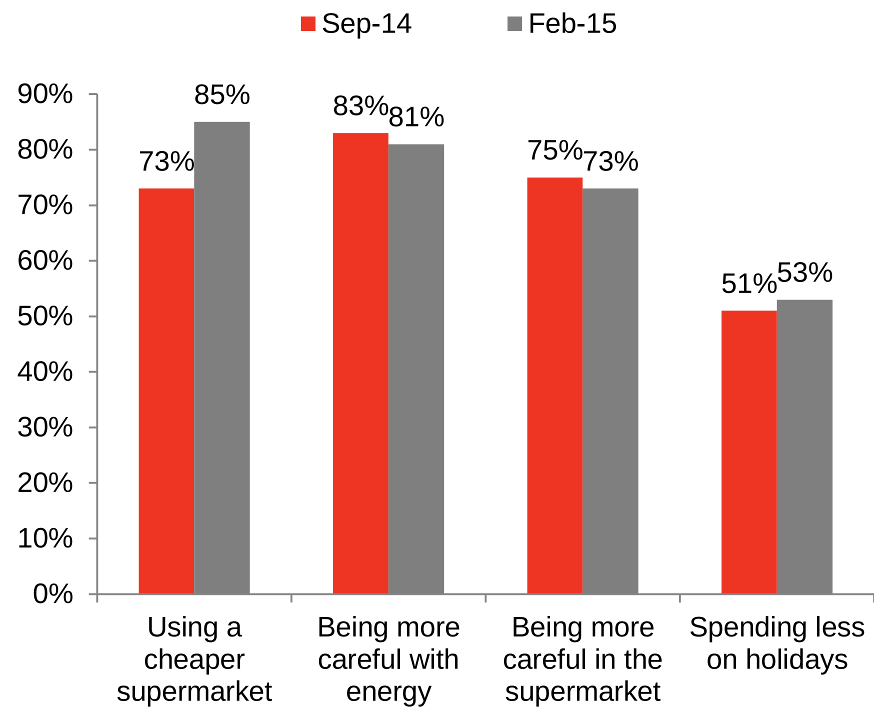
Q3 In which, if any, of the following ways are you cutting back the amount you spend?

The end of holiday cutting back is in sight for more…
…but everyday behaviours remain high, and increasingly entrenched

% not expecting to stop holiday cutting back behaviour



% not expecting to stop general cutting back behaviour



Source: VisitEngland Staycation Monitor Feb 2015 / SMALL SAMPLE Base 40-111 (only those who are spending less on holidays)
Q4a How long will you be doing them?

Holiday Behaviour 2014

VisitEngland

Slight decline in domestic breaks made up by rise abroad

- Short breaks in England same as 2013, long down 3%
- All trips abroad up by 4% on 2013

Holidays taken in 2013-14 (%)	2013			2014		
	Long	Short	**Total**	Long	Short	**Total**
England	15	52	**58**	12	52	**57**
Rest of UK	6	16	**20**	5	18	**22**
Any UK	19	58	**64**	16	59	**64**
Abroad	33	21	**47**	36	23	**51**
No holidays	22			21		

Source: VisitEngland Staycation Monitor Feb 2015 / Base 1,002
Q6a Which of the following holidays/breaks did you take in 2014?

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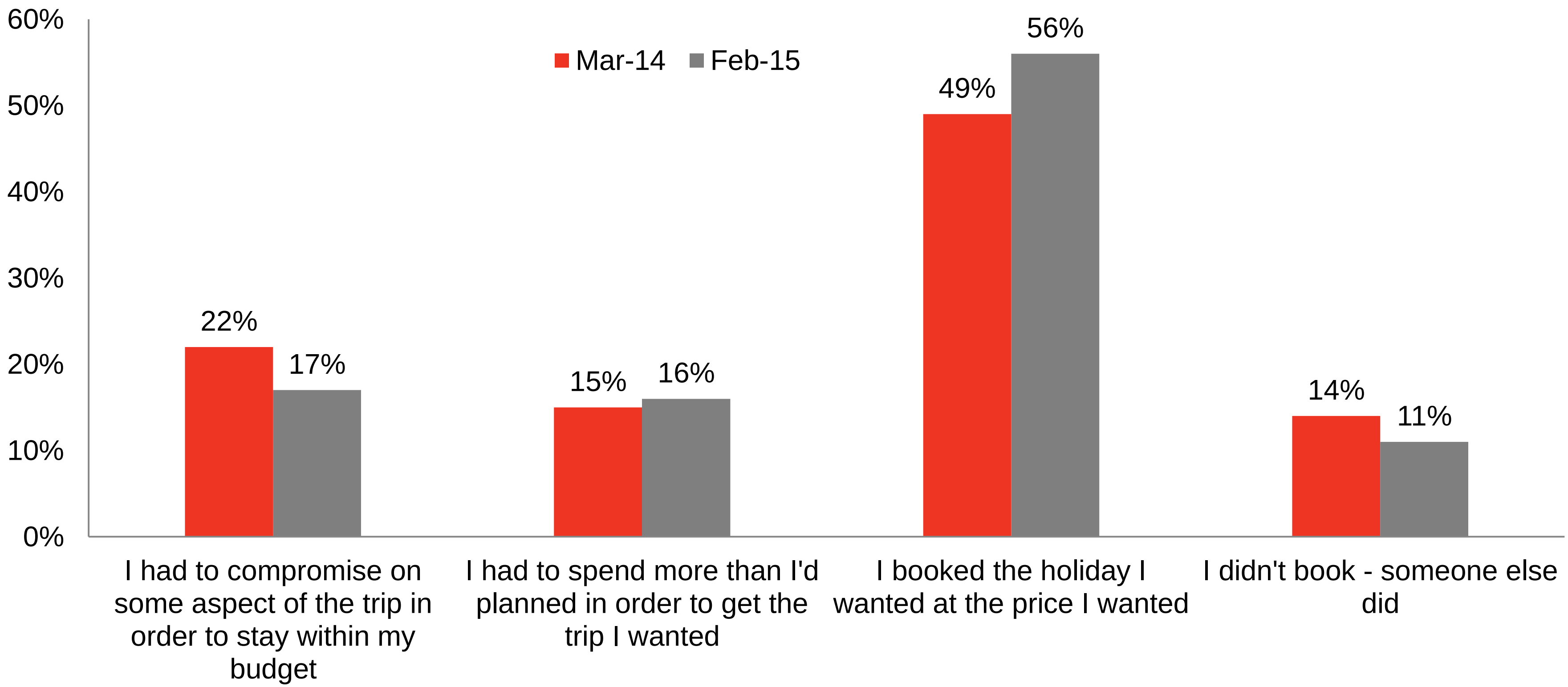
Less compromise in 2014 than 2013

7% more people getting the trip they wanted at the price they wanted



Source: VisitEngland Staycation Monitor Feb 2015 / Base 574

Q8d Thinking of your last trip in England, which of the following statements best describes your experience when booking?

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Drivers of domestic holidays: beyond cost

Cost remains an important reason consumers holiday in England rather than abroad, but **it is rarely the sole, or even the dominant driver**. The growth in domestic holidays in recent years is driving repeat visits, as **are the established trends of convenience, ease and liking England**

- The idea of England as a 'cheaper' option is waning, with fewer consumers – especially for long breaks – saying that this was a major driver in their decision to stay at home
- Instead, England has other strengths driving domestic tourism – including liking England (the top reason for long breaks and now a bigger reason for short ones), it being easier and less hassle and the availability of discounts
- In addition, for long breaks, a legacy effect of the staycation is emerging – with 1 in 3 saying they returned to a place they liked before

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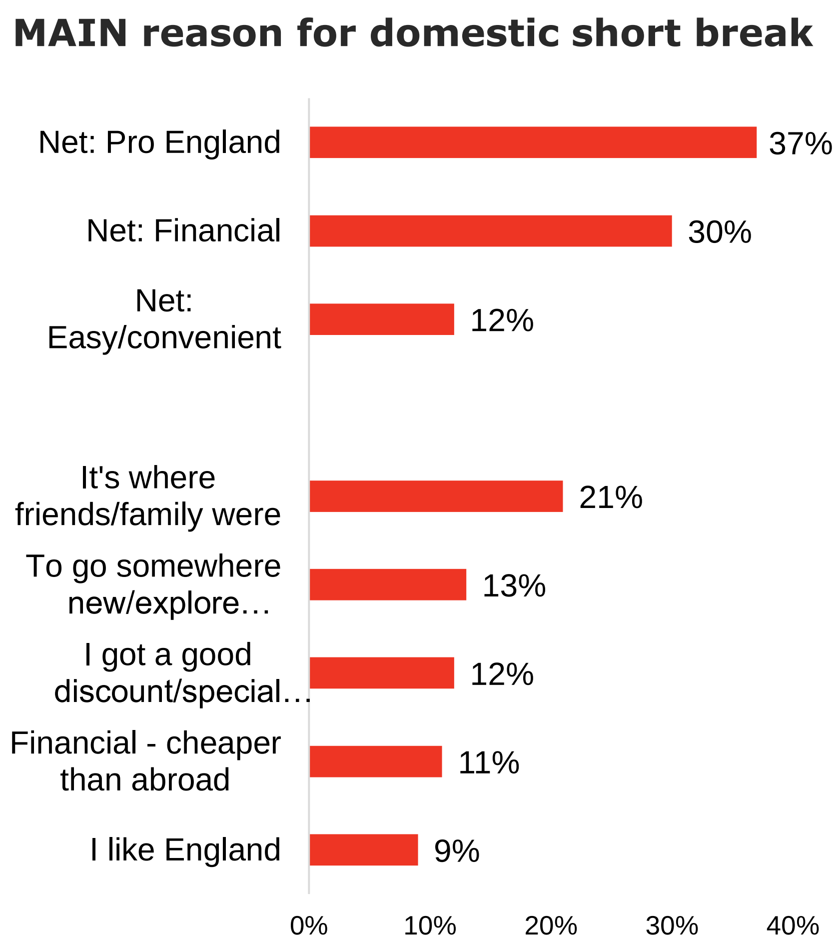
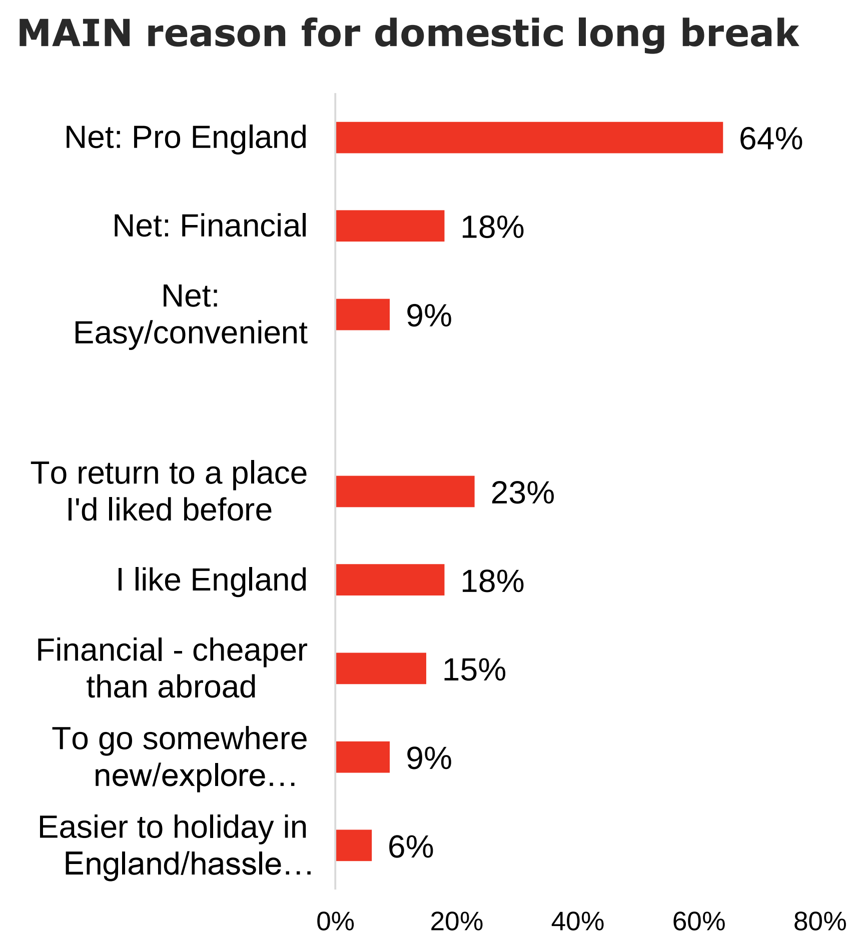
The appeal of England is a bigger driver than finances



