

AllClear Holiday Spend

SURVEY REPORT

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Summary

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From 2021 onwards, holidaymakers enjoyed expanded travel opportunities post-lockdown. The desire to travel was still evident in the latest 2022 consumer research conducted in August by AllClear, where 1 in 5¹ were planning to take four or more holidays in the next 12 months.

However, since the summer, Britons have faced an increased cost of living as the UK heads towards a recession. We conducted this Holiday Spend Survey to see how people would budget for their holidays in 2023, whether their plans would change, and where they would cut down on spending.

Our survey found that **50%** were either neutral or showed low levels of concern about the cost of living crisis and their travel plans. Indeed, **80%** of holidaymakers plan multiple trips in 2023, with **19%** still planning four or more trips.

So appetite for travel is still substantial despite mounting costs. For most, it's clear what areas of travel influence their spending decisions when planning a trip, the top three factors being: the cost of accommodation, the cost of flights and the cost of Travel Insurance. However, this doesn't mean the majority stick to a budget when planning a holiday. Only around 2 in 5 (**42%**) set an annual or holiday-specific budget, and **58%** don't set a holiday budget at all.

The research indicates that overspending is a universal problem; only **37%** of those that set a holiday budget stick to it. Cash-strapped holidaymakers admitted that while they wish to travel frequently, they will tighten their purse strings when it comes to some travel expenditures. The top three travel areas people will cut back on are; holiday clothes (**37%**), excursions and tours (**35%**), and souvenirs (**33%**).

Holidaymakers are making money-conscious decisions when it comes to choosing the type of holidays - with long weekends being the most popular type of holiday (**34%**), followed by self-catered and self-organised. Holidaymakers are keen to protect themselves and their financial investment when buying a holiday - with **93%** stating that they wouldn't travel without cover even during the cost of living crisis.

"This survey shows us that people will go to great lengths to protect their holidays, even during a cost of living crisis. Holidays are so important to well-being and people would rather make cost savings elsewhere before cutting down on their holidays."



Chris Rolland
CEO AllClear Group

¹ AllClear's Summer Survey, August 2022



CHAPTER ONE

Key insights

Key insights



Substantial appetite for travel despite the cost of living crisis:

- **80%** of travellers plan multiple trips in 2023.
- **19%** still planning to take four or more trips, only a slight reduction compared to the AllClear Summer Survey (**22%**).
- **49%** were either concerned or very concerned with regards to the cost of living crisis and their travel plans for 2023.
- 1 in 3 (**33%**) planning to take fewer trips.



Some clear influences on holiday spending decisions:

- The top three things that influence holiday spending decisions are: the cost of accommodation (**85%**), the cost of flights (**84%**) and the cost of Travel Insurance (**53%**).
- The majority of people tend to spend the most on hotels (**52%**), followed by flights (**42%**) and dining (**31%**).
- The top three travel expenditures people will cut back on are holiday clothes (**37%**), excursions and tours (**35%**), and souvenirs (**33%**).
- **93%** still wouldn't travel without Insurance due to the increasing cost of living.



However, despite the mounting cost of living, most don't set a budget for holidays:

- Only around **42%** set an annual or holiday-specific budget, and **58%** don't put a holiday budget at all.
- With regards to those that set a holiday budget, it was most common (**31%**) to set aside **6-10%** of their disposable annual income.
- More than 1 in 5 (**22%**) set aside **16-20%**.
- More than 1 in 5 (**21%**) set aside **11-15%**.
- **38% are influenced by the strength of the pound** when choosing a holiday destination.





