

Consumer perspectives

The Travel Convention – Unleashing New Potential

October 2023



Agenda

1

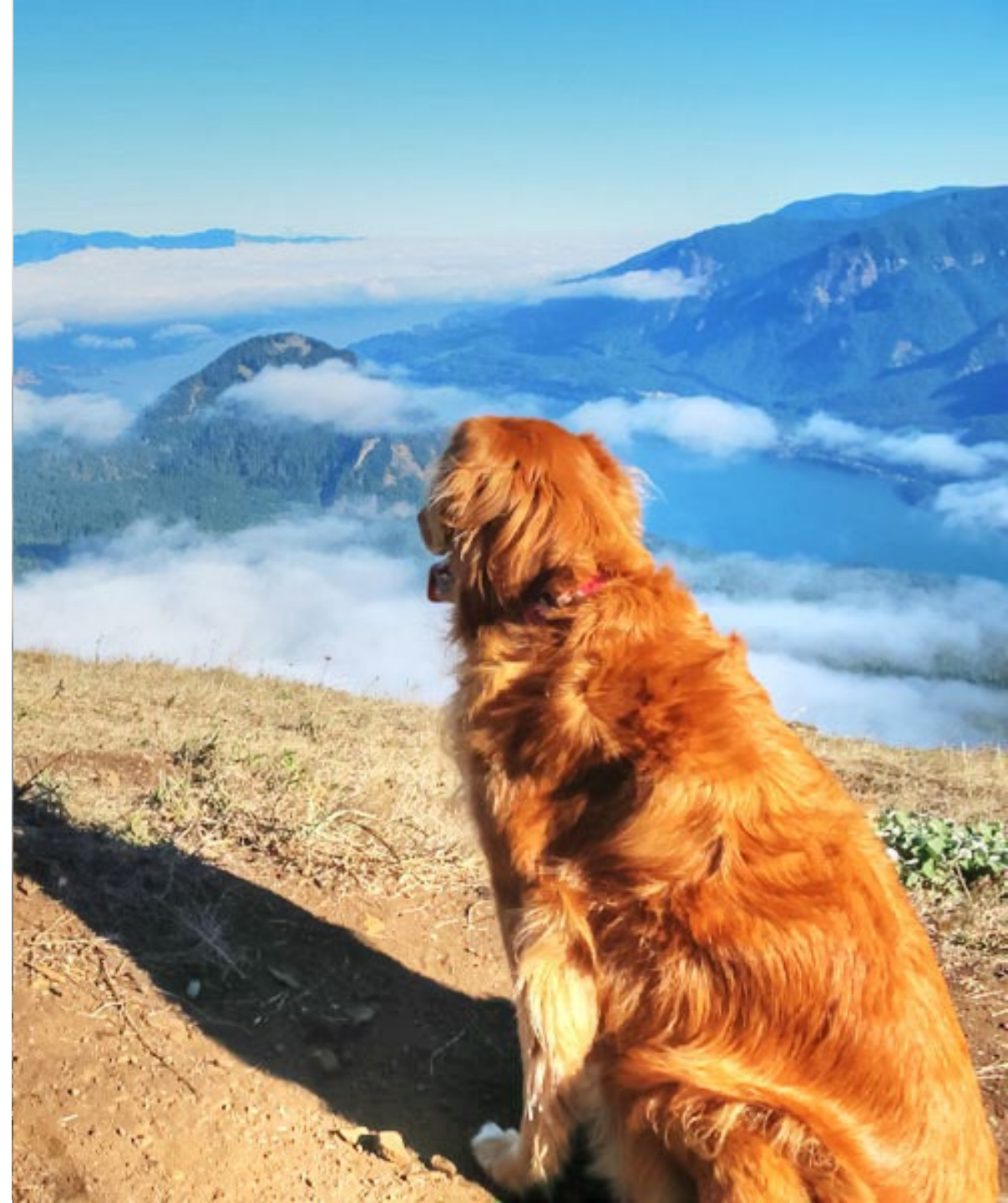
Where have we been?

2

Where are we now?

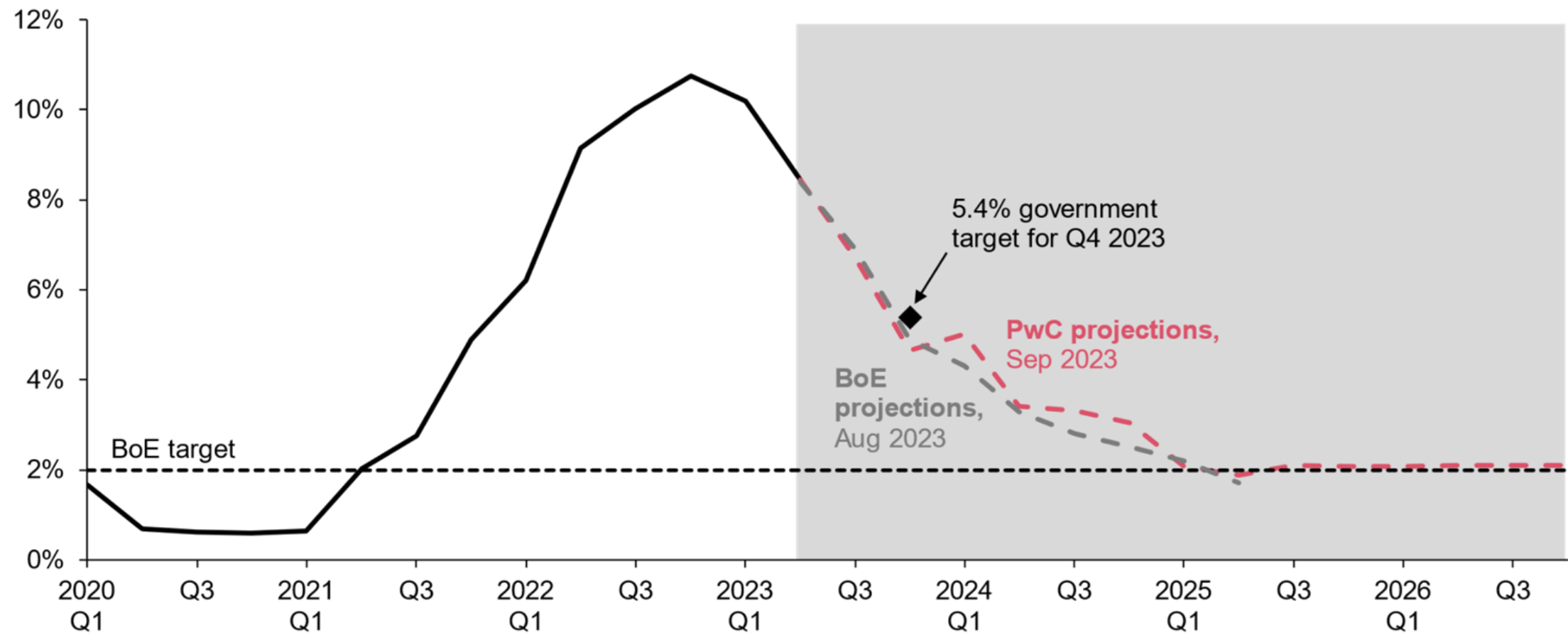
3

Where are we going?