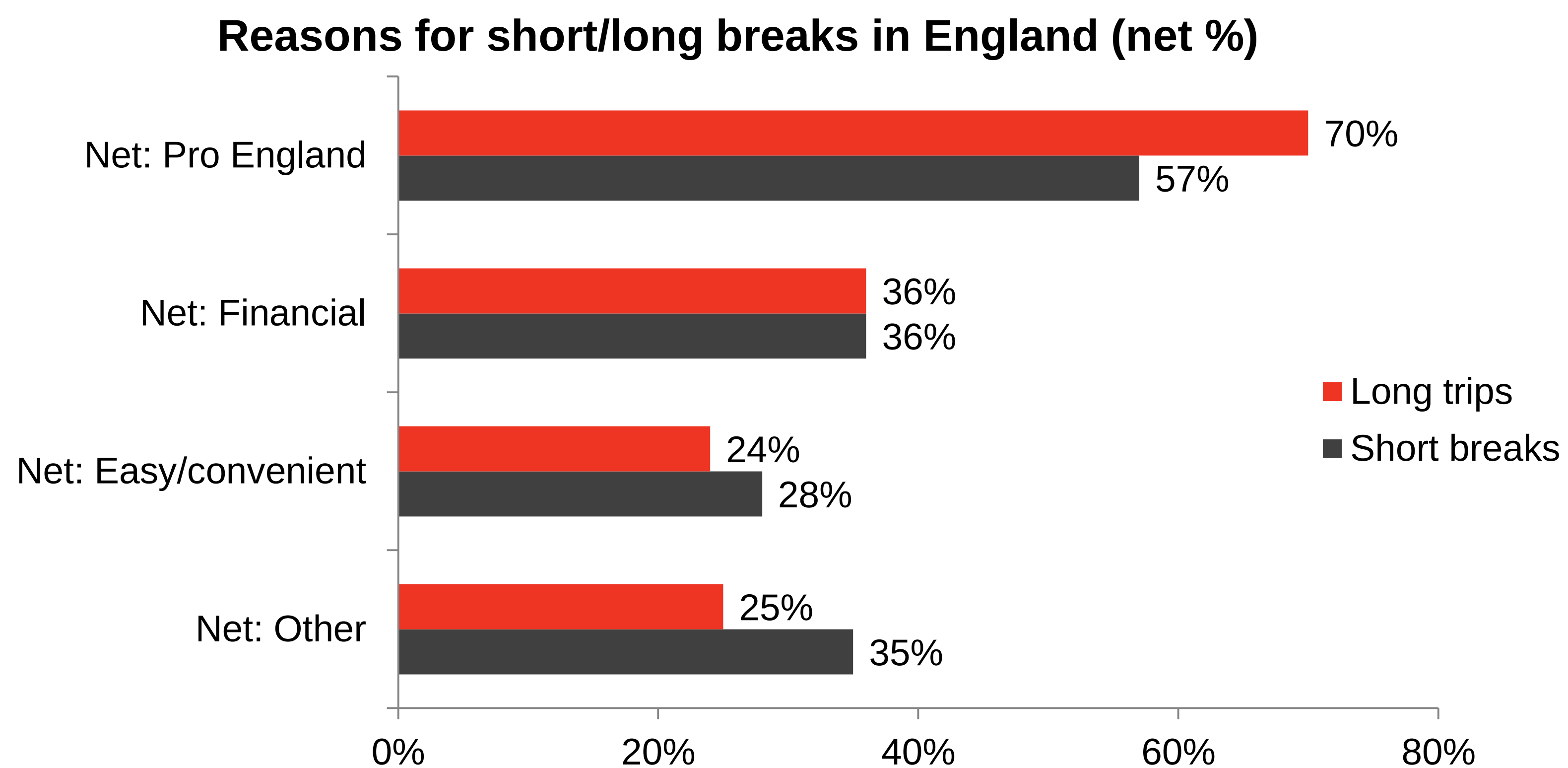


Source: VisitEngland Staycation Monitor Feb 2015 / Base 522/181

Q6d What was your main reason for taking a trip in England rather than abroad?

Financial reasons are less prominent than liking England

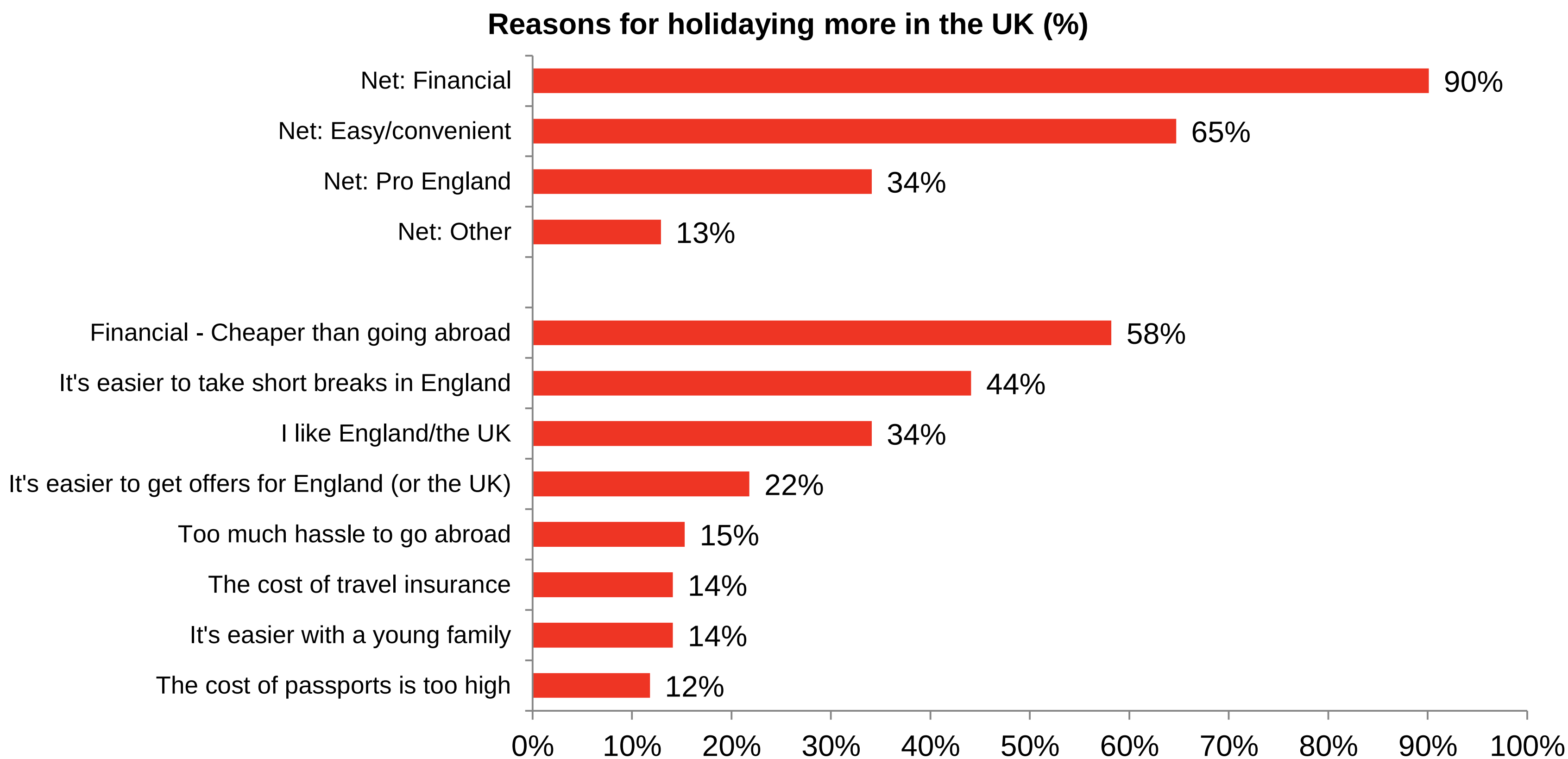
- Discounts for Short Breaks up 5% to 20% YOY
- 13% drop in those saying financial reasons for a long break in England
- 5% rise in taking a long trip in England to return somewhere they liked



Source: VisitEngland Staycation Monitor Feb 2015 / Base 522/181
Q6d What was your reason for taking a break in England in 2014?

For those holidaying in England more (i.e. switchers), finances dominate

- Cost of passports/travel insurance a barrier to trips abroad
- Other issues also emerge – caring responsibilities/avoiding hassle
- As well as positive reasons to stay in the UK



Source: VisitEngland Staycation Monitor Feb 2015 / Base 170 (only those holidaying more in England/the UK)
Q5b You said you're holidaying more in England/the UK. Why is this?

Planning and booking

VisitEngland

Planning and booking – what we already know

- Qualitative research last year identified 3 key stages of planning a short trip:

Need – wanting to go away

Ability – able to go away (time/cost)

Trip specific trigger – includes specific location/activity and deal

- Furthermore, 3 key types of holiday emerged based on the nature of the planning involved

Impulsive / last minute trips – with little research, often somewhere known

Considered / planned trips – somewhere new, longer lead time, more planning

Routine / regular trips – annual or traditional event, same place/people

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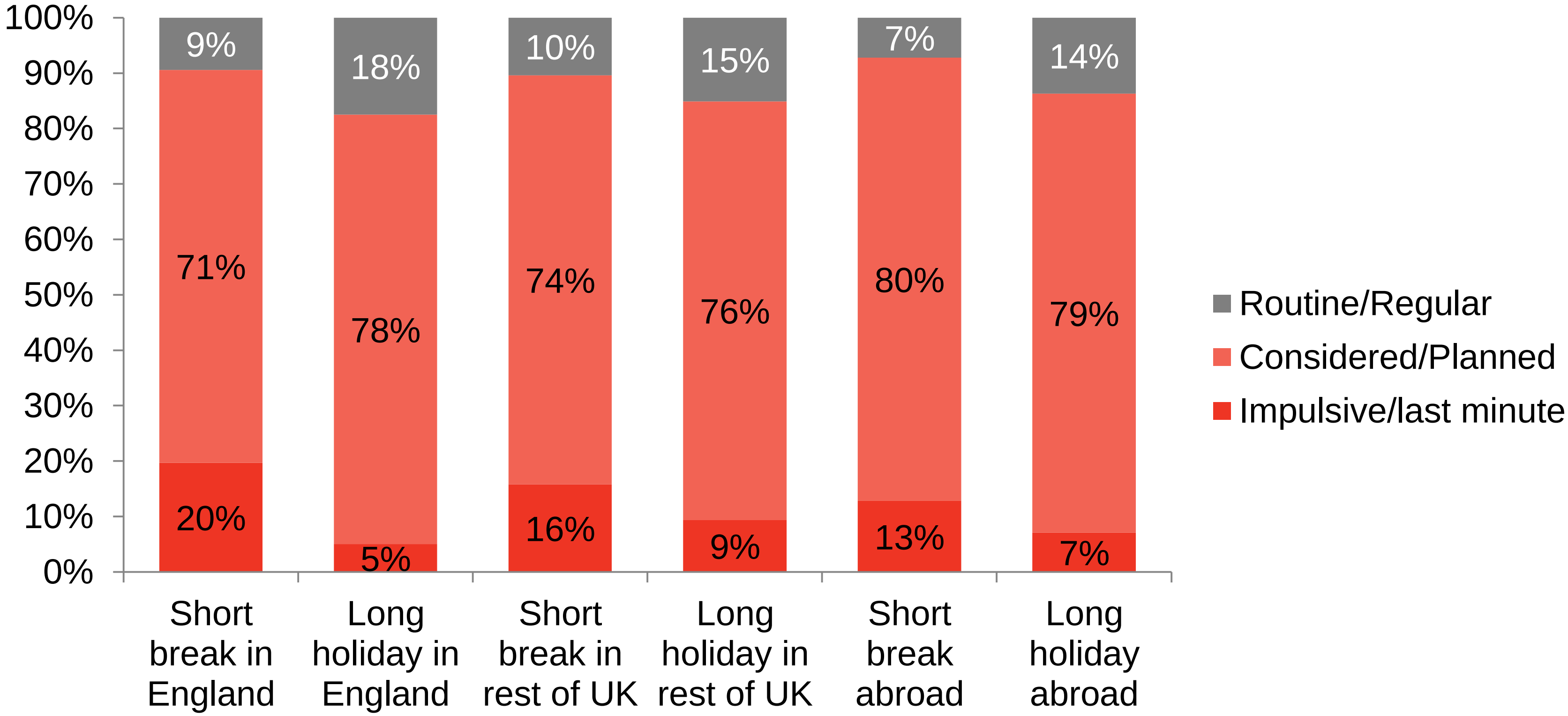
1 in 5 short breaks in England are spur of the moment

- Women more likely to take last minute trips abroad (16%/9%)
- Younger more likely to take impulsive trips everywhere
- Routine trips dominated by older