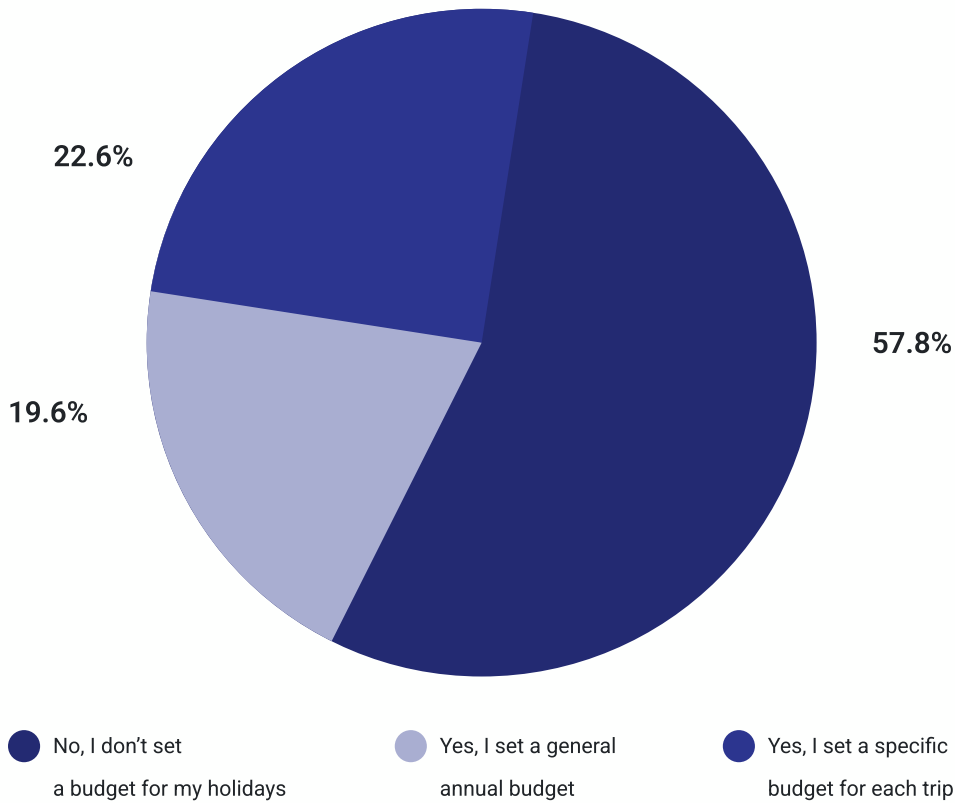
CHAPTER TWO

To save or splurge

To save or splurge

Holidaymakers are determined to get away. What's more, most holidaymakers don't budget as expected in a time of financial difficulty. Most (**58%**) don't set a holiday budget at all, and only around **42%** set an annual or holiday-specific budget.

Do you set a budget for your holidays?



Total responses: 4,152

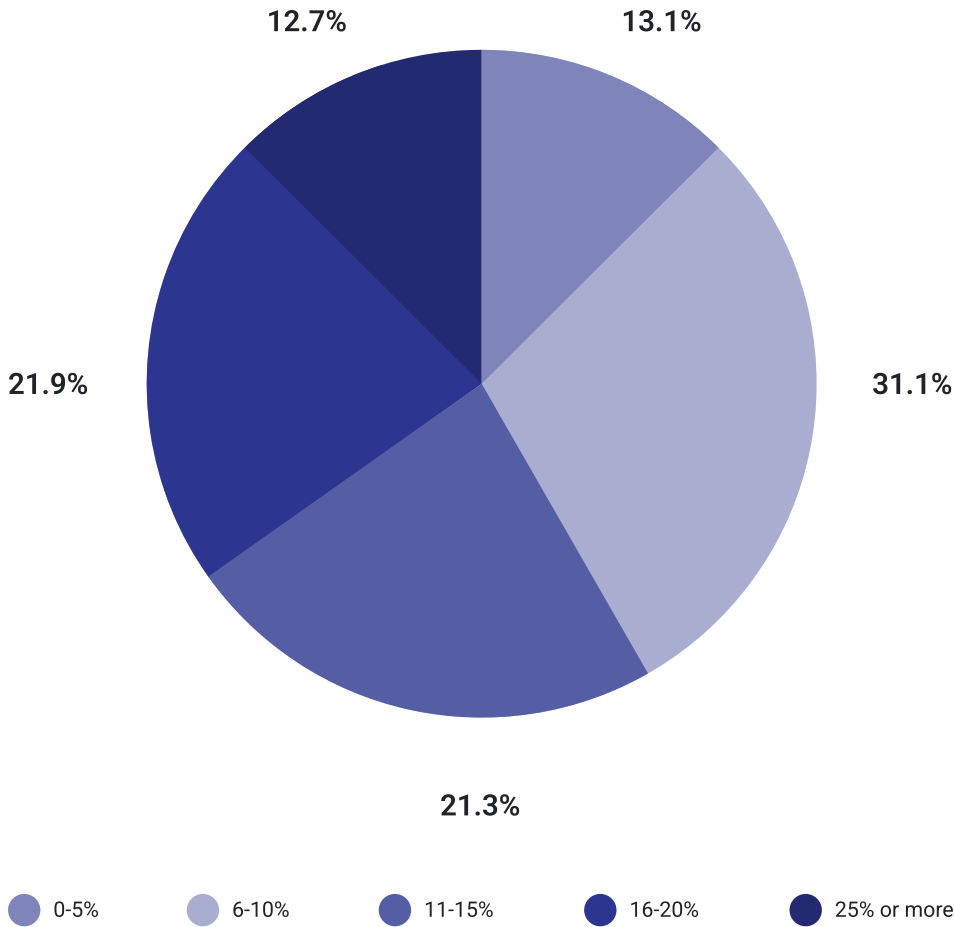
Budgeting behaviour changes with age; the older the respondent, the less likely they are to set a budget. For those that do set a budget, those under 70 tended to set a specific budget for each trip. Over 70s were more likely to set an annual budget.