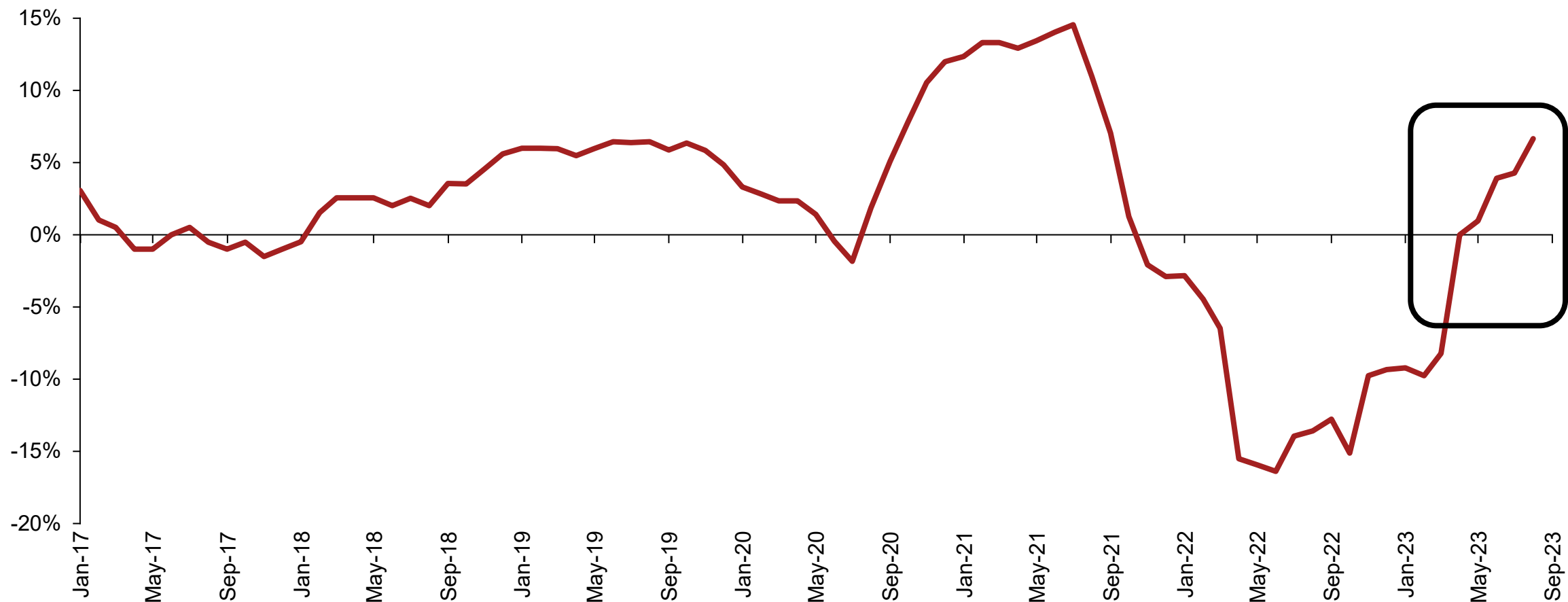
Inflation remains high but has peaked and is expected to return to the target 2% rate by the end of 2024

UK consumer price inflation
Year on year growth



Despite ongoing pressures, household disposable income has returned to growth

Household disposable income
Year on year growth



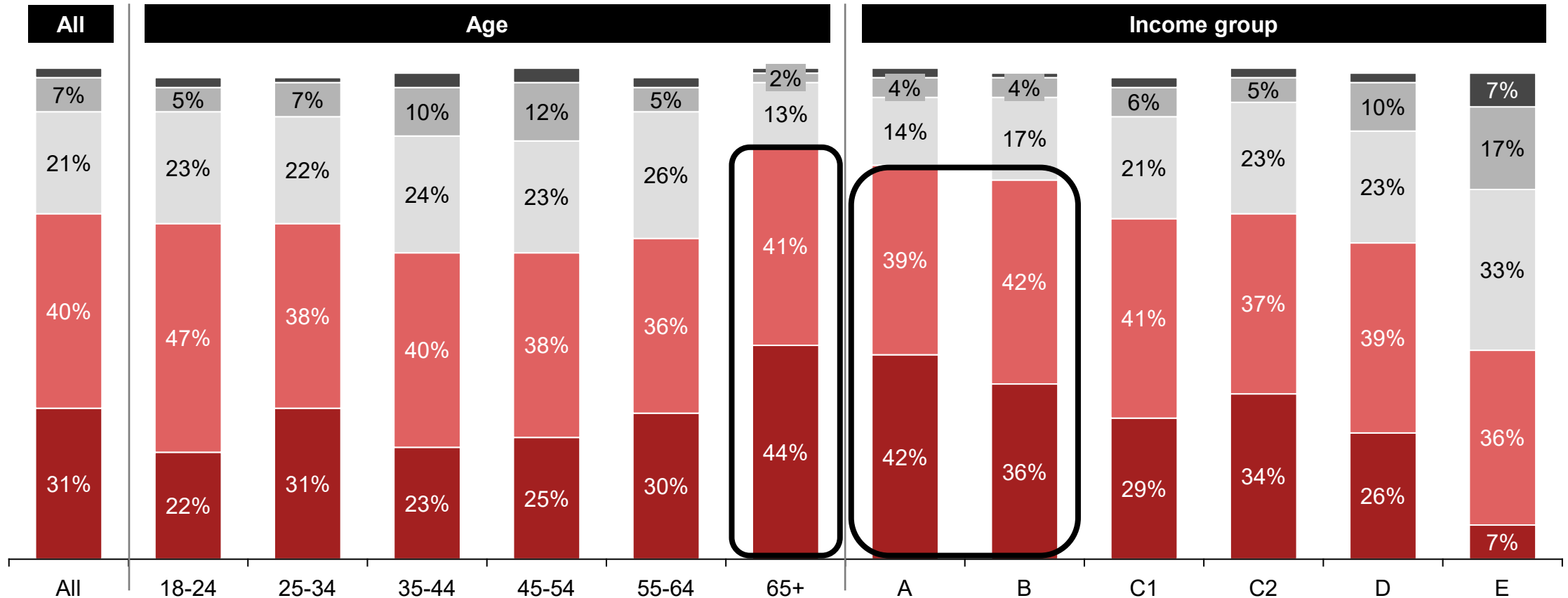
Note: Disposable income measured as total household income minus taxes minus basic spend
Source: Asda Income Tracker

Most consumers feel financially stable at the moment, but there is variability across demographic groups

“How would you describe your financial situation at the moment?”