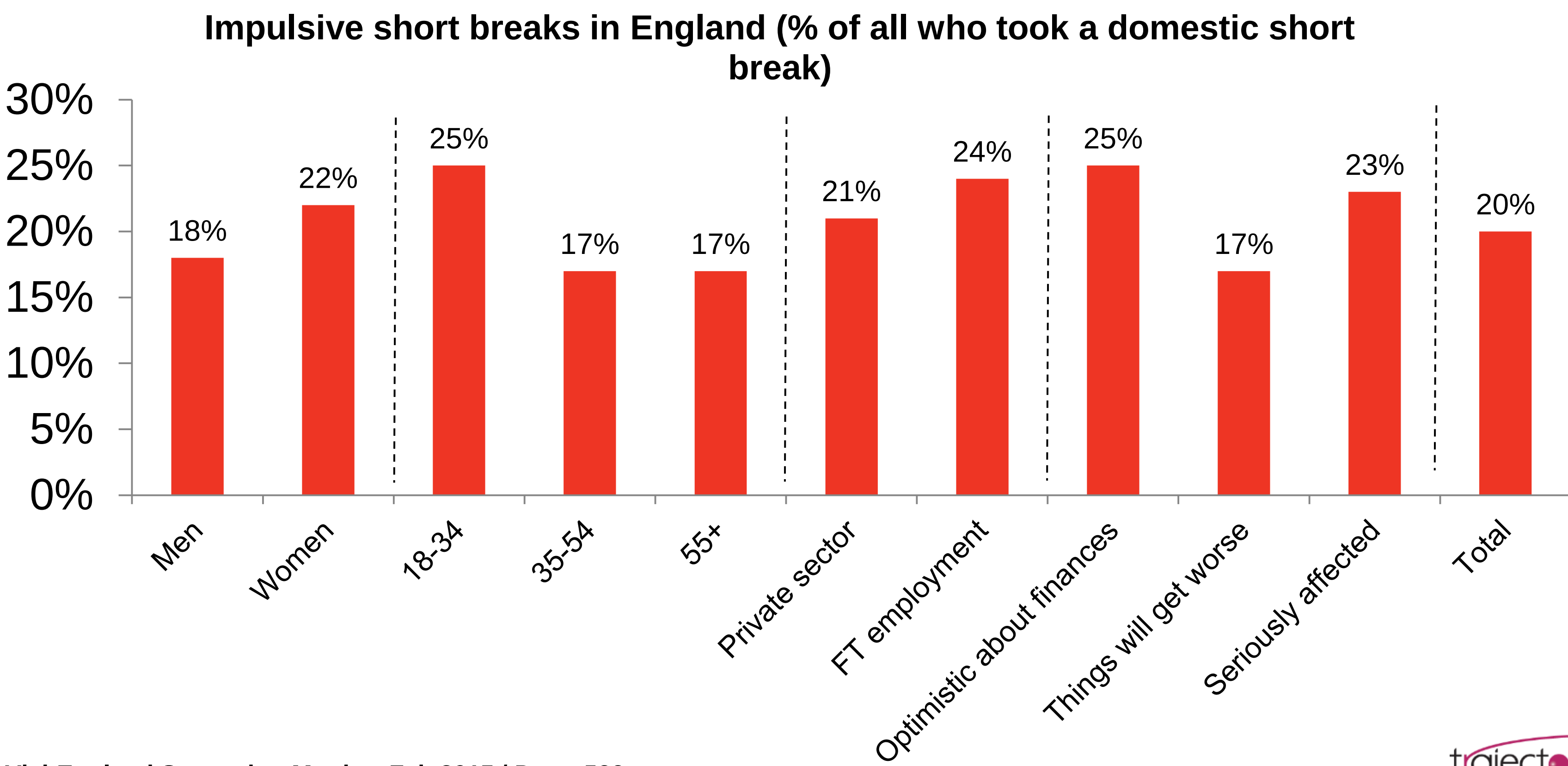


Source: VisitEngland Staycation Monitor Feb 2015 / Base: 53-522

Q6ab:For each holiday you took, please say if this trip was impulsive, considered or routine

Impulsive trip takers: Profile

- Demographically, impulsive trip takers tend to be younger and female – especially for domestic short breaks
- While they are as likely to feel affected by the downturn, they are more optimistic about the future



Source: VisitEngland Staycation Monitor Feb 2015 / Base: 522

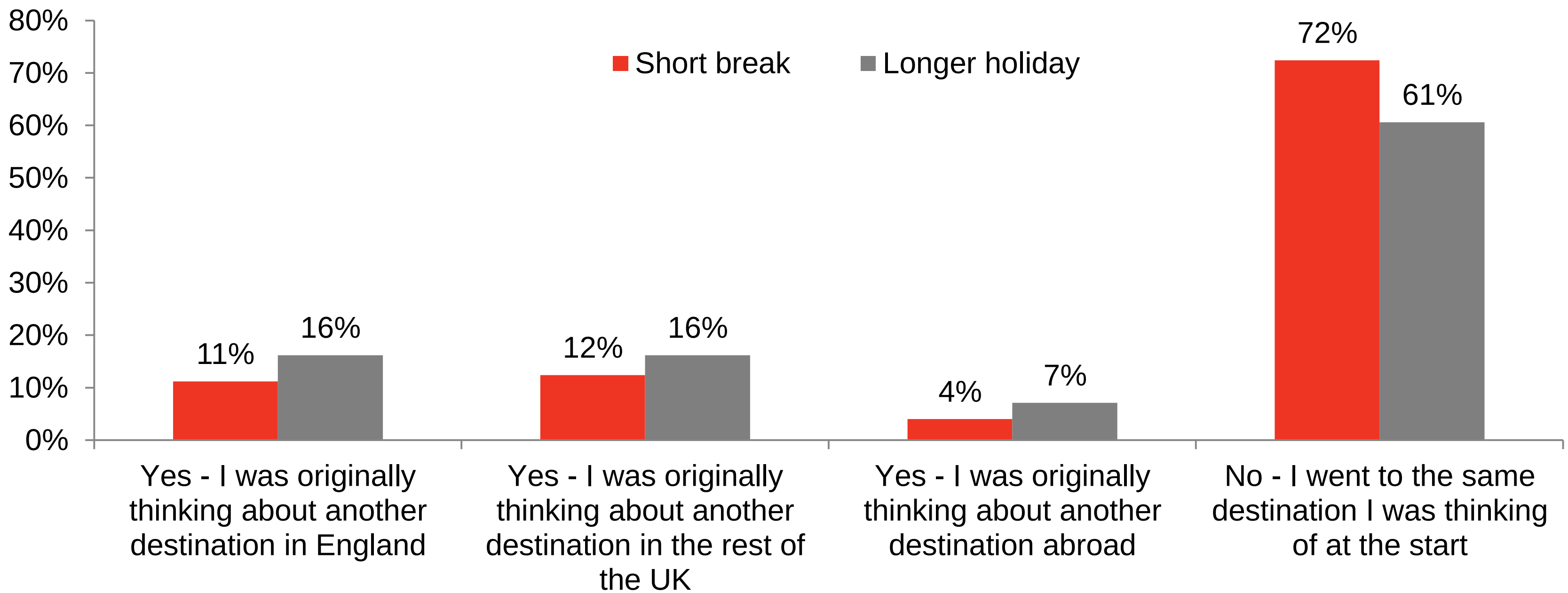
Q6ab:For each holiday you took, please say if this trip was impulsive, considered or routine

VisitEngland

28% of short breaks and 39% of long trips change during the planning process

- For short breaks, this is less likely to be for those cutting back on holiday spend (76% go to the original place)
- Strong age bias – older least likely to change, younger most likely

When you started thinking about your last trip in England, were you considering going to another destination than the one you actually went to?



Source: VisitEngland Staycation Monitor Feb 2015 / Base: 475/99

Q8f: When you started thinking about your last trip in England, were you considering going to another destination than the one you actually went to?

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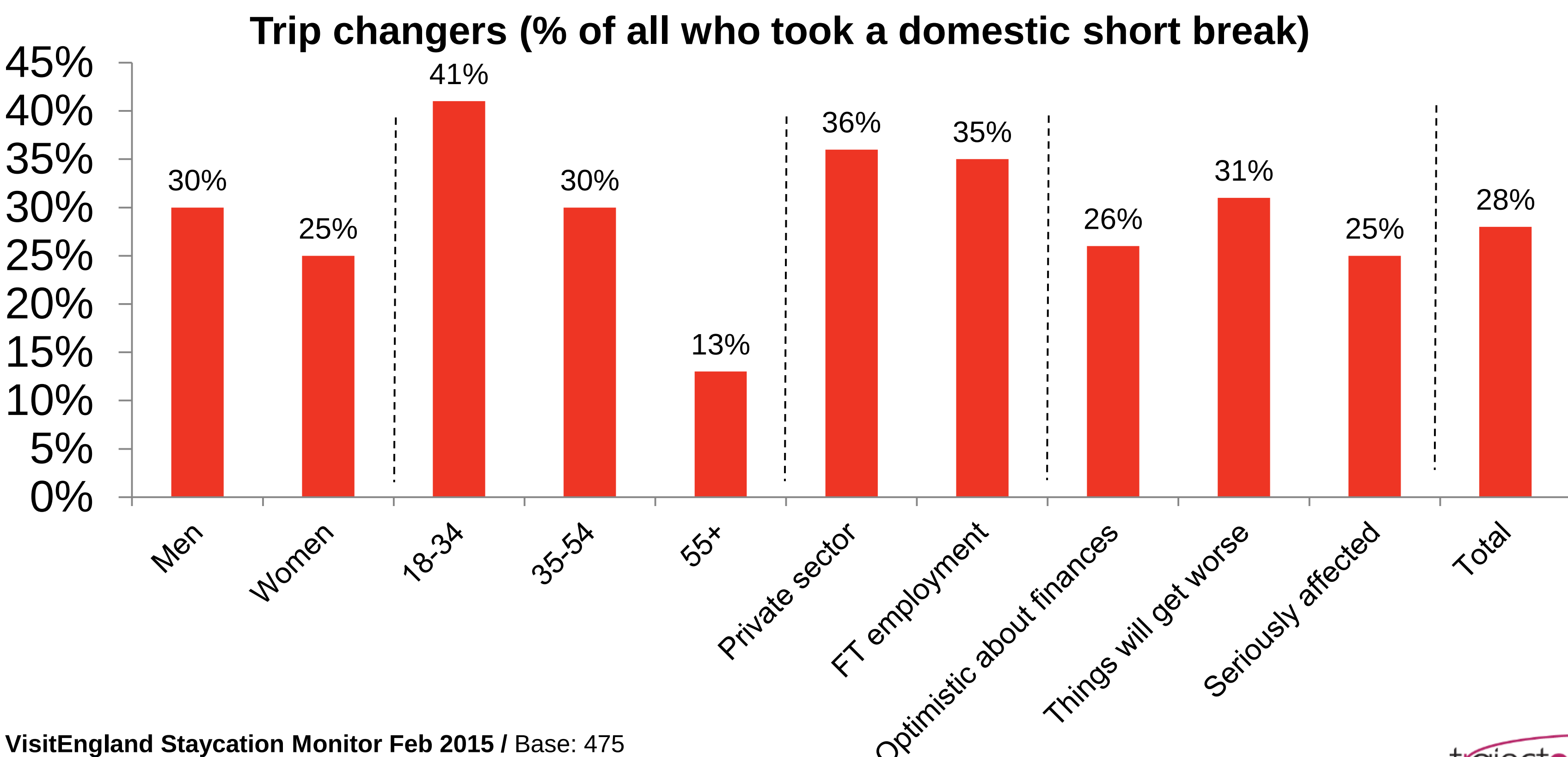
Trip-changers

- Like the impulsive short break takers, trip changers are also younger, but more likely to be male, and more likely to be in FT work
- Significant numbers of those who feel affected by the downturn are likely to change their trip



Source: VisitEngland Staycation Monitor Feb 2015 / Base: 475

Q8f: When you started thinking about your last trip in England, were you considering going to another destination than the one you actually went to?

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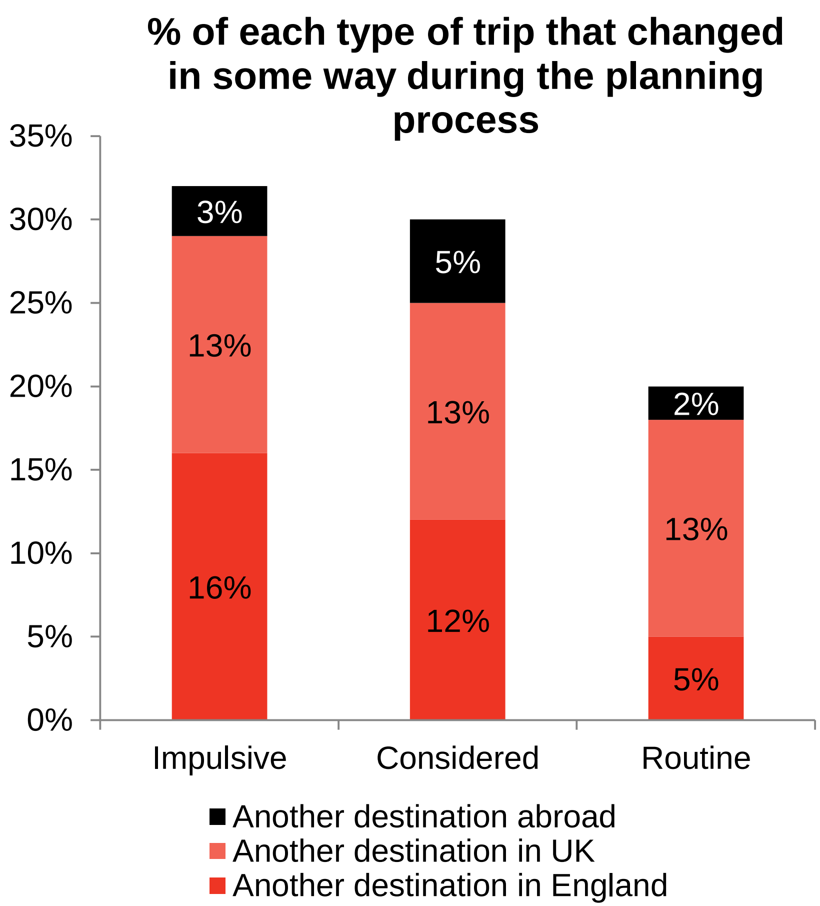
Even routine trips can change during the planning process