To save or splurge

For those that set a holiday budget, the majority (31%) set 6-10% of their disposable annual income. 21% set aside 11-15%, 22% set aside 16-20%, and more than 1 in 10 will splurge more than 25% of their annual income on holidays.

If you do set an annual budget, what percentage of your annual disposable income does it equate to?



Total responses: 1,110



To save or splurge

Overspending on holiday

Holidaymakers are determined to have a good time once they're on their trip, with only **37%** sticking to their budget. However, this could be due to a misalignment between people's budgets and the reality of the rising costs of various areas of travel.

If at all, how much do you usually overspend on your budget per day per person?

I stick to my budget	37.0%
Under £25	25.4%
£25 - £50	19.2%
£51 - £75	6.1%
£76 - £100	6.0%
£101 - £125	2.8%
£126 - £150	2.3%
Over £150	1.1%

Total responses: 2,882

1 in 4 (**25%**) overspend per person per day up to £25, and nearly 1 in 5 (**19%**) overspend between £25 - £50. Depending on the length of their trip, it can mean going 100s of pounds over budget.





CHAPTER THREE

Smarter spending

Smarter spending

Wallet-friendly weekends vs a week away

People are eager to make the most of their travel opportunities despite the cost of living crisis. For **45%**, the rising cost of living hasn't changed the number of trips they plan to take. **80%** will take multiple trips, with 1 in 3 (**33%**) taking 2 trips in 2023. Less than 1 in 10 (**9%**) won't travel or are unsure how many trips they will take.

How many holidays are you planning in 2023?

Two	32.6%
Three	28.2%
Four times or more	19.1%
One	10.7%
Not sure	8.9%
Not planning any holidays	0.5%