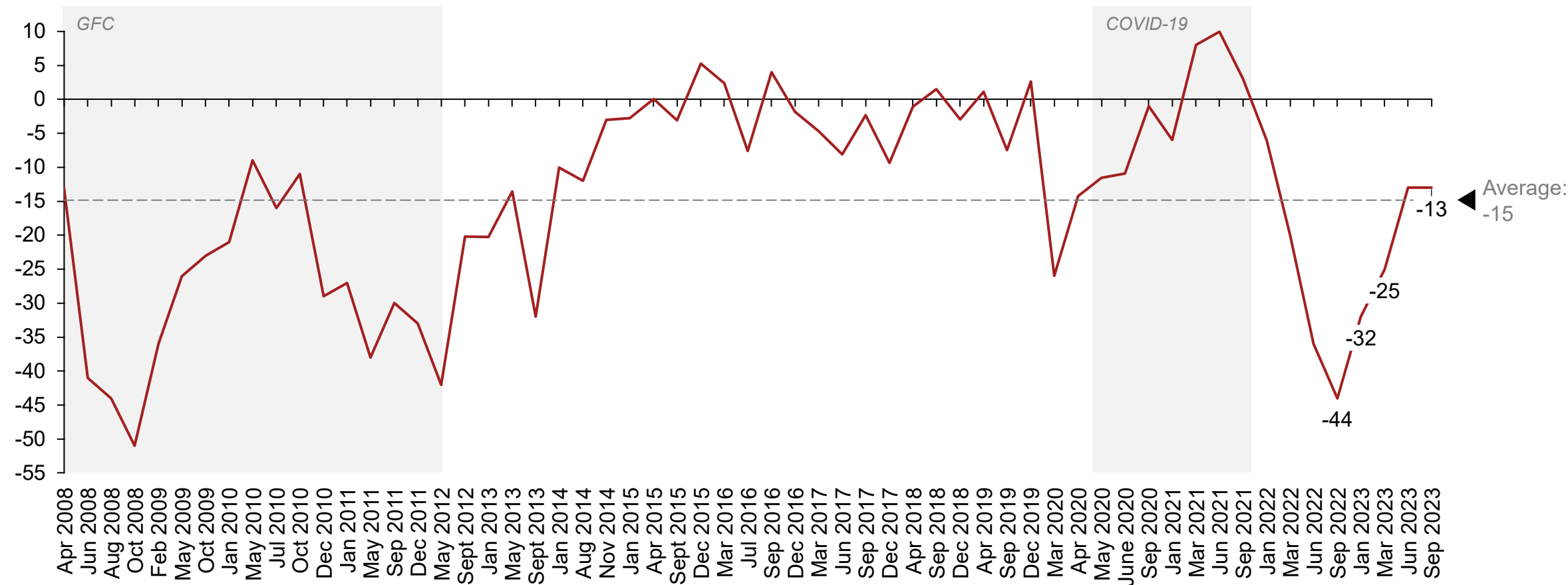
% respondents, Sept-23

Healthy OK Tight Struggling In trouble



Consumer sentiment in the outlook for household finances remains negative but has improved markedly...

UK consumer sentiment in outlook for household finances
Balance of opinion, 2008–2023

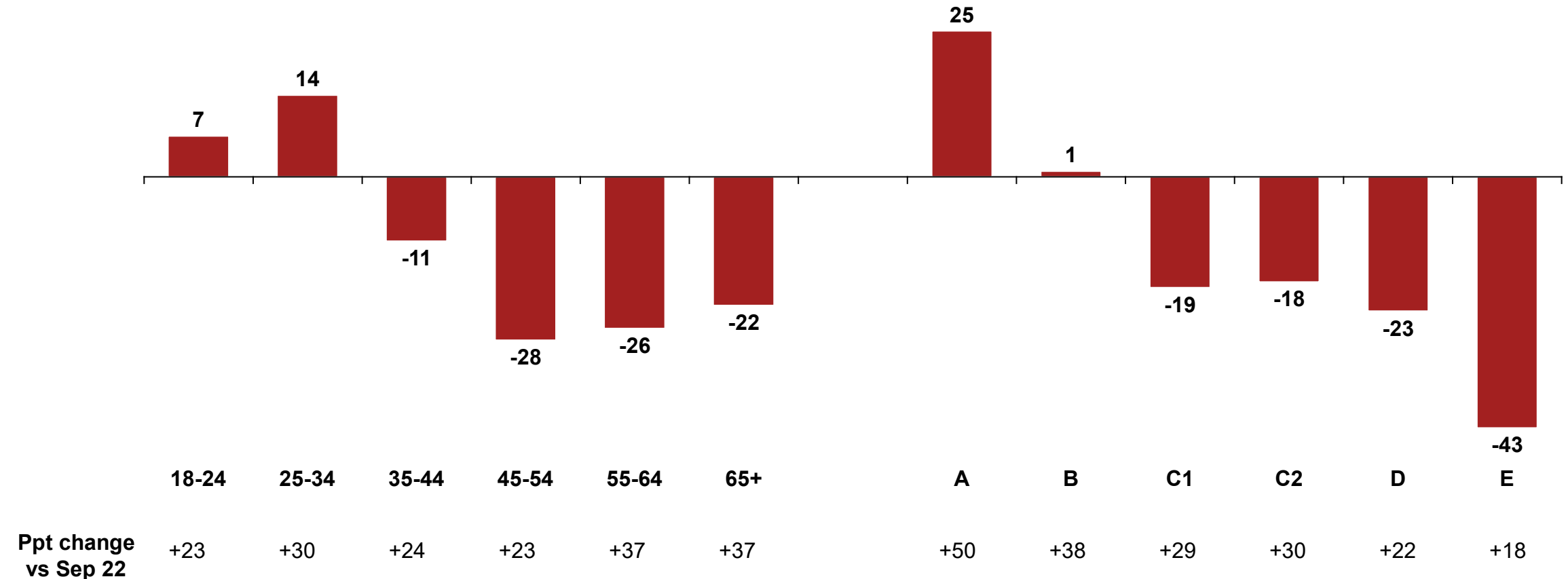


Notes: Balance of opinion is % of people saying better off in next 12 months more minus % saying worse off
Source: PwC Consumer Survey

...and is now net positive for younger and higher income groups

UK consumer sentiment in outlook for household finances – by demographic group

Balance of opinion, Sept 2023



Notes: Balance of opinion is % of people saying better off in next 12 months more minus % saying worse off
Source: PwC Consumer Survey

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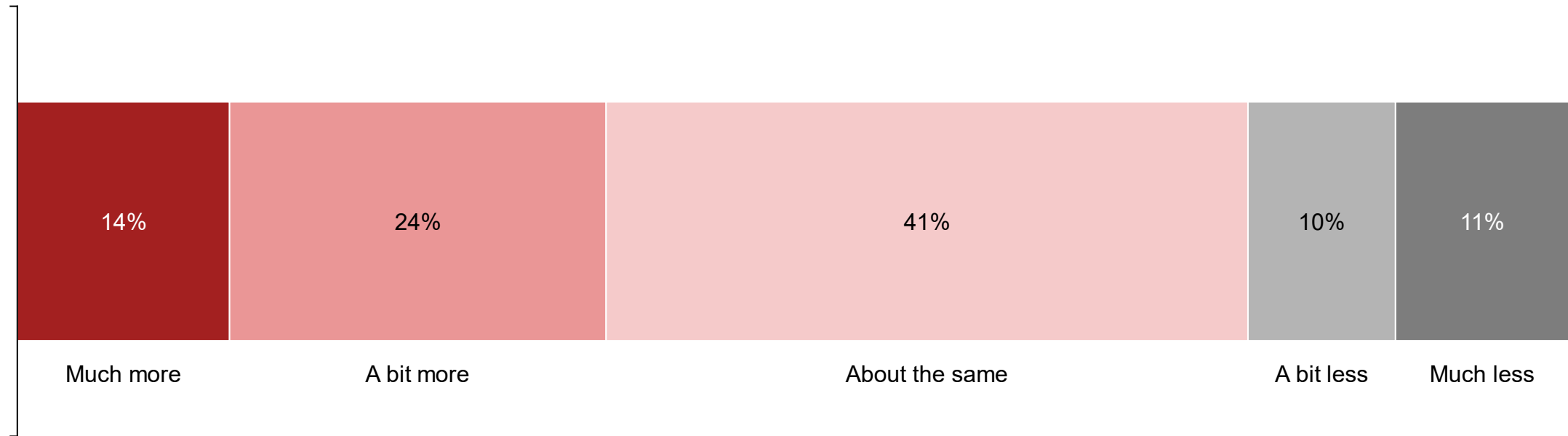
Where are we going?