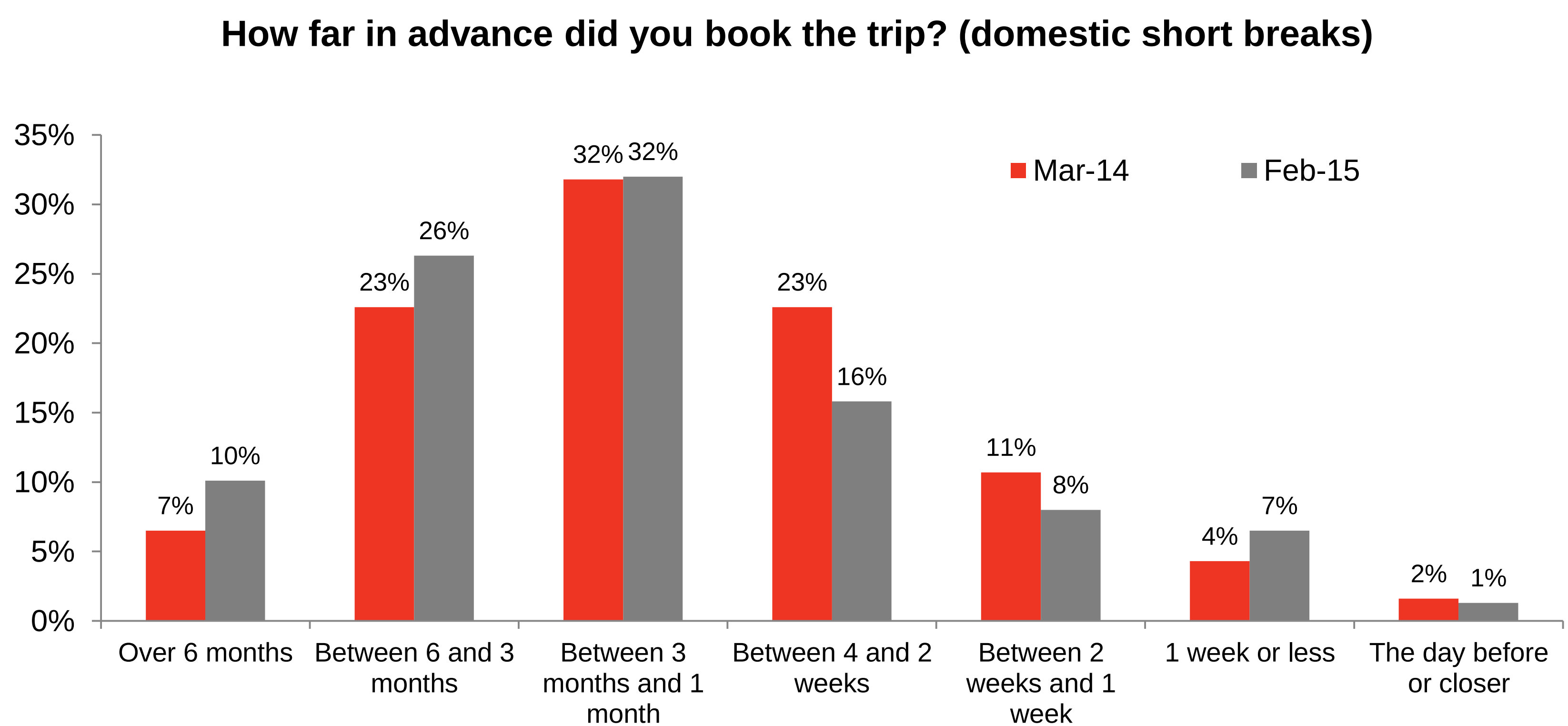
- Impulsive trips are the most likely to be altered (32%)– but only marginally more so than considered ones (30%)
- This is likely to be a result of the lack of flexibility last minute trips may have – often tied to specific deal or opportunity
- Considered trips, on the other hand, are more open to change due to the longer lead in time
- Even routine trips can change (20%) – indicating that the 'routine' element is dictated as much by time and people as by place

Source: VisitEngland Staycation Monitor Feb 2015 / Base: 170

Q8f: When you started thinking about your last trip in England, were you considering going to another destination than the one you actually went to?

Fewer short breaks booked last minute

- Almost a third of domestic short breaks booked a month or less in advance
- Younger more likely to book a week or less in advance (15%) & more likely overall (36%)
- Switchers less likely to wait until a month before (20%)



Source: VisitEngland Staycation Monitor Feb 2015 / Base: 475

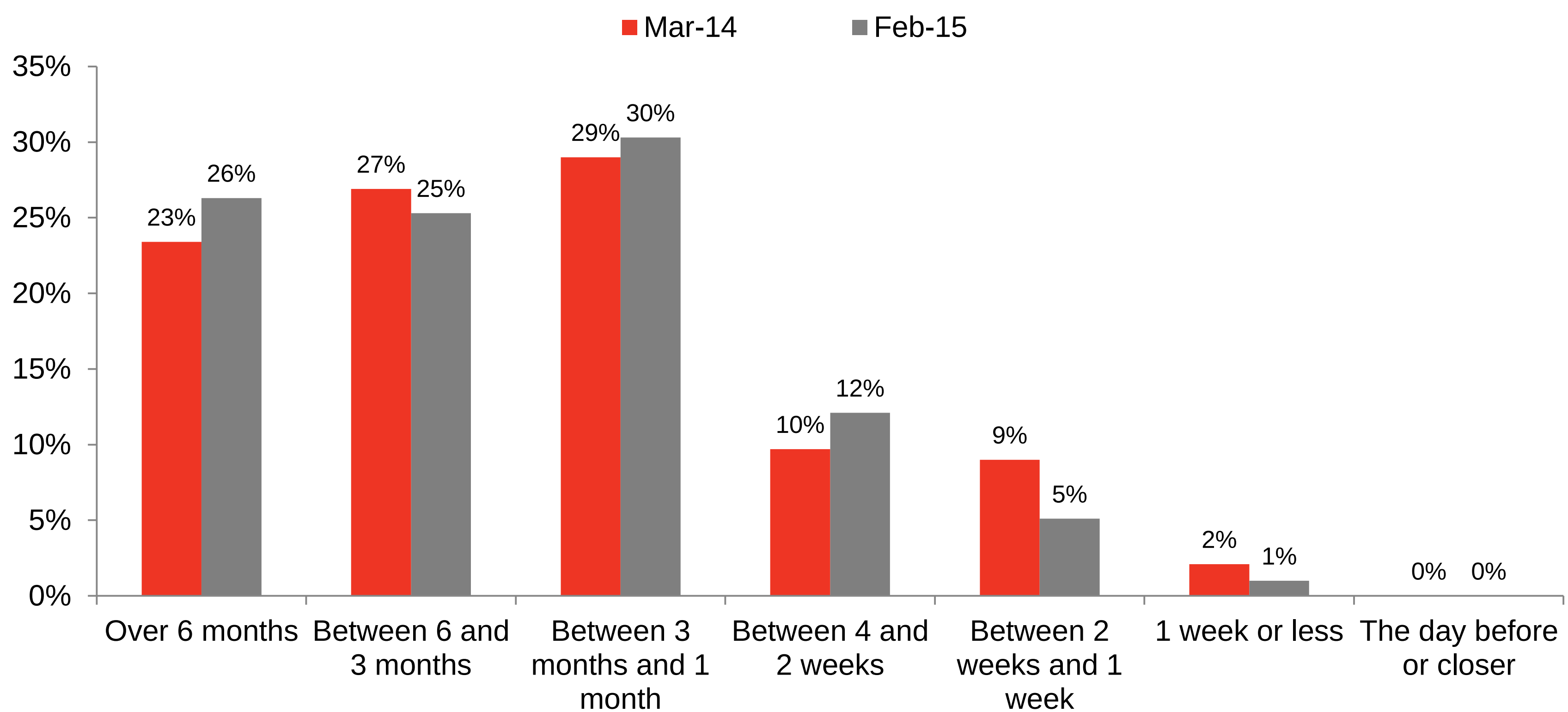
Q8f: How far in advance did y6ou book it/was it booked?

VisitEngland

Slight fall in last minute long breaks

- Vast majority booked at least a month in advance
- Younger most likely to do so (29%)
- Those spending less on holidays also likely to book later (23%)

How far in advance did you book the trip? (domestic long breaks)



Source: VisitEngland Staycation Monitor Feb 2015 / Base: 99

Q8f: How far in advance did y6ou book it/was it booked?

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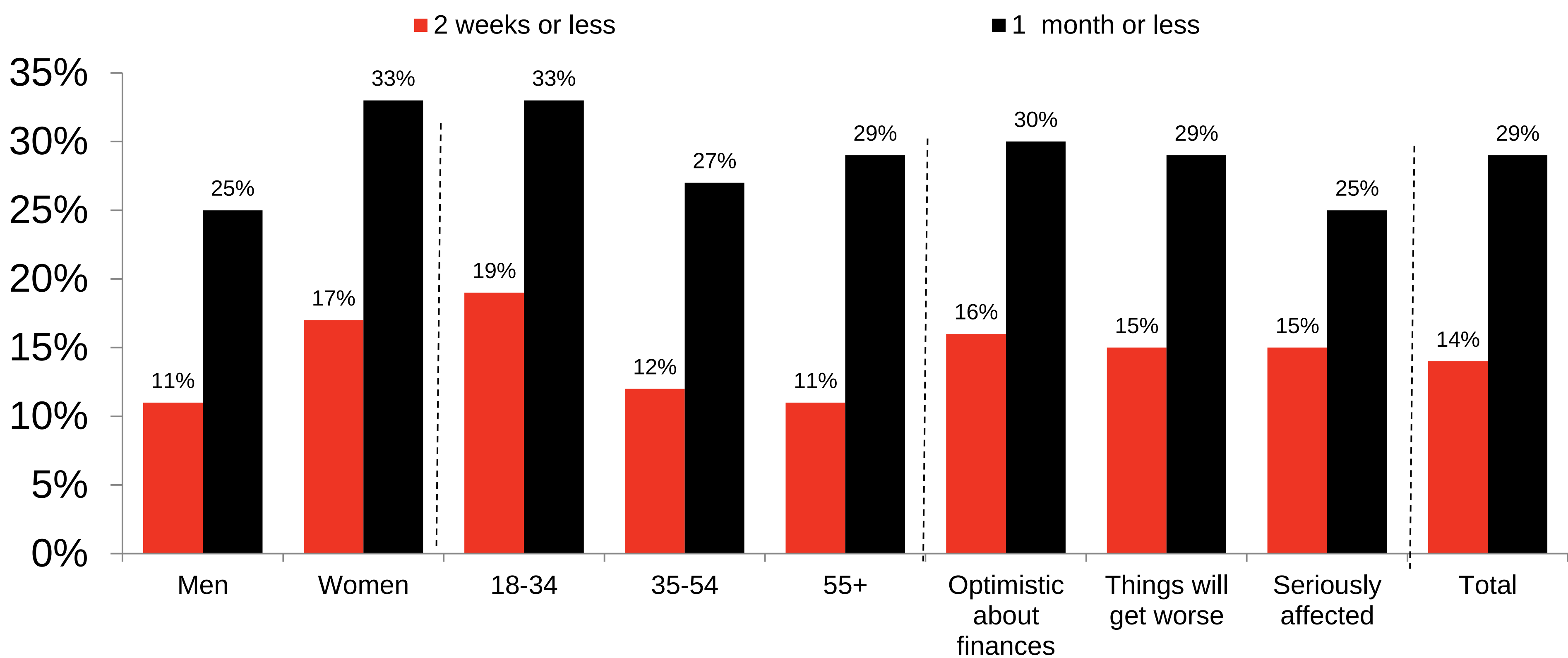
Last minute bookers

- Younger and female skew, although older are almost as likely to book a month in advance or less

Last minute bookers, by time of booking (% of all taking any England trip)



Source: VisitEngland Staycation Monitor Feb 2015 / Base: 574

Q8f: How far in advance did you book the trip?