Total responses: 4,152

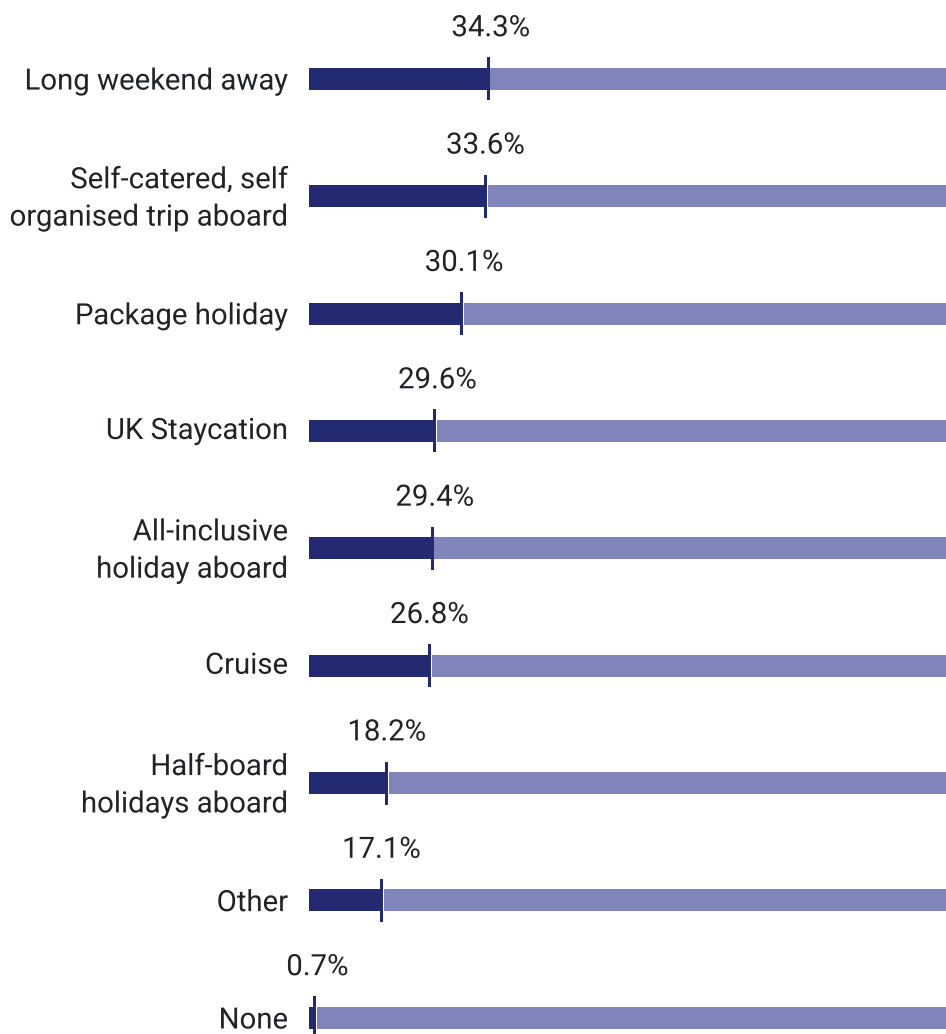


Smarter spending

The cost of living has impacted the type of holiday people choose. Travellers are spending smarter, lower cost types of trips are evidently popular.

Long weekends are the most popular type of holiday (**34%**), followed by self-catered and self-organised (34%).

What type of holidays are you likely to go on in 2023?



Total responses: 4,152

Age impacts type of holiday

- The majority (**69%**) of those that were that are younger (18–24-year-olds) opted for, self-catered, self-organised type of holidays.
- Those that were older (80+) cruises are most popular (**34%**).



Smarter spending

Cost considerations for holiday spending money

The top three things that influence people's spending decisions when planning a holiday abroad are the cost of accommodation (**85%**), the cost of flights (**84%**) and the cost of Travel Insurance (**53%**).

What 3 factors influence your spending decisions the most when planning a holiday abroad.

Cost of accommodation	84.8%
Cost of flights	83.7%
Cost of Travel Insurance	53.3%
Cost of day-to-day living before booking a holiday	38.0%
Exchange rate of chosen destination	29.9%
Job security	5.3%
Cost of Visas	5.0%

Total responses: 4,152

- **Under 60s the top three influential factors are:** cost of accommodation, cost of flights and cost of day-to-day living before booking a holiday.
- **For over 60's the top three influential factors are:** cost of accommodation, cost of flights and cost of Travel Insurance.