People have on balance spent more on holidays this year than last

Will you spend more or less on holidays in 2023 compared with 2022?

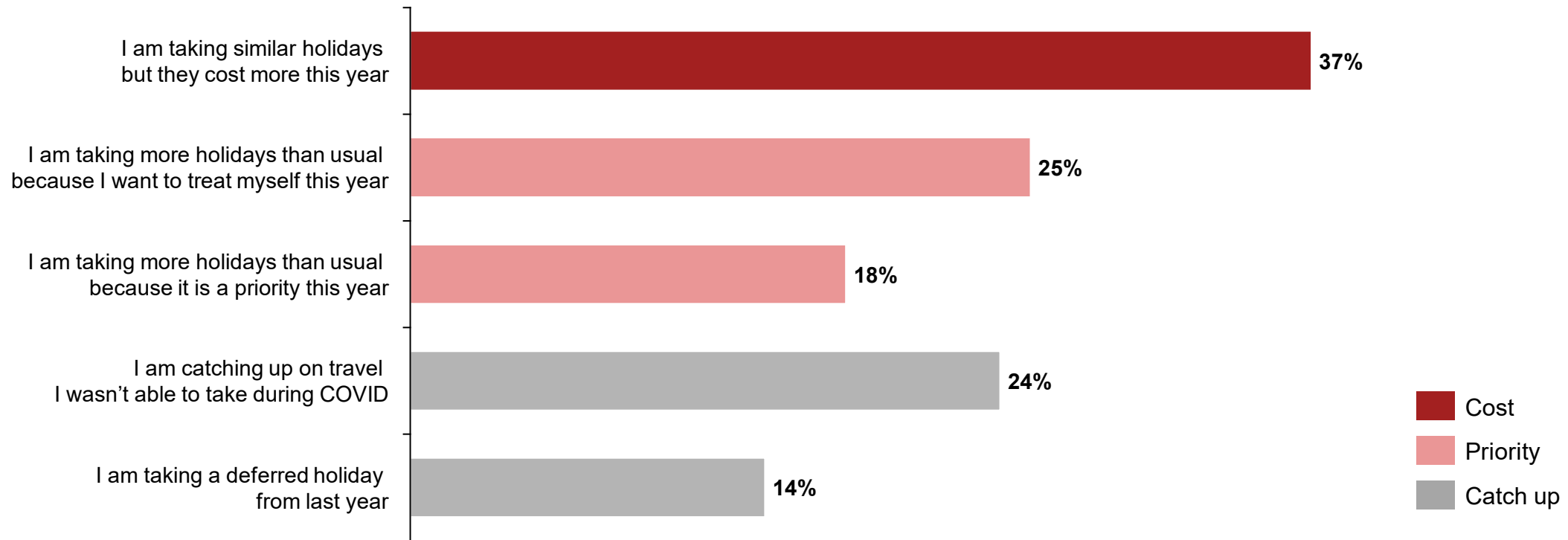
% respondents



People are spending more on holidays due to cost inflation, prioritising travel and some catch up

You said you will spend more on holidays this year compared to last year. Which of these apply to you?

% respondents

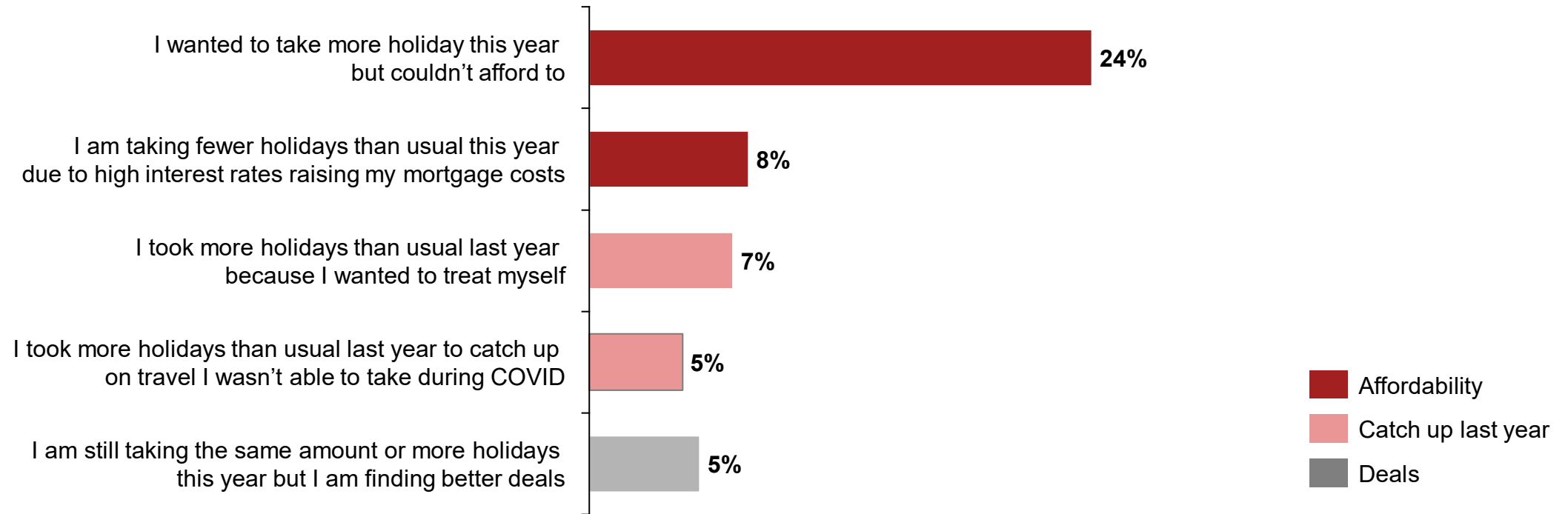


Note: Of those saying they will spend more this year
Source: PwC Consumer Survey (Sep 2023)

Where people have cut back, it is primarily due to affordability, as well as some unwind from catch up last year

You said you will spend less on holidays this year compared to last year. Which, if any, of these apply to you?