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Booking & planning: opportunities to influence domestic breaks

- There is potential to influence a significant number of trips – in total, 16% of all trips taken in 2014 were impulsive, and 30% of domestic trips were different to the original plans
- Across last minute bookers, trip changers and impulsive trip changers, common characteristics emerge – these consumers are likely to be younger, in work, and although cautious about the recovery, beginning to feel more optimistic about their future
- In line with our qualitative findings, therefore, consumers are receptive to opportunities to maximise their holidays (and spending behaviour analysis suggests they are gearing their spending proactively towards this), with last minute and impulsive trips the most suggestible and easy to influence
- However, even routine trips, and those with longer lead in times are subject to change – with price, deals and destination all moveable as long as the trip purpose, or company remains the same

Holidays in 2015 & beyond

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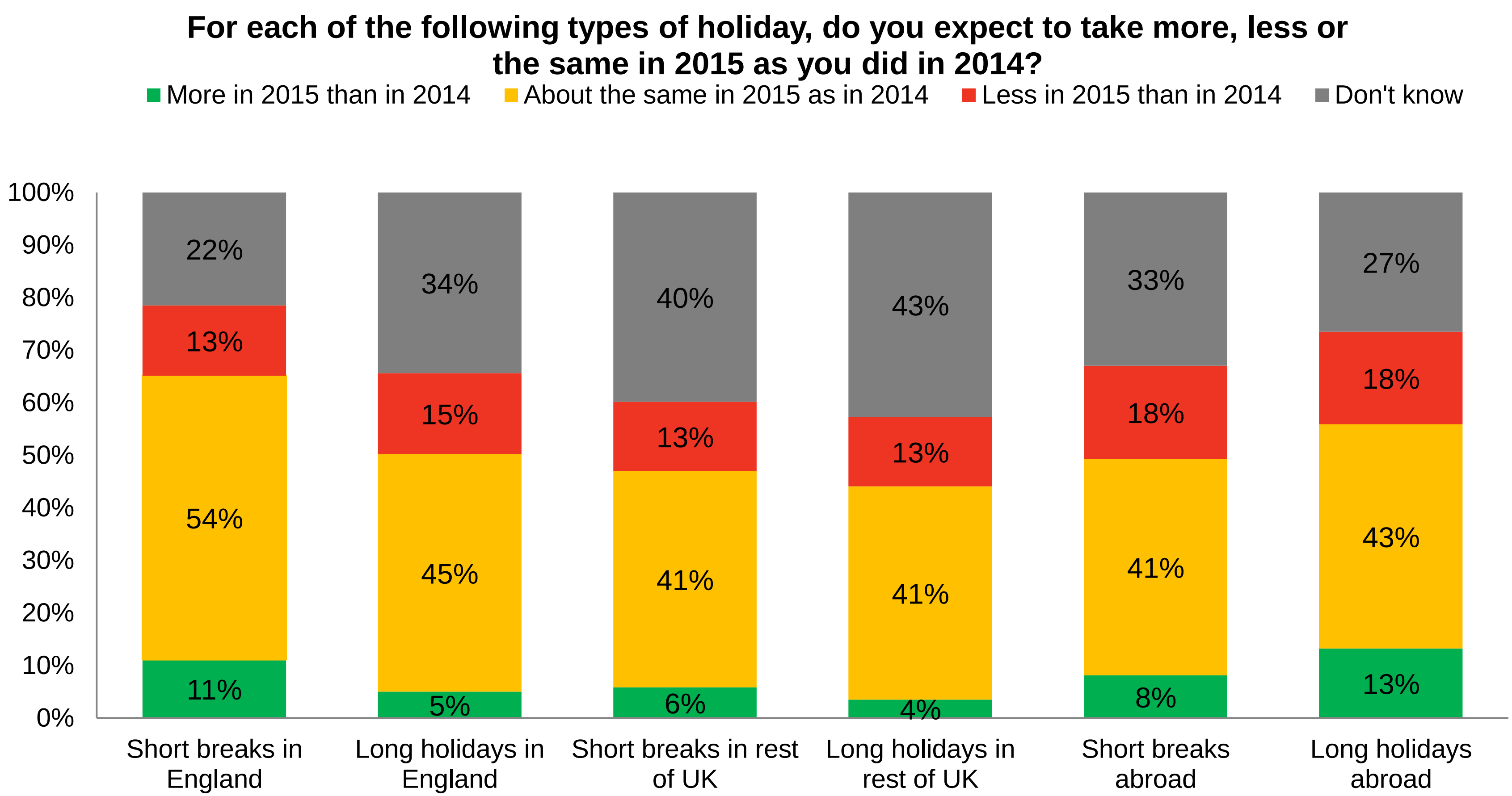
Balance still lies with those expecting to take less



Source: VisitEngland Staycation Monitor Feb 2015 / Base: 931

Q11a: For each of the following types of holiday, do you expect to take more, less or the same in 2015 as you did in 2014?

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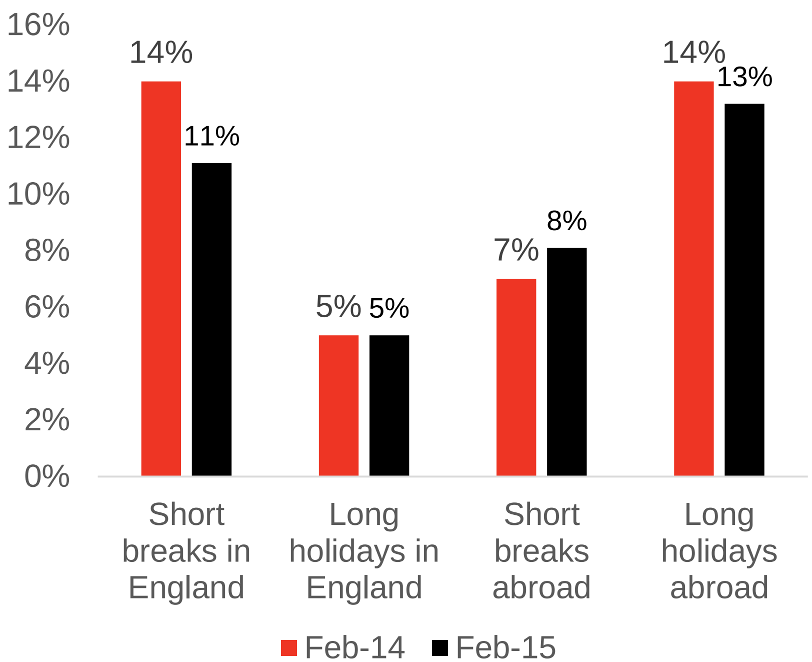
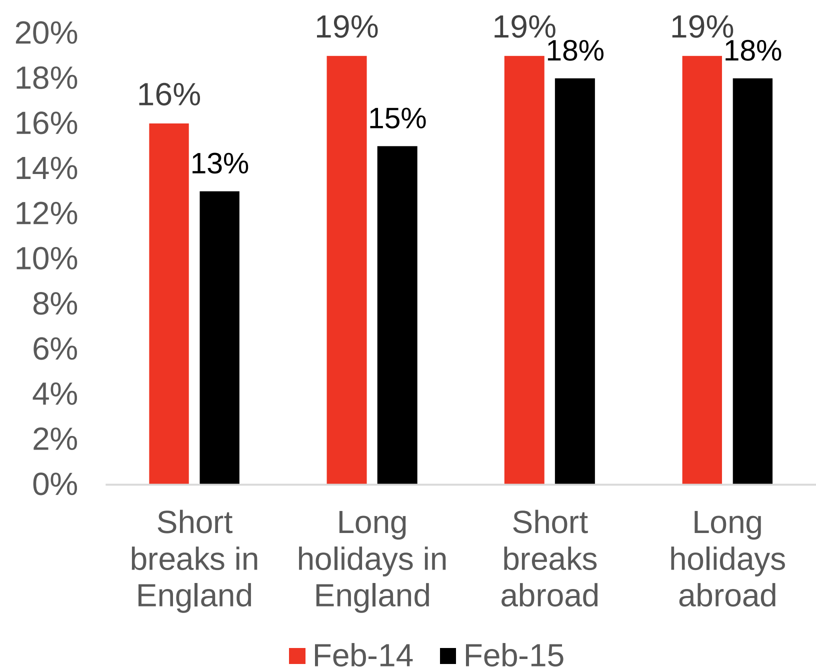
YOY decline in those expecting to take fewer domestic breaks

- But pessimism increased since end of summer

Expecting to take more



Expecting to take less



Source: VisitEngland Staycation Monitor Feb 2015 / Base: 931

Q11a: For each of the following types of holiday, do you expect to take more, less or the same in 2015 as you did in 2014?

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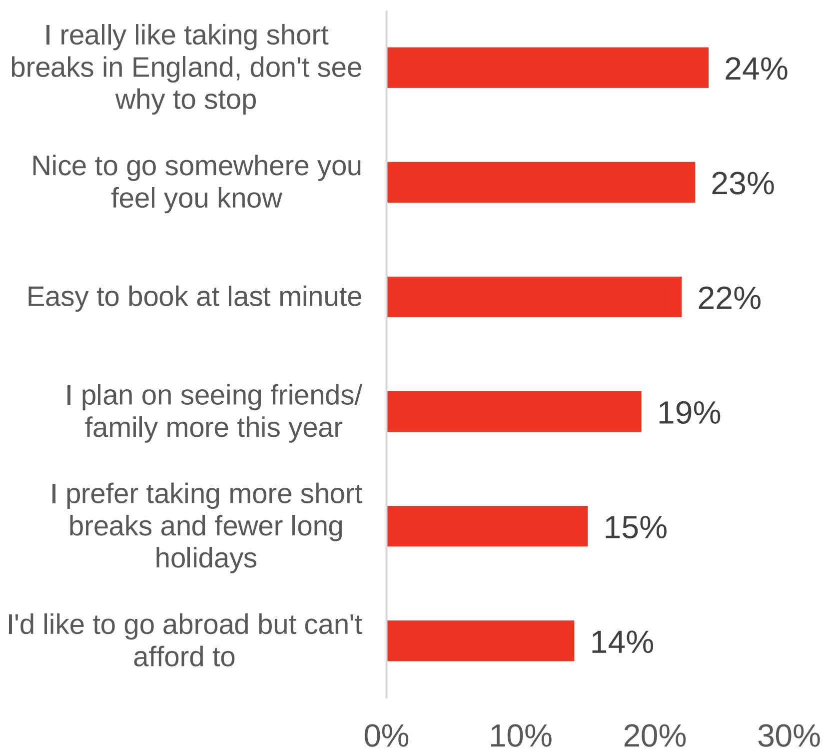
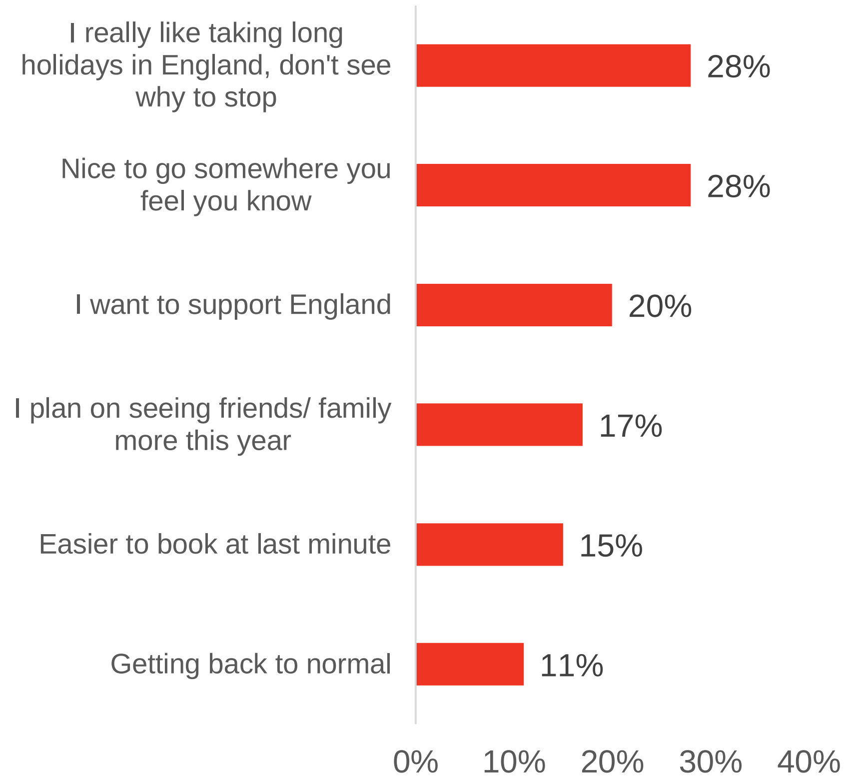
The appeal of England is driving domestic trips

- Practical and financial reasons decline – although this could be related to slight decline in those expecting to take more

Reasons for more short breaks



Reasons for more long holidays



Source: VisitEngland Staycation Monitor Feb 2015 / SMALL SAMPLE: 100 / 46

Q11a: Why do you expect to take more holidays in England this year?