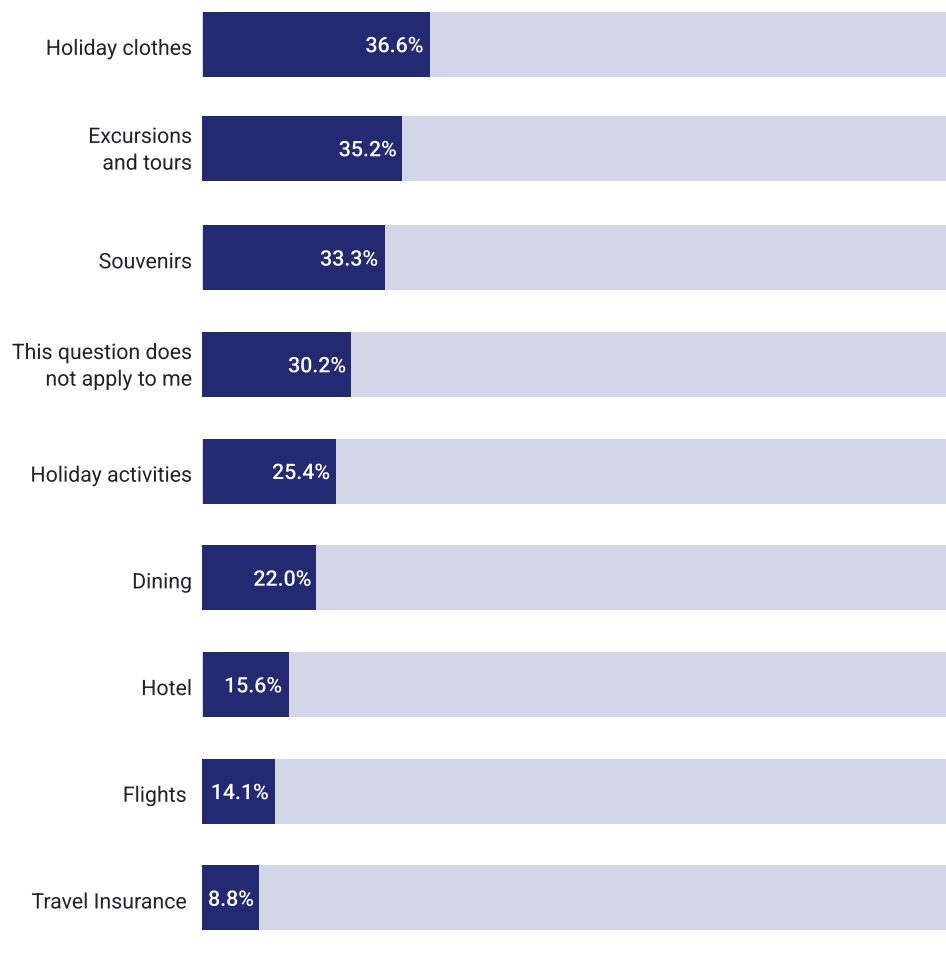


Smarter spending

Cutting costs when on holiday

While most travellers won't reduce the number of trips they take, they are prepared to reduce costs while on holiday. People will cut back on these top three travel expenditures: holiday clothes (37%), excursions and tours (35%), and souvenirs (33%).

Are there any travel expenditures you are planning on reducing your spend on?



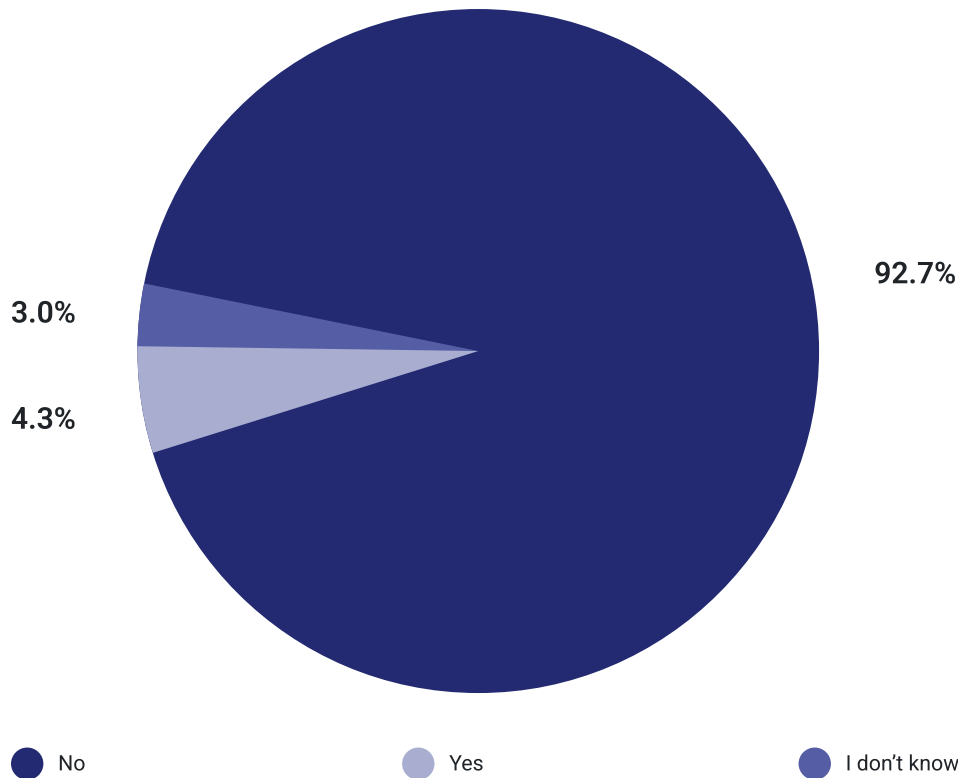
Total responses: 4,152



Smarter spending

One area people are not cutting costs is Travel Insurance. The AllClear Annual survey 2022 revealed that **24%**² view Travel Insurance as much more important post-Covid. In this spend survey, **93%** would only travel with cover, even when faced with a cost of living crisis.