% respondents

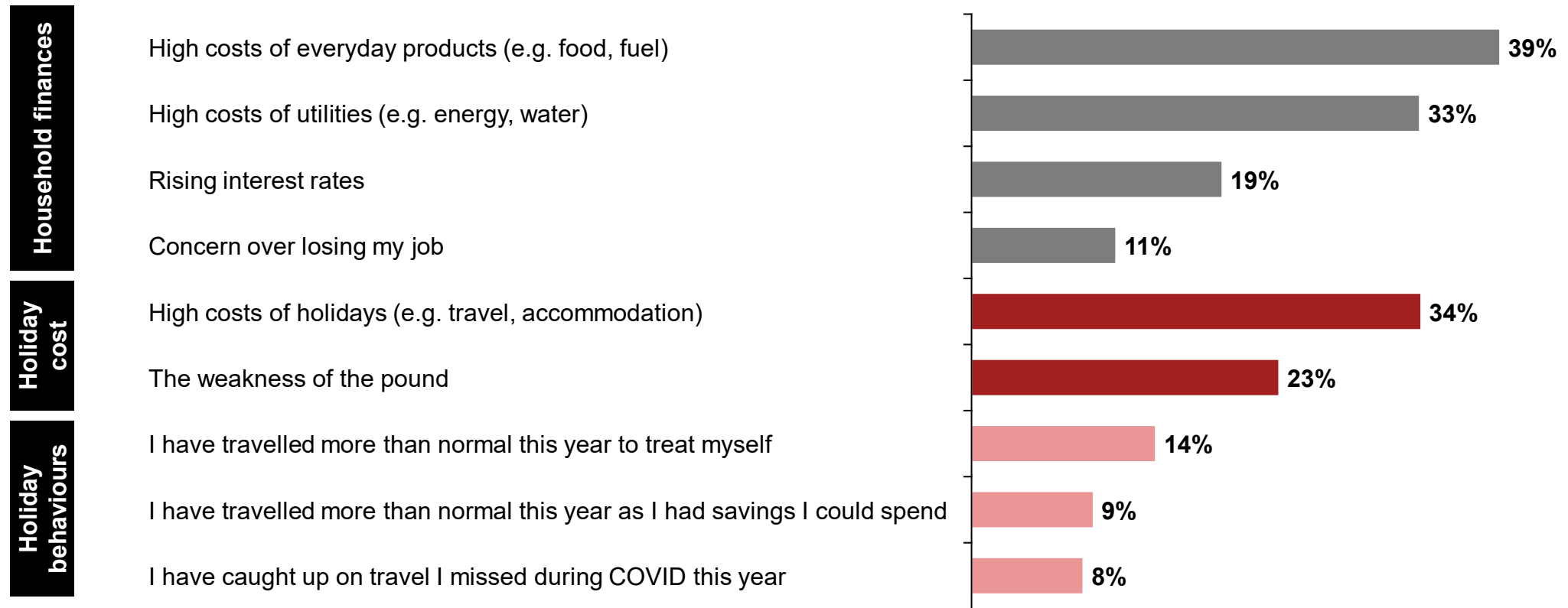


Note: Of those saying they will spend less this year
Source: PwC Consumer Survey (Sep 2023)

When thinking about 2024, there are some factors which could impact spending

Which of the following drivers, if any, might cause you to spend less on holidays in 2024 compared with 2023?

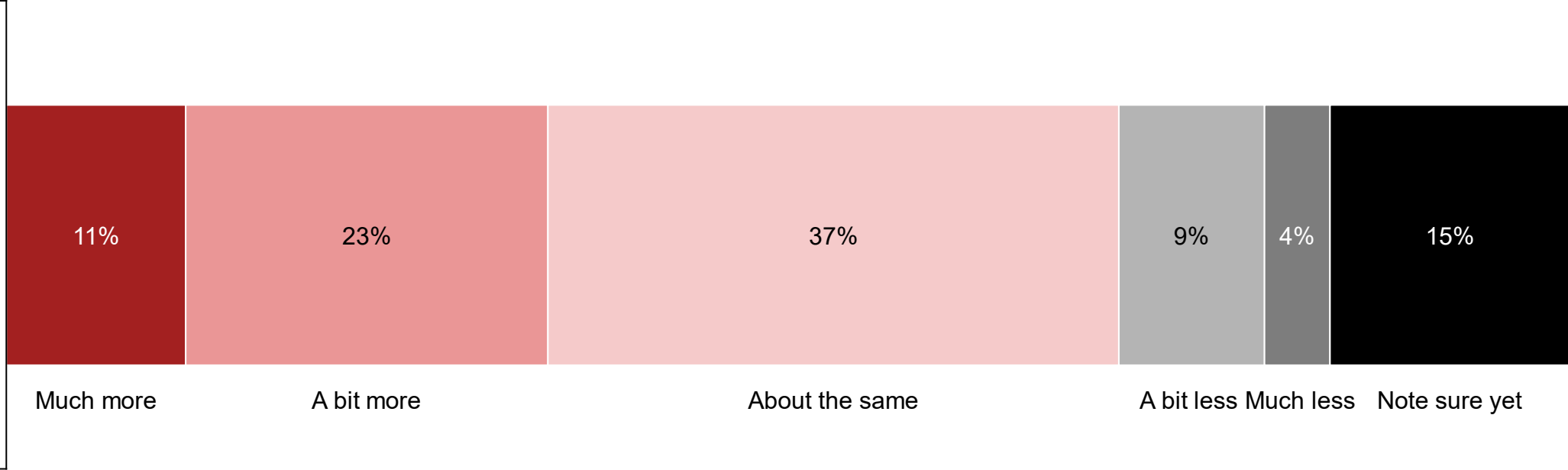
% respondents



C.70% of people say they will spend the same or more on holidays next year as they did this...

Will you spend more or less on holidays in 2024 compared with 2023?

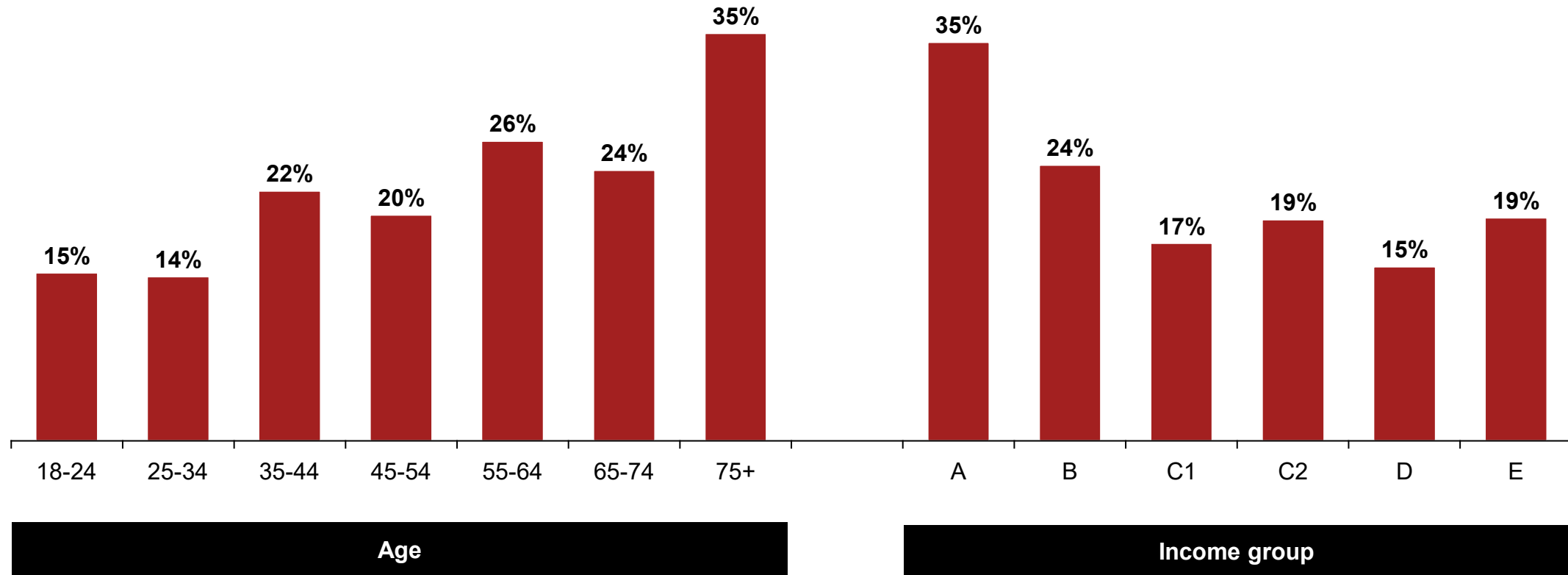
% respondents



...with older and more affluent groups in particular expecting to spend more

Will you spend more or less on holidays in 2024 compared with 2023? – by demographic group