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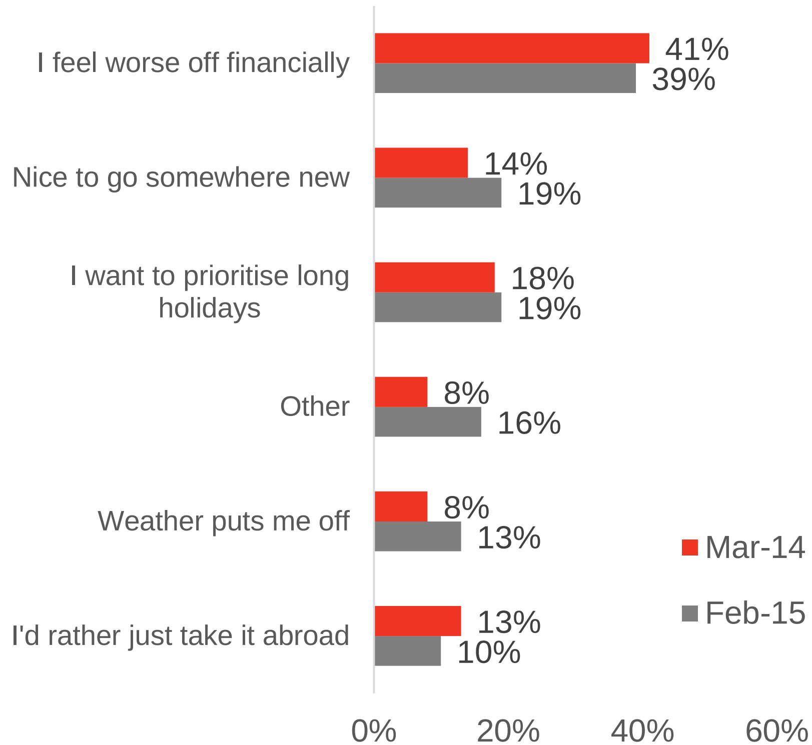
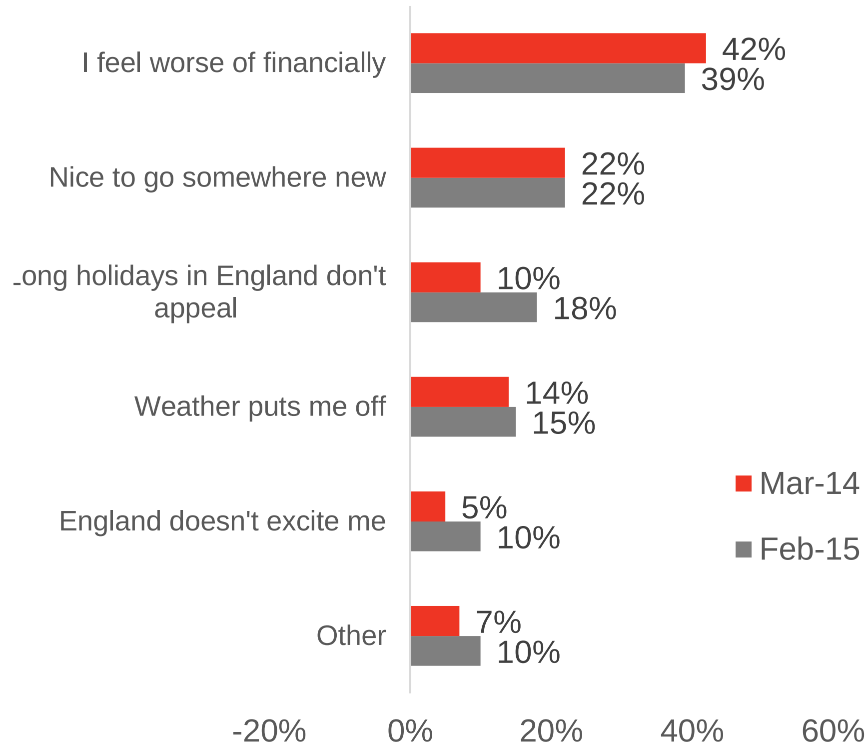
Finances dominate those taking fewer domestic trips

- 18% say long holidays don't appeal
- others want to go somewhere new

Reasons for fewer short breaks



Reasons for fewer long holidays



Source: VisitEngland Staycation Monitor Feb 2015 / SMALL SAMPLE: 120 / 141

Q11a: Why do you expect to take less holidays in England this year?

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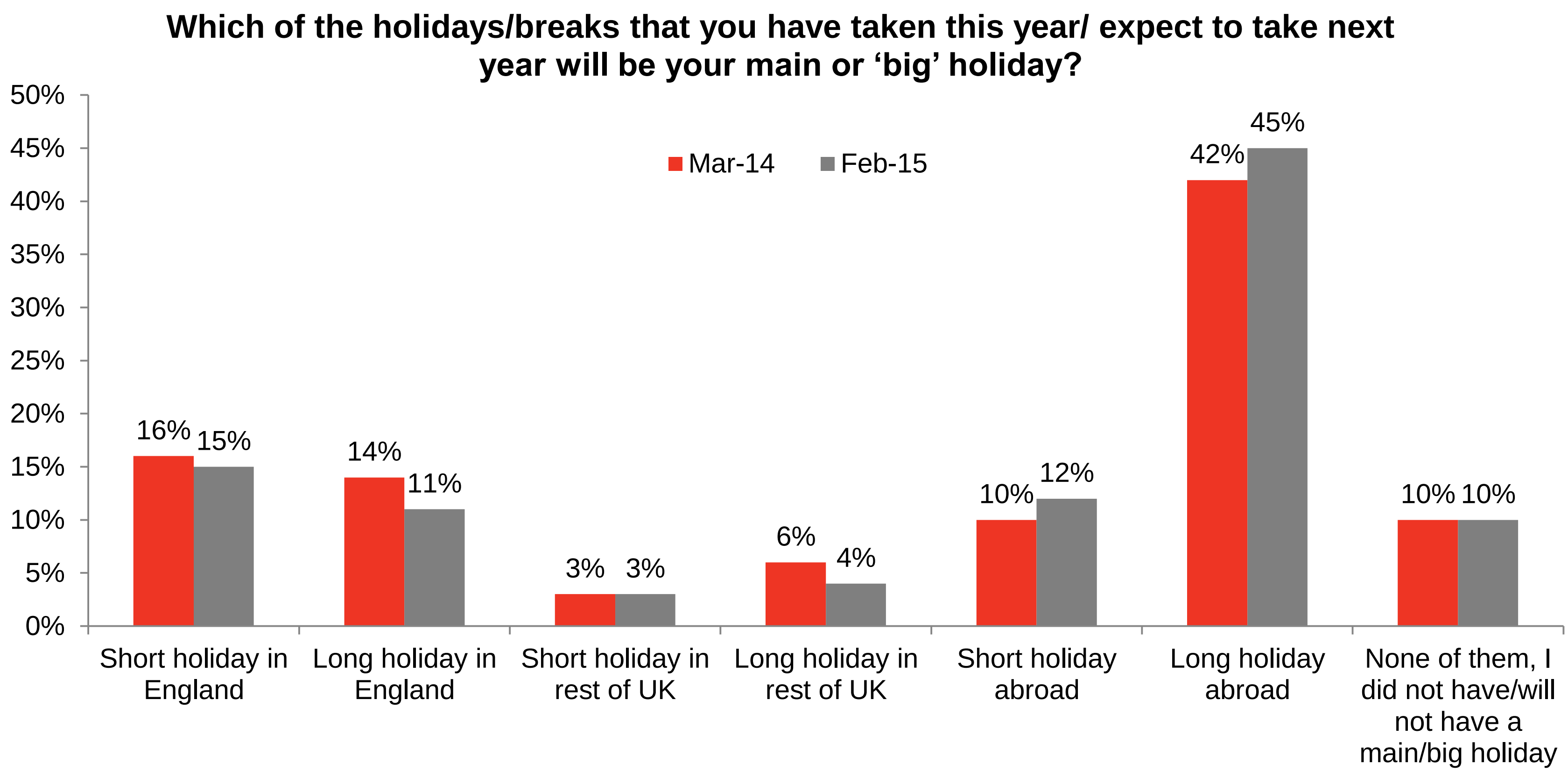
Declining numbers expect their domestic break to be their main one

- Consumers able to go abroad increasingly prioritising the long break
- Over a quarter will take their main holiday in England



Source: VisitEngland Staycation Monitor Feb 2015 / Base 1002

Q6b Which of the holidays/breaks that you have taken this year/ expect to take next year will be your main or 'big' holiday?

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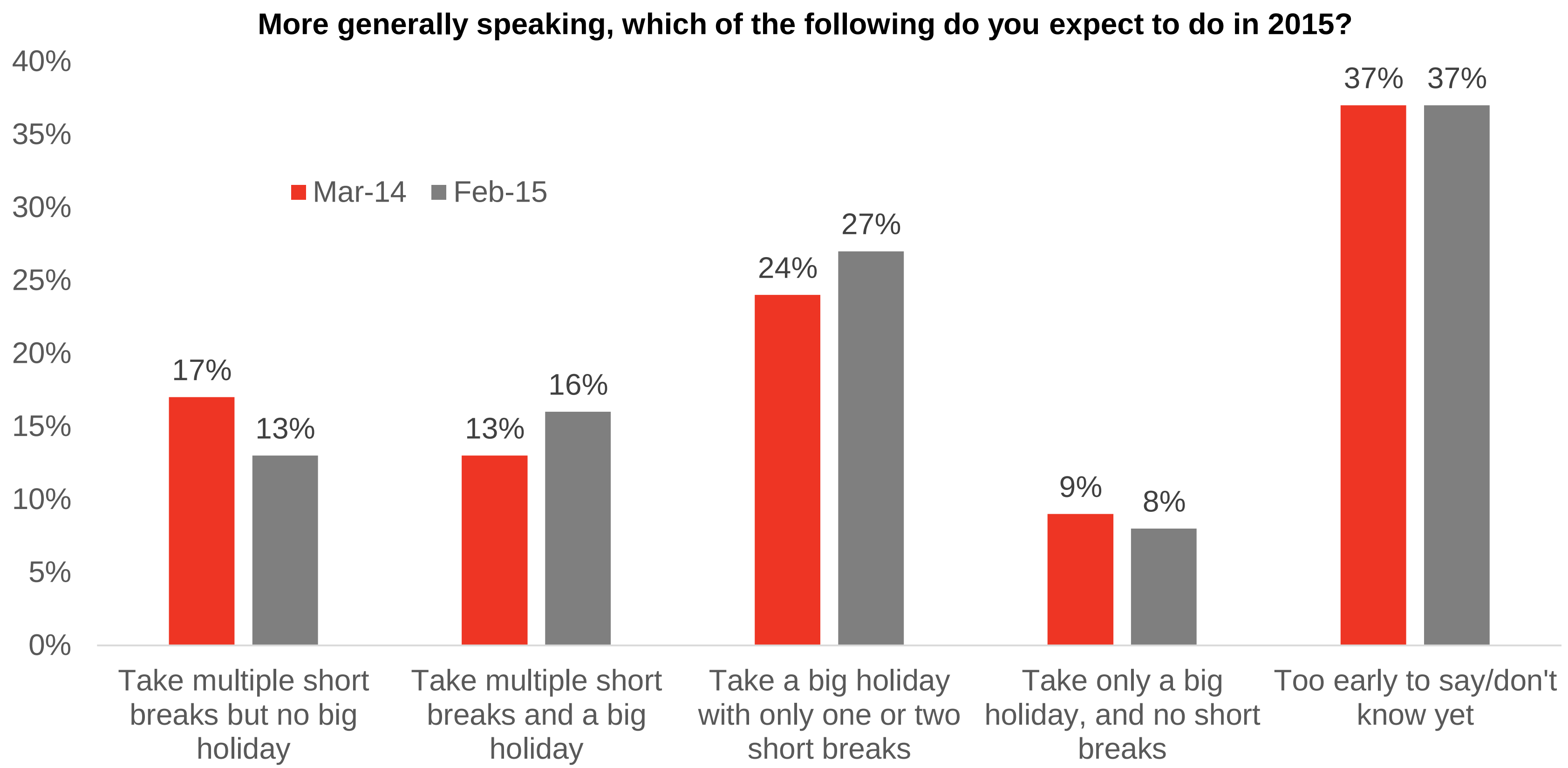
Very slight shift towards taking a big holiday



Source: VisitEngland Staycation Monitor Feb 2015 / Base 1002

Q11f More generally speaking, which of the following do you expect to do in 2015?