Would you consider going on holiday without Travel Insurance due to the increasing cost of living?

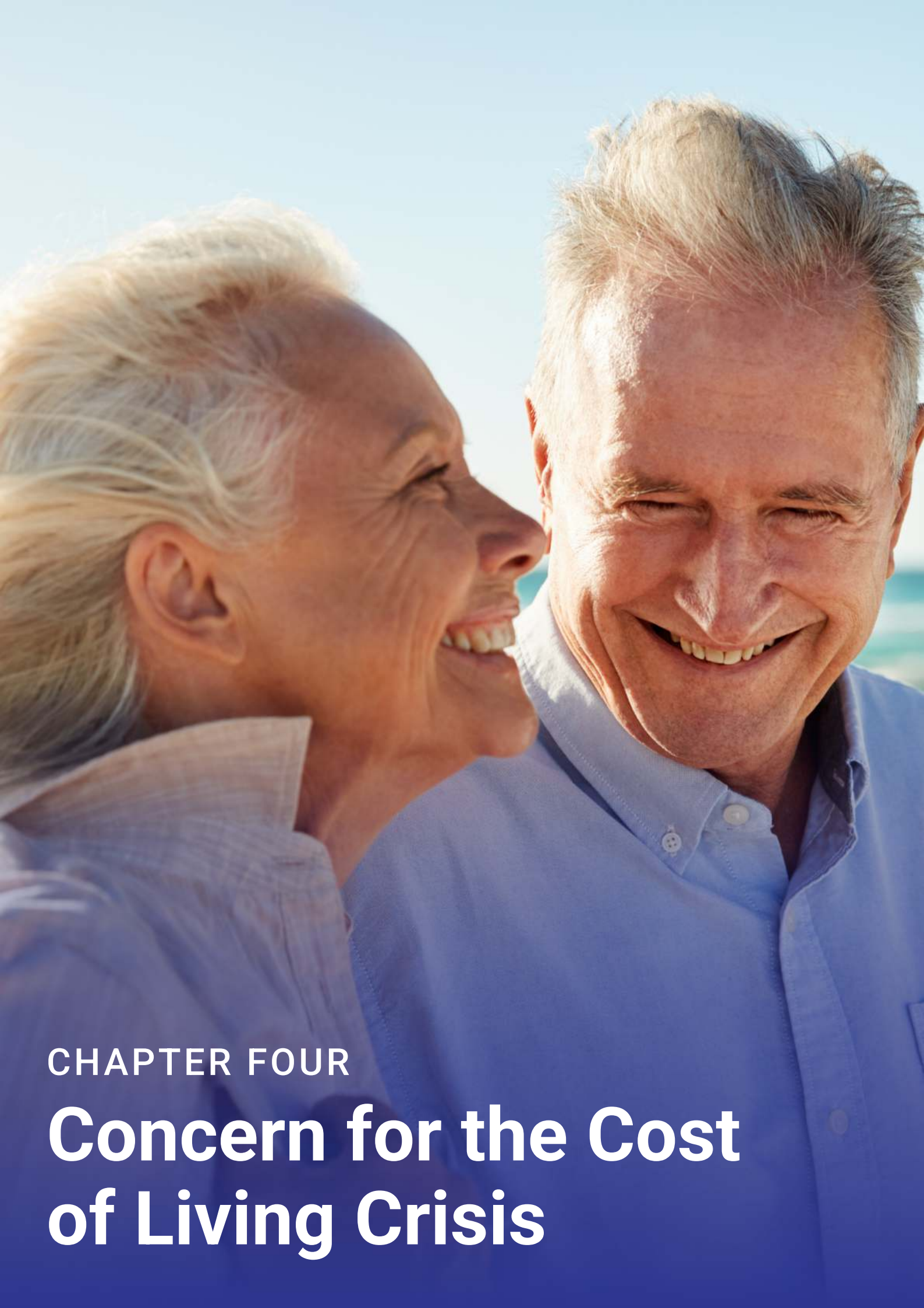


Total responses: 4,152

- Under 50s were twice as likely as over 50s to be unsure whether they would travel without cover due to the cost of living.
- **14%** of under 50s stated that they were unsure or would consider travelling without cover.
- **7%** of over 50s stated that they were unsure or would consider travelling without cover.