Balance of opinion

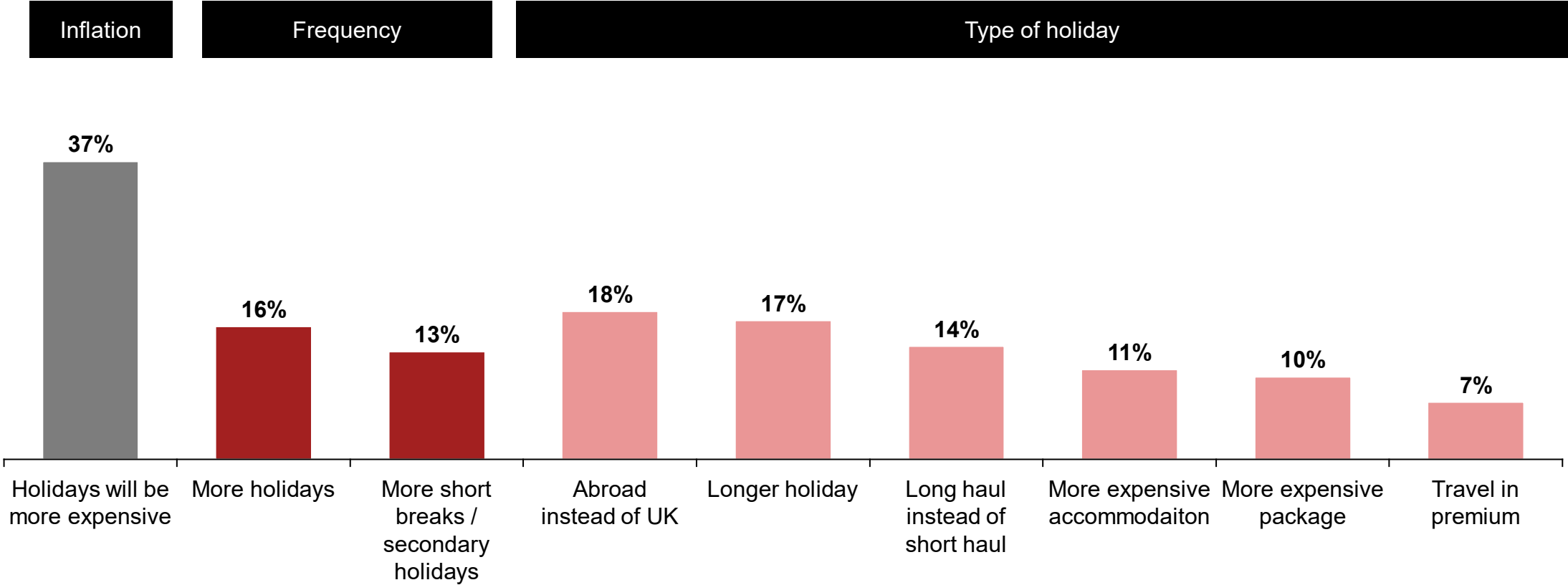


Note: Balance of opinion is % saying more minus % saying less
Source: PwC Consumer Survey (Sep 2023)

Where people expect to spend more next year, it is due to cost, taking more holidays and trading up to more premium options

You said you will spend more on holidays next year compared to this year. Which of the following, if any, apply to you?

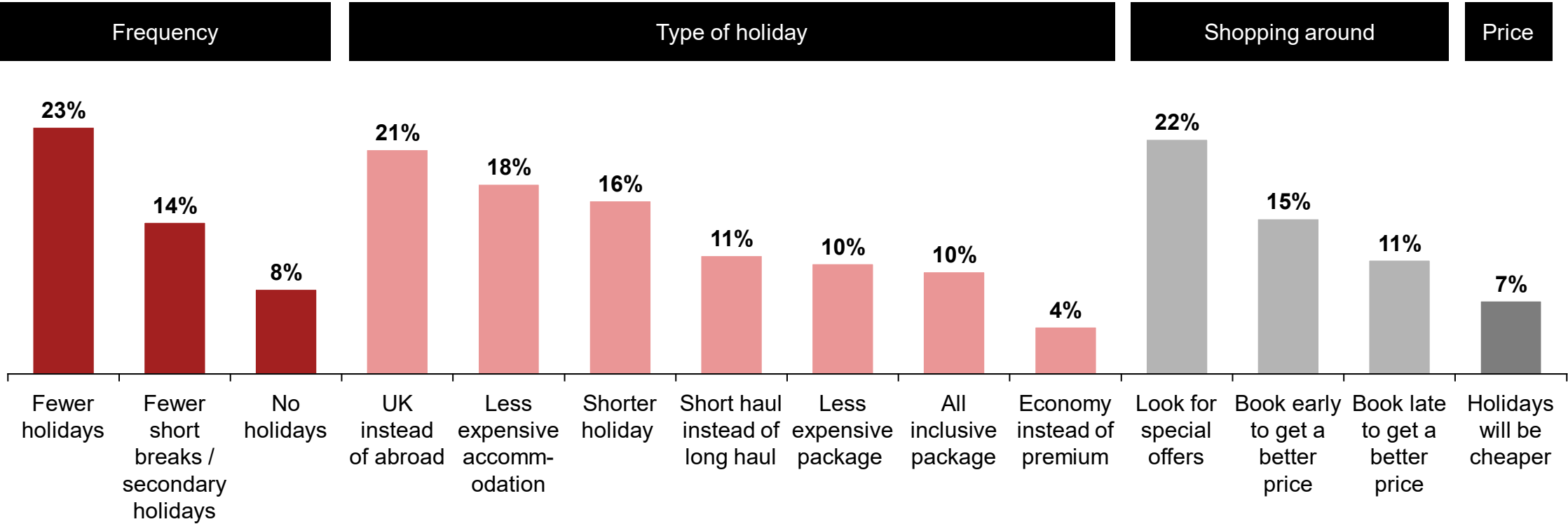
% respondents



Where people expect to spend less, it is a mix of taking fewer holidays and finding ways to spend less when they do travel

You said you will spend less on holidays next year compared to this year. Which of the following, if any, apply to you?