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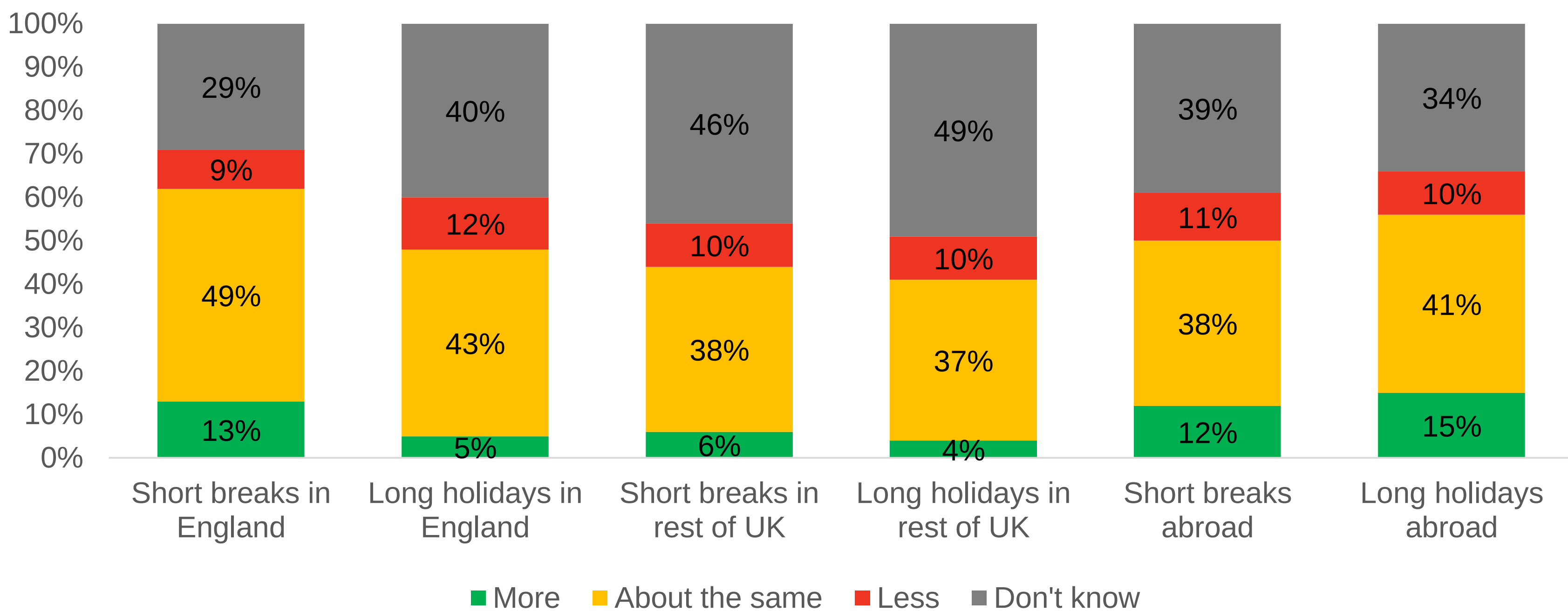
Little change from a year ago - balance just lies with taking more trips abroad

- Economic uncertainty reflected in unwillingness to plan ahead – around 80% expect no change or don't know
- However, those that do say indicate more short breaks in England and more long trips abroad

Thinking about the longer term (3-4 years) will you take more, less or the same number of trips than you will this year?

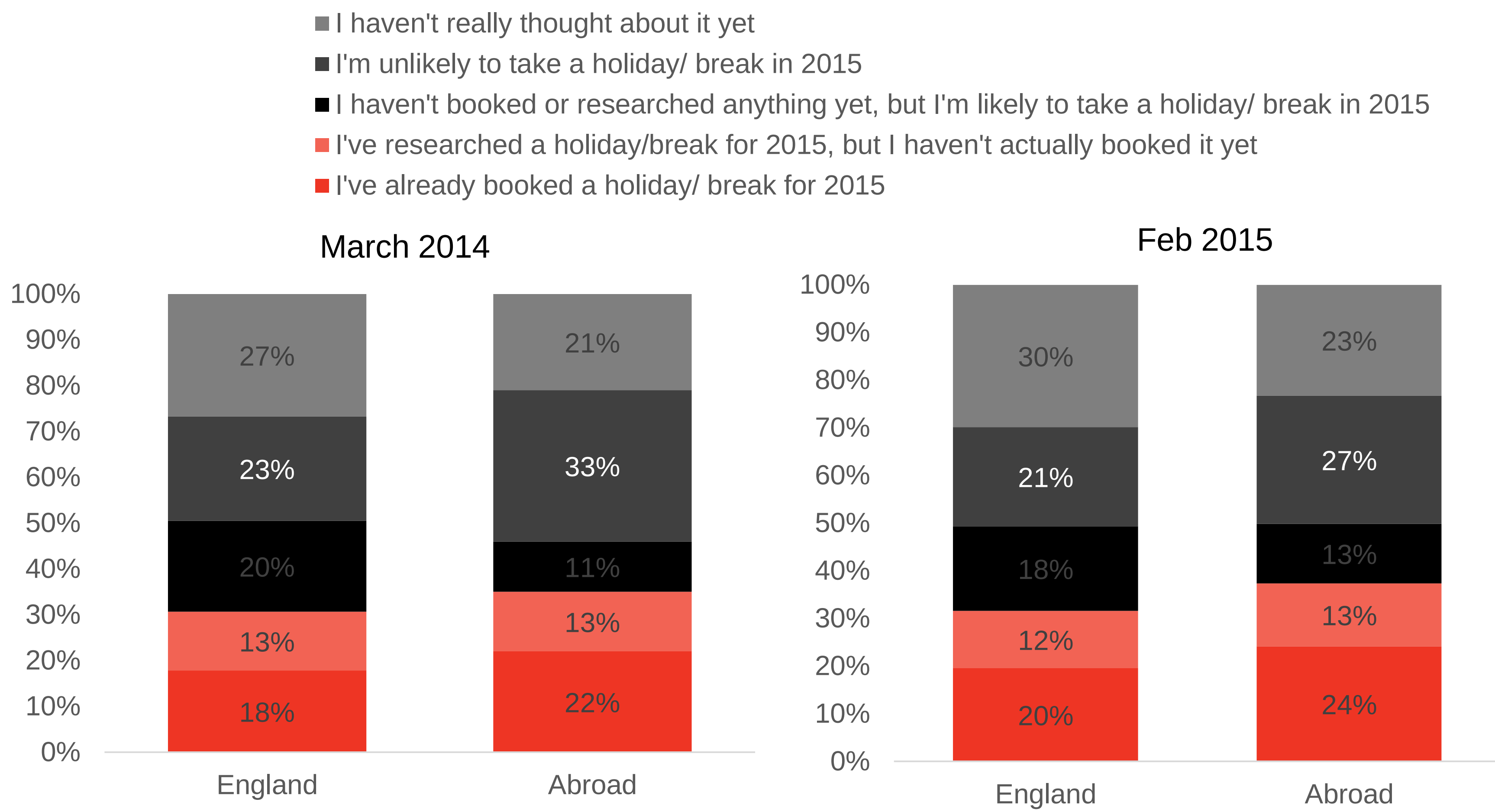


Source: VisitEngland Staycation Monitor Feb 2015 / Base 1002

Q11f Thinking about the longer term (3-4 years) will you take more, less or the same number of trips than you will this year?

Planning – 2014 and 2015 comparison

- Slightly higher booking both domestic and abroad
- Fewer people saying they're unlikely to go abroad



Source: VisitEngland Staycation Monitor Feb 2015 / Base 1002

Q13a/b Which of the following best describes the extent to which you've planned your holidays in England/Abroad?

Implications

Key findings

- The recovery continues at national level but continues to evade people. The effect this wave has been increased concern about the downturn and increased caution about the short term future – although this has not translated into behaviour changes (yet)

- Everyday spending is increasingly subject to some form of cost-saving measure – in order to fund greater spending on treats and holidays

- England remains very competitive as a holiday destination, especially for short breaks. There are also indications that the drivers of domestic trips are increasingly less likely to be practical or financial – and more likely to be driven by wanting to explore England or return to a previous destination

- Between 30-40% of all domestic trips change between being planned and booked – indicating scope to influence and encourage trips

- Consumers remain cautious about the year ahead, but indicate that their long term holiday plans include a balance of short breaks in England with longer trips abroad

Where next for the staycation and why

- The staycation is currently being sustained by economic uncertainty – with some evidence from this data that as people feel better off, they will take long foreign trips at the expense of domestic ones
- There will be no big shift until economic recovery is more concretely underway, and given consumers' current cautiousness, this year, as in 2014 we are likely to see only a gradual increase in overseas travel
- In the short-medium term it is likely the staycation will continue to decline as consumers feel better off – resulting in fewer longer trips in England as pent up demand and greater affluence encourages people to go abroad. As a short break destination, England will remain competitive in both the short term and beyond
- In the longer term, it is possible that the staycation will rally: the length and depth of the downturn ensured consumers were more likely to holiday in England, and their positive experiences of those trips will spur repeat visits and a legacy effect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Thank You

Appendix

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Within holiday spending, consumers continue to move away from cutting back

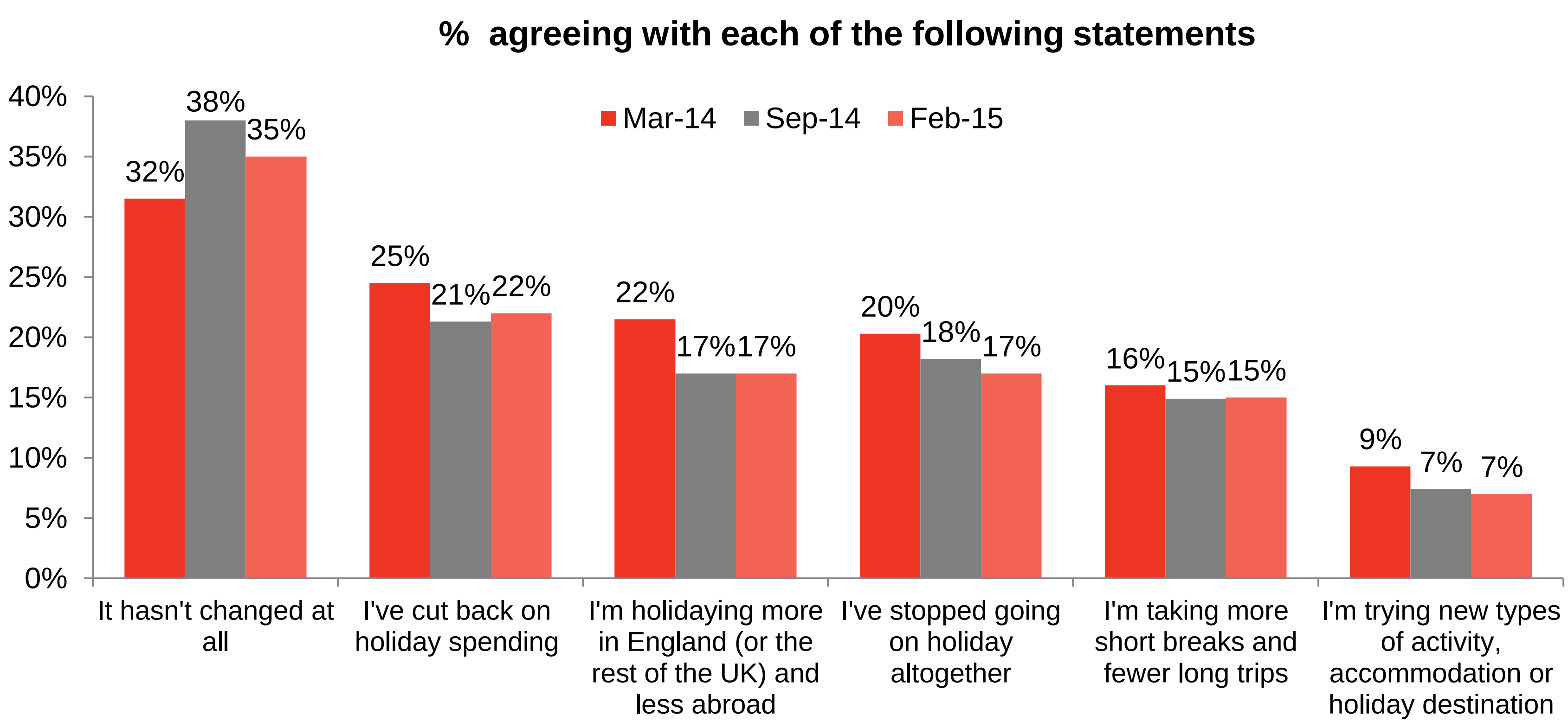
Money-saving holiday behaviours (% of all)

Source: VisitEngland Staycation Monitor Feb 2015 / Base 1,002

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

trajectory the futures partnership

65% have made changes to their holiday behaviour – but little change over last year



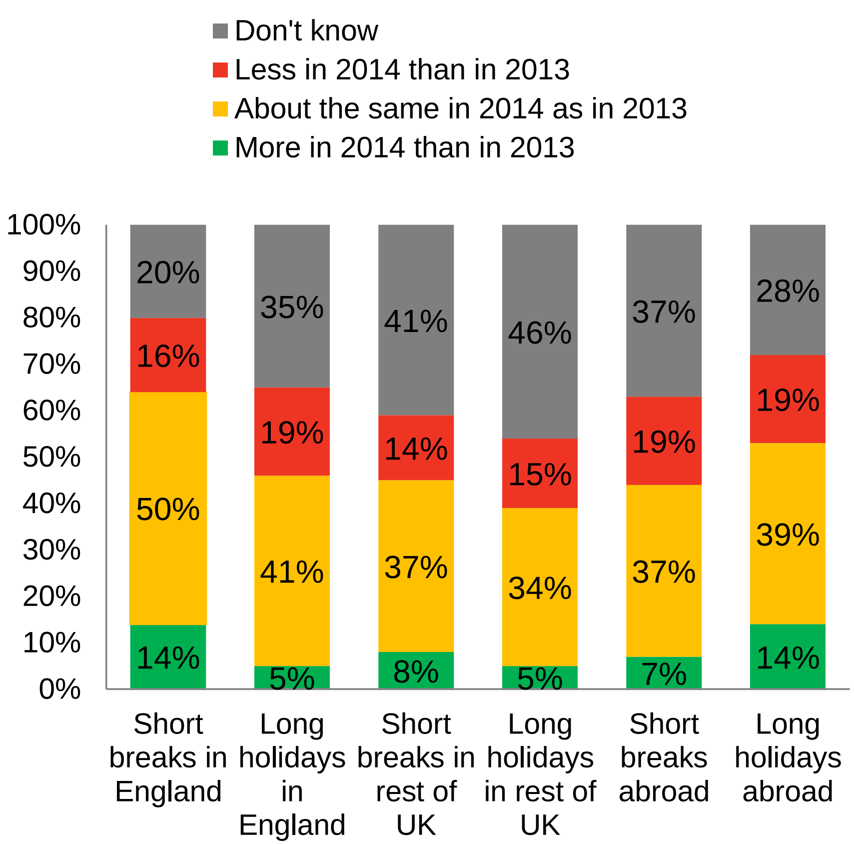
Source: VisitEngland Staycation Monitor Feb 2015 / Base 1002