² Based on AllClear Annual Survey 2022. 2,707 respondents.





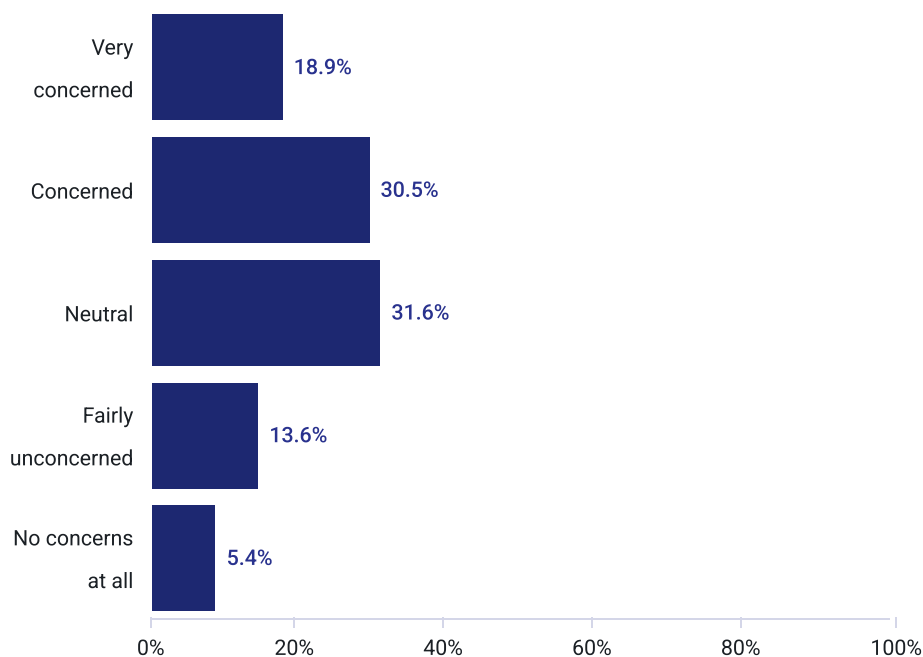
CHAPTER FOUR

Concern for the Cost of Living Crisis

Concern for the Cost of Living Crisis

Concern was evident, with **49%** stating they were either concerned or very concerned with regard to the cost of living crisis and their travel plans for 2023.

How concerned are you with regards to the cost-of-living crisis and your travel plans for 2023?



Total responses: 4,152

Level of concern about the cost of living crisis decreases with age:

- **75%** of 18-24 year olds were concerned or very concerned.
- 70+ were the least concerned. At least **6%** had no concerns at all.



"As the cost of living rises, people are looking to get more value from their holidays and spend smarter. Consumers are savvy and know where they can make savings that won't dramatically impact the quality of their holiday. Cutting back on clothes and souvenirs and focusing on experiences means that travellers can make the most of their money."