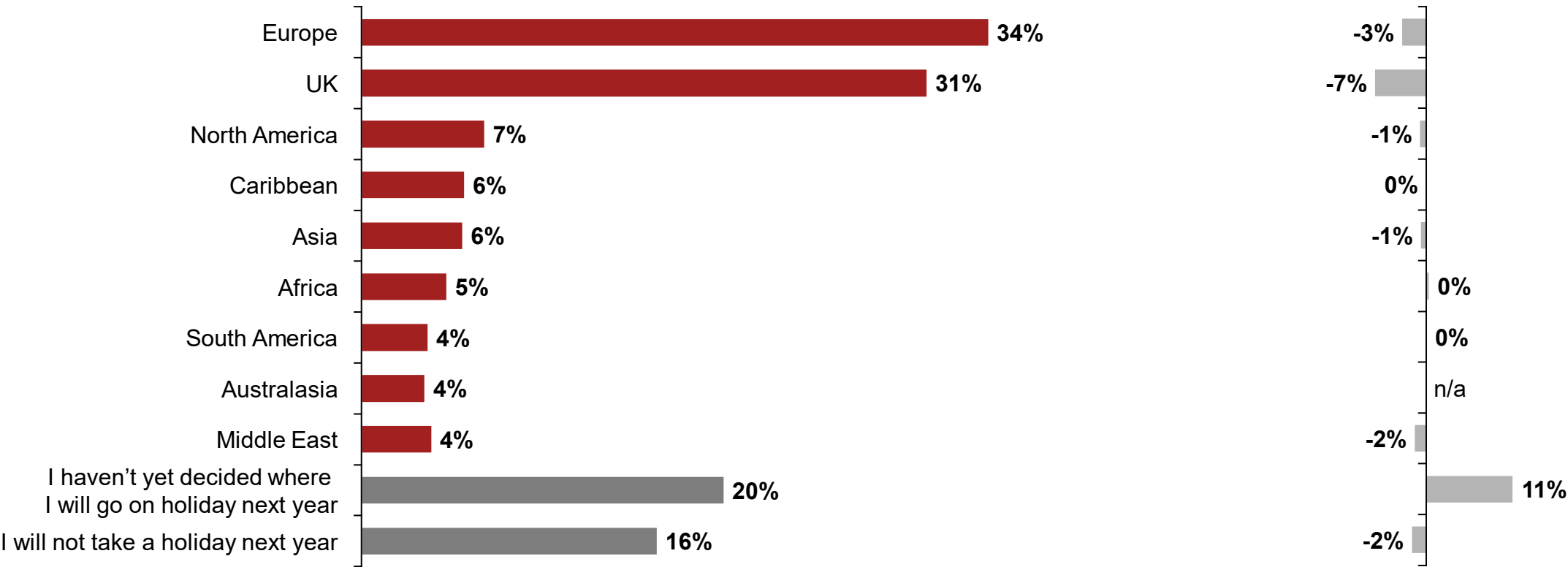
% respondents



People are planning to take a mix of domestic and international holidays next year

Where are you planning to take a holiday in 2024?

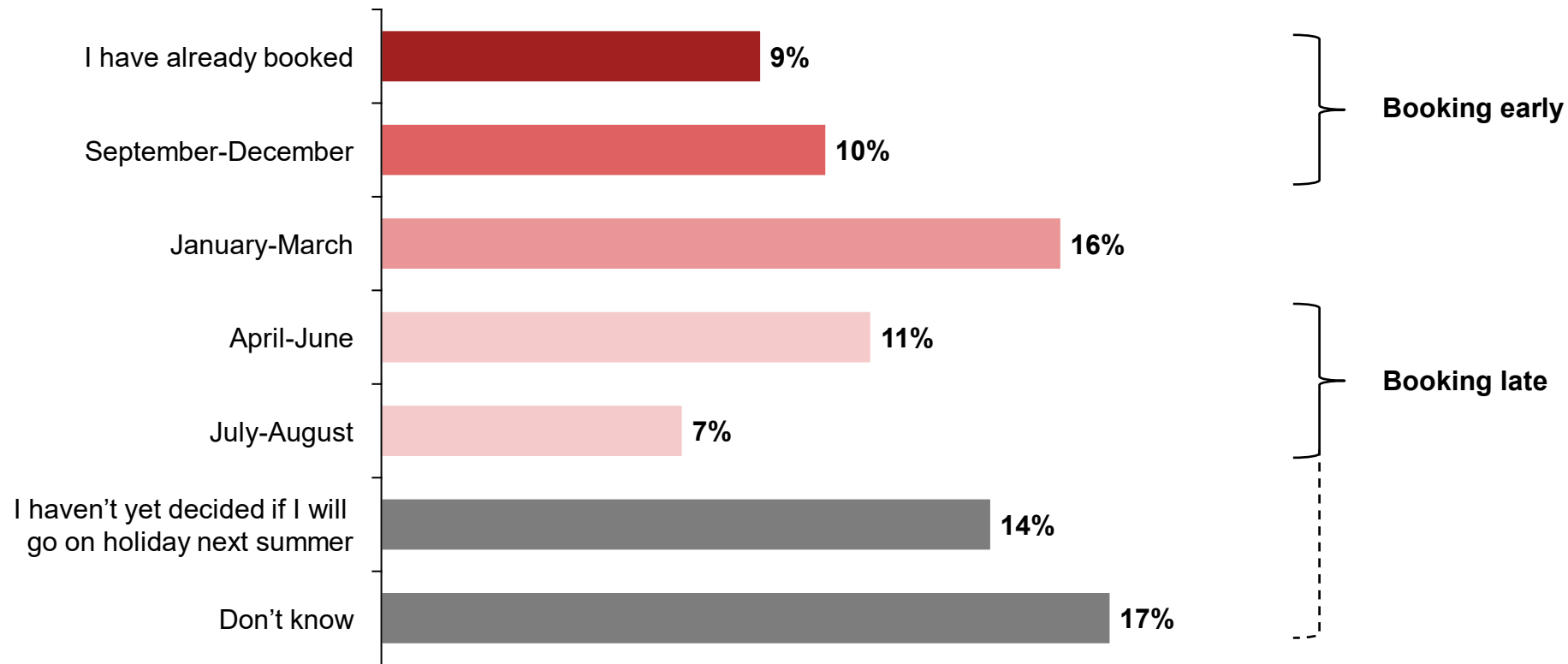
% respondents



We continue to see some polarisation in booking timings, with both early and late bookings expected

When do you plan to book a summer holiday for 2024?

% respondents



Note: excludes people not planning to take a summer holiday next year
Source: PwC Consumer Survey (Sep 2023)