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

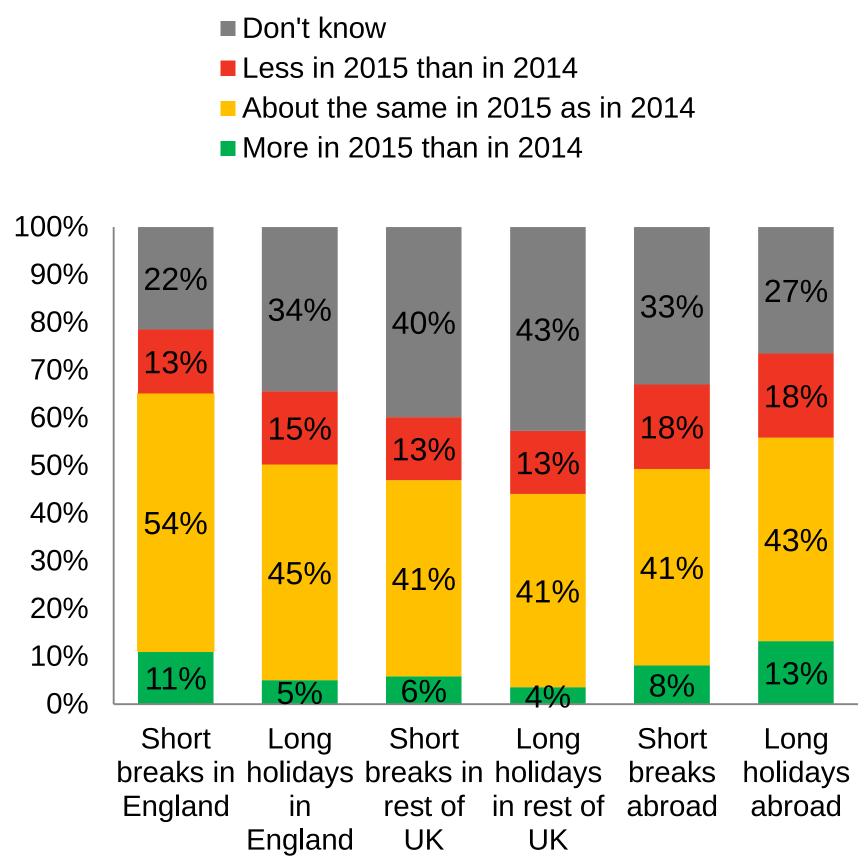
VisitEngland

More, less or the same – 2014 and 2015 compared

2014



2015



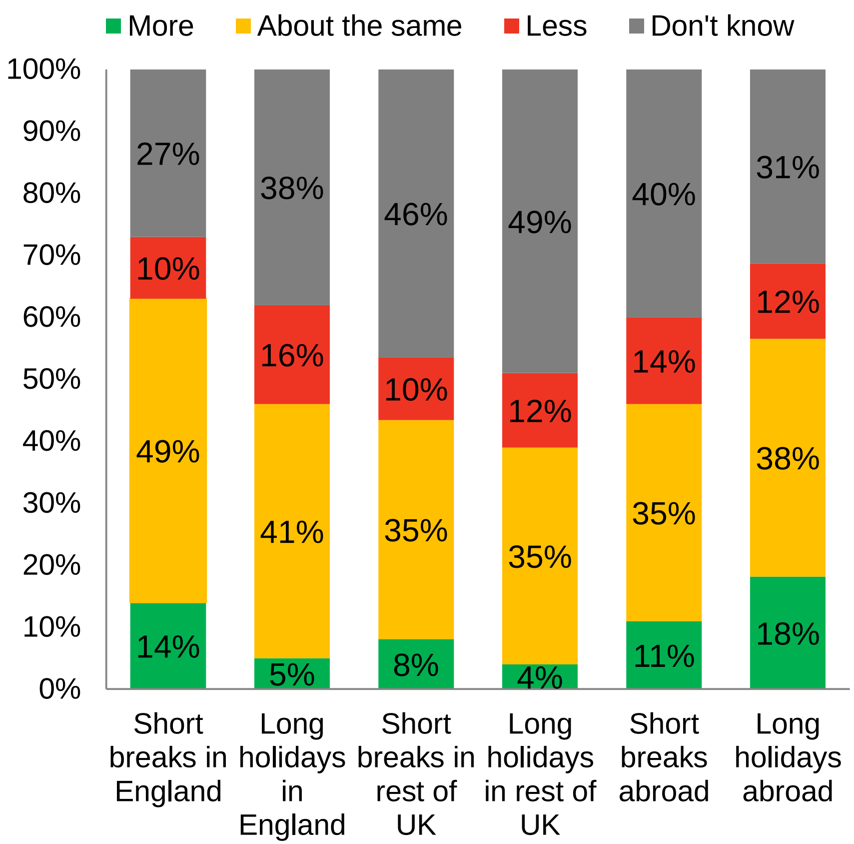
Source: VisitEngland Staycation Monitor Feb 2015 / Base: 931

Q11a: For each of the following types of holiday, do you expect to take more, less or the same in 2015 as you did in 2014?

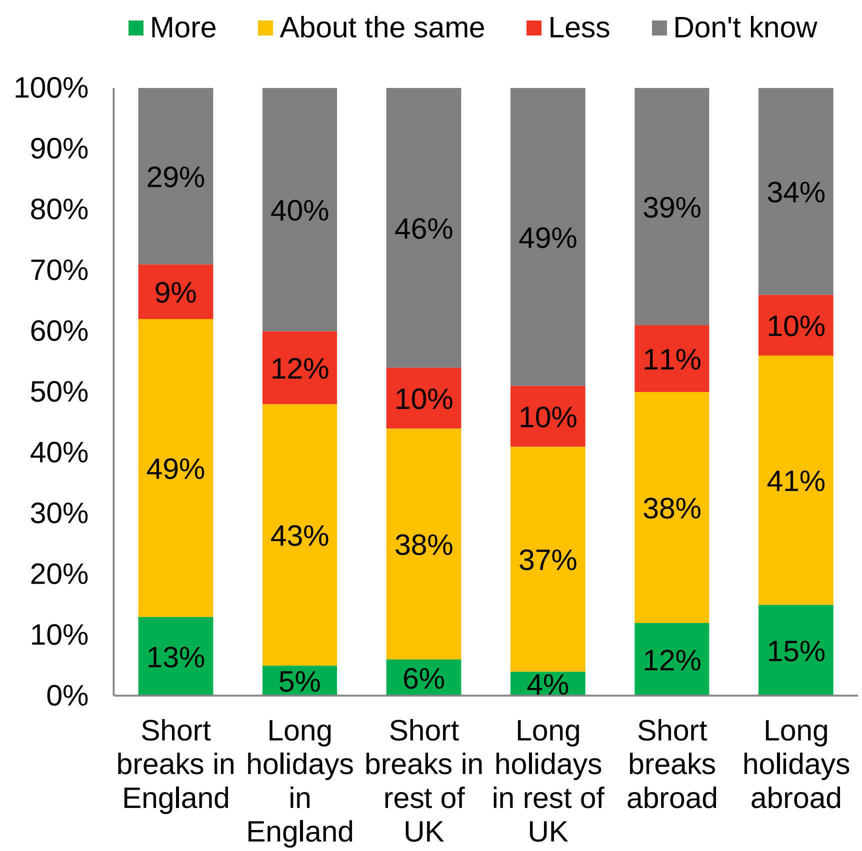
trajectory the futures partnership

More, less or the same (Next few years)– 2014 and 2015 compared

2014



2015

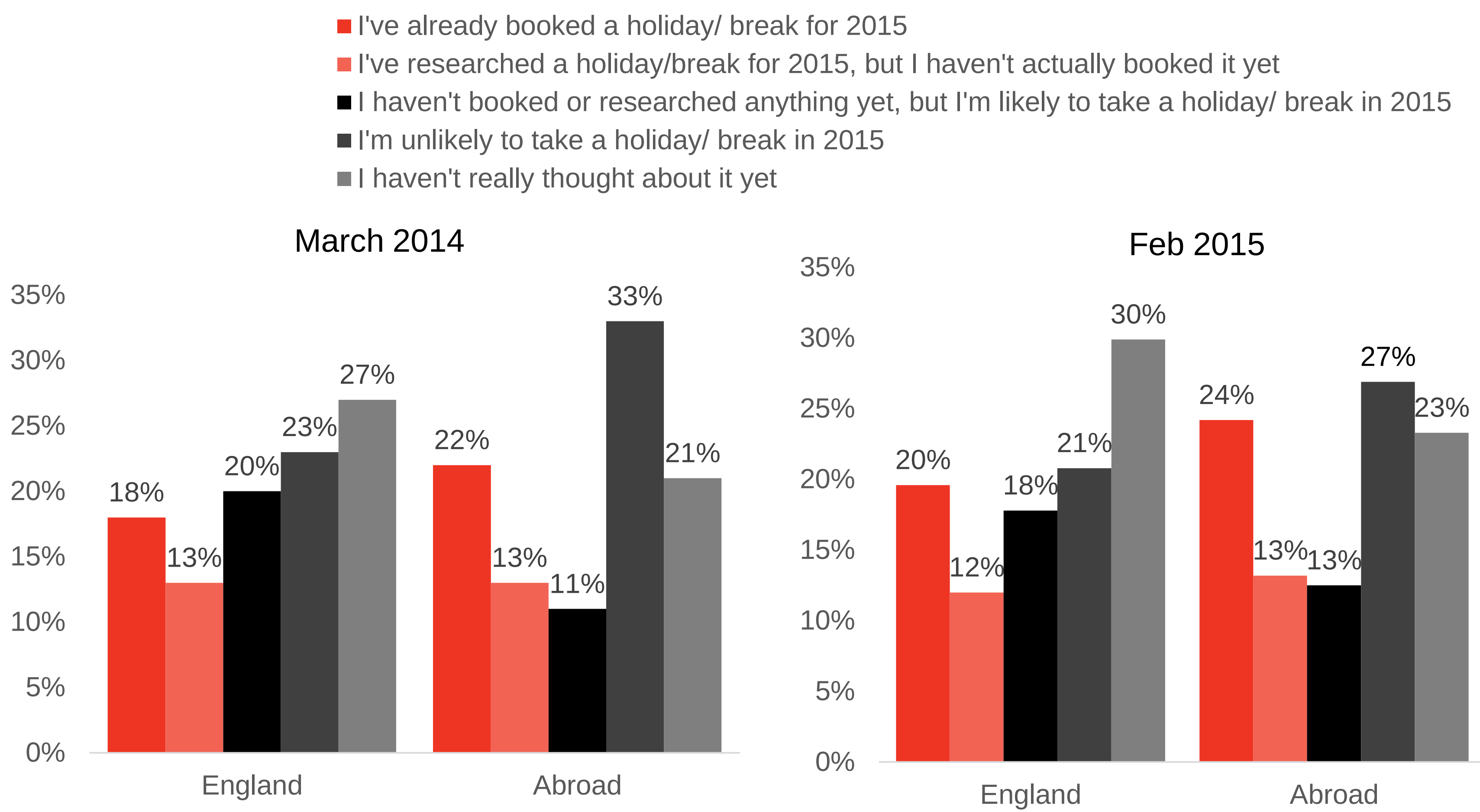


Source: VisitEngland Staycation Monitor Feb 2015 / Base: 931

Q11a: For each of the following types of holiday, do you expect to take more, less or the same in 2015 as you did in 2014?

Planning – 2014 and 2015 comparison

- Slightly higher booking both domestic and abroad
- Fewer people saying they're unlikely to go abroad



Source: VisitEngland Staycation Monitor Feb 2015 / Base 1002

Q13a/b Which of the following best describes the extent to which you've planned your holidays in England/Abroad?

Booking and planning – short breaks

	Over 6 months	Between 6 and 3 months	Between 3 months and 1 month	Between 4 and 2 weeks	Between 2 weeks and 1 week	1 week or less	The day before or closer	Total
Over 6 months	**54%**	36%	9%	1%	0%	0%	0%	100%
Between 6 and 3 months	3%	**66%**	24%	3%	2%	1%	1%	100%
Between 3 months and 1 month	2%	9%	**64%**	21%	3%	1%	1%	100%
Between 4 and 2 weeks	2%	3%	11%	**52%**	23%	9%	0%	100%
Between 2 weeks and 1 week	7%	11%	11%	4%	**43%**	25%	0%	100%
1 week or less	4%	8%	8%	0%	15%	**58%**	8%	100%
The day before or closer	0%	20%	20%	20%	0%	0%	**40%**	100%