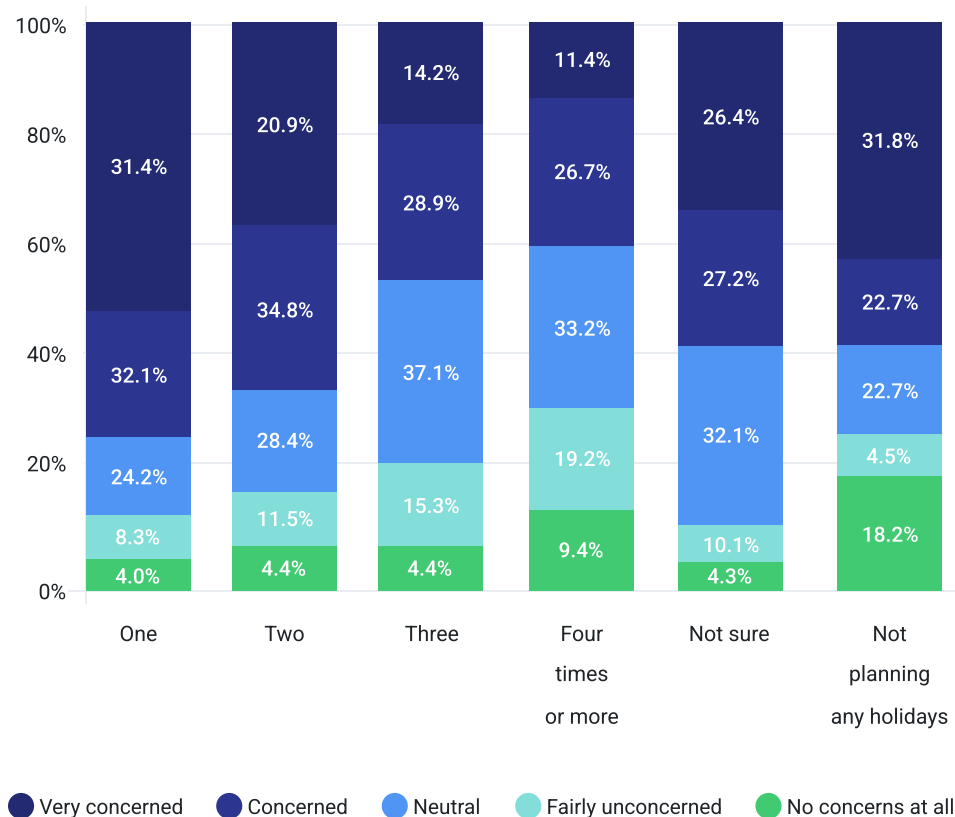
Chris Rolland
CEO AllClear Group

Concern for the Cost of Living Crisis

Frequency of travel impacts level of concern

Those travelling the most (four or more trips) had the least concern regarding the cost of living and their travel plans (**9%**). Those taking one trip had the highest level of concern (**64%**).

How concerned are you with regards to the cost-of-living crisis and your travel plans for 2023?



Total responses: 4,152

Concerns regarding the cost of living crisis and travel plans for 2023 also reflected people's disposable income set aside for holidays. Those that potentially have less disposable income to set aside for holidays (**0-5%**) had the highest levels of concern, with more than half (**58%**) stating they were concerned or very concerned, compared to those that set aside **25%** or more where only **47%** were concerned or very concerned.





Conclusion

Conclusion

2023 - An appetite to travel but spending smarter

The Holiday Spend Survey helps to understand travellers' concerns about the cost-of-living crisis and how this may affect their holiday plans in 2023.

Concerns are evident - **49%** are concerned or very concerned, with more than 1 in 3 (**33%**) planning fewer trips. However, the majority remain enthusiastic about making the most of their travel opportunities, with **80%** still planning on taking multiple trips.

While the desire to travel remains stable, the way holidaymakers spend their money is changing as they adapt to a new economic climate. More travellers are showing interest in economically friendlier holidays such as long weekends away and self-organised and self-catered trips.

Most importantly, they are prioritising and protecting their financial investment, with **93%** stating that they wouldn't travel without cover even as the cost of living continues to mount. People recognise the value of Travel Insurance in a post-covid travel era.

The saying goes, 'look after the pennies, and the pounds will look after themselves'. The vast majority of holidaymakers won't cut back on holidays. Still, they will be careful with holiday spending, cutting down on extras such as holiday clothes (**37%**), excursions and tours (**35%**) and souvenirs (**33%**).

"We know that the public are becoming more aware of how they spend their money during the cost of living crisis. Our research shows that rather than avoiding holidays, people are much more likely to make the most of their trips, especially after a long period of limited travel.

Travel Insurance is vital in protecting your holiday investment, and most travellers know this. They'd sooner cut back on other aspects of their holiday spending, such as clothing, and ensure they have a high-quality cover. It's all part of making sure they get the best experience and value for money from their trip. Covid and the cost of living crisis have affected the travel industry, but our research shows us that people will make every effort to still enjoy their hard-earned trips."



Chris Rolland
CEO AllClear Group

Data methodology

Data source:

AllClear Travel, Holiday Spend Survey.

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Data range:

The spending data in this report relates to the period 13th October 2022 to 2nd November 2022.

Inclusion criteria:

Customers aged at least 18 in the relevant period.

Current and past AllClear Travel policyholders as well as prospects that have interacted with AllClear and have agreed to be contacted for Marketing and research purposes.

* Denotes a comment from the consumer confidence survey:

Note: This Holiday Spend Report provides a snapshot of travel trends and attitudes towards the cost of living crisis within the set period of time based on the research sample. AllClear Travel takes no liability for the impact of any decisions made based on information contained and views expressed within this report.

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