Key takeaways

Pressures

High inflation
and interest
rates

High cost of
holidays

Uncertainty
leading to late
bookings

Some pent up
demand
unwind

Mitigators

Cost of living
pressures
easing

Holidays a
priority

Protected
spend

People still
coming back
into market

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1

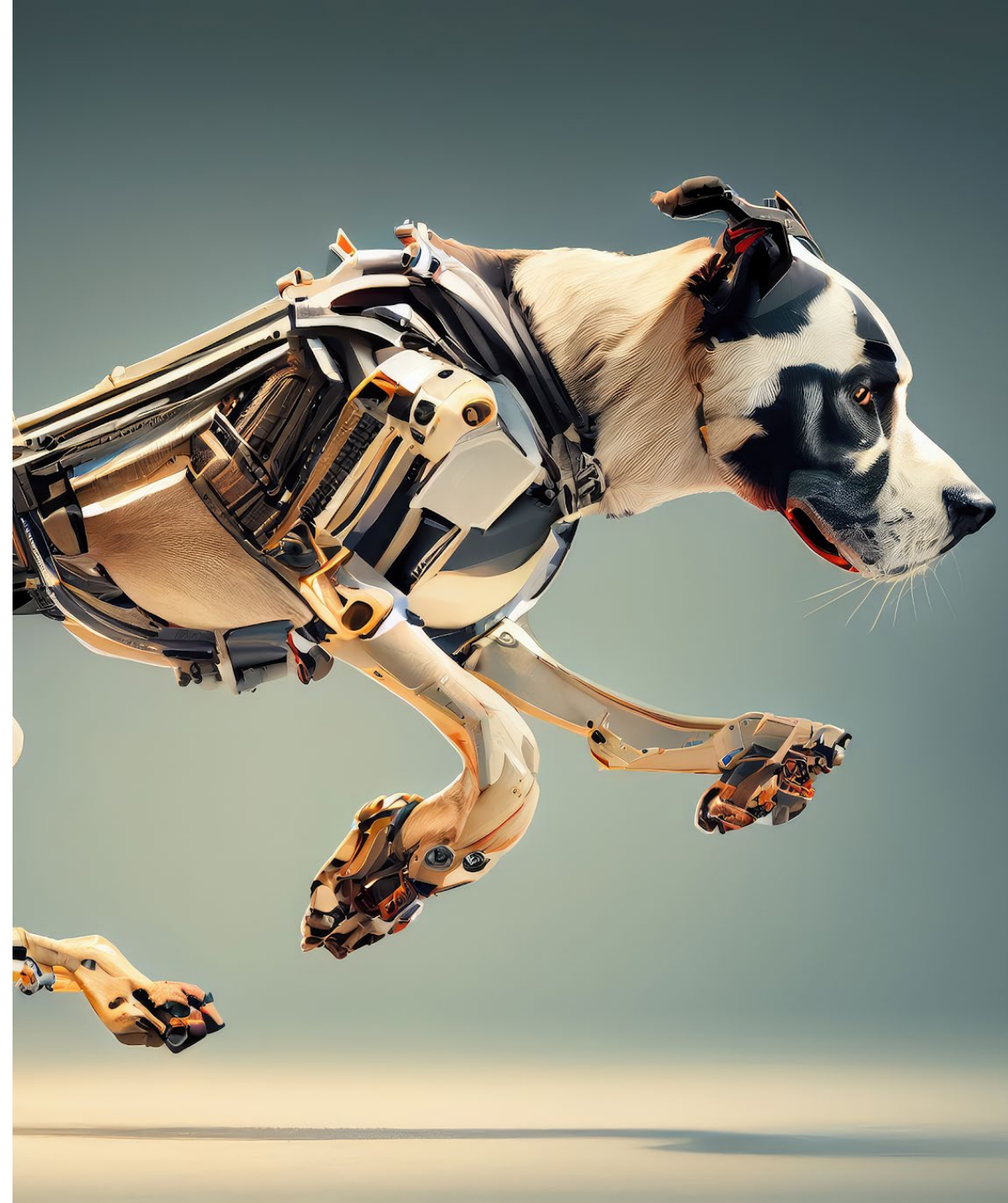
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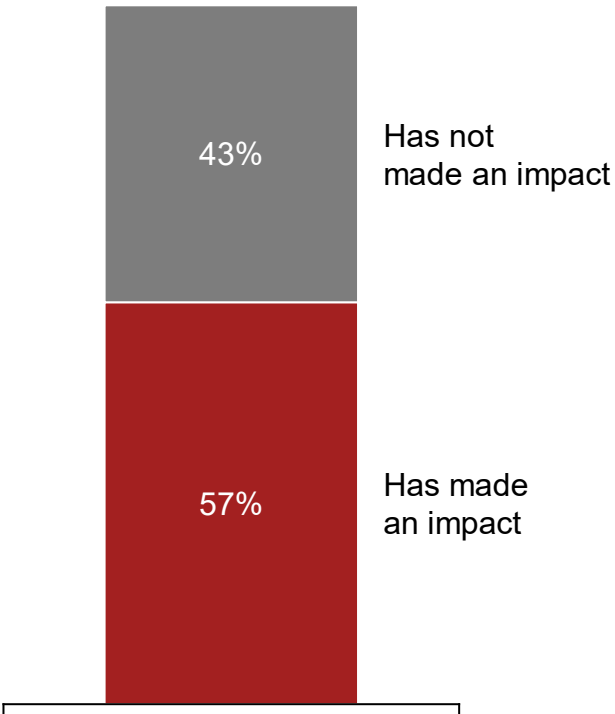
POLL – Do you expect revenues to be higher or lower in 2024 vs 2023?

POLL – What are you most excited about seeing unleashed in 2024?

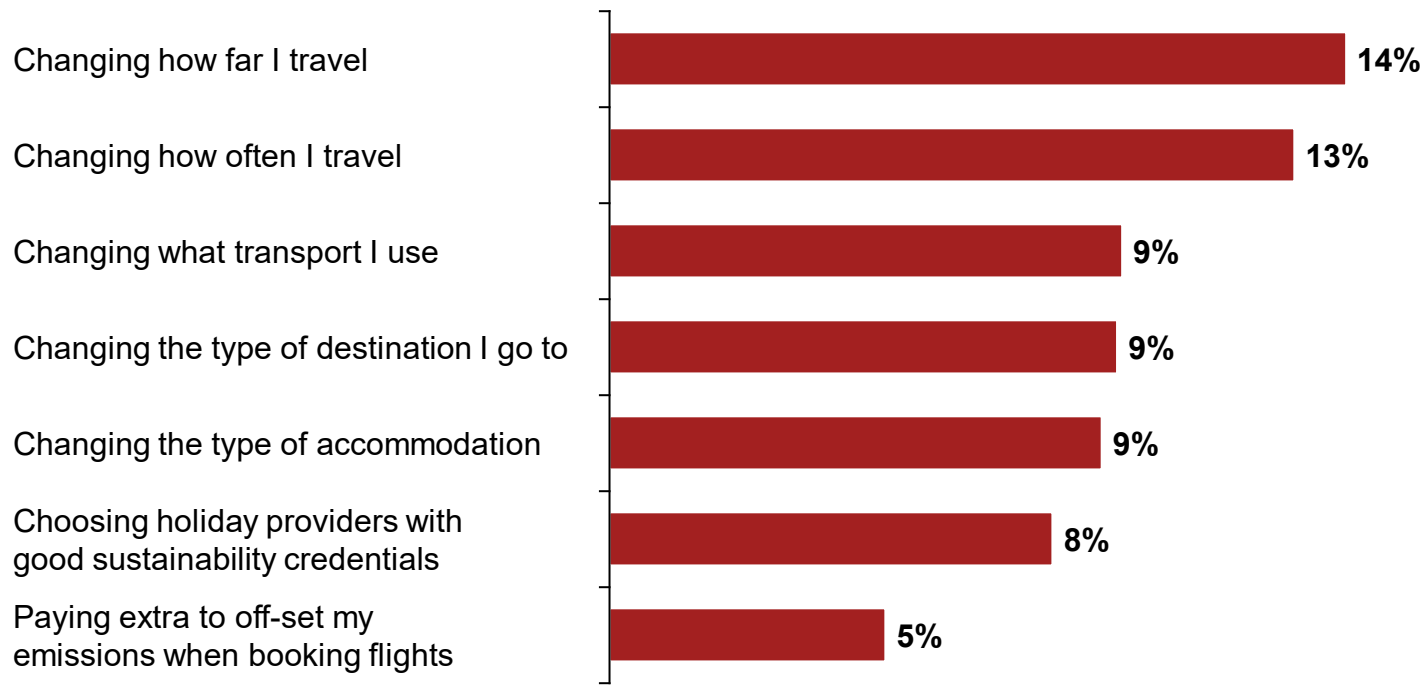
ESG

The majority of consumers say that sustainability issues are impacting their holiday taking...

Have sustainability issues had any impact on your holiday-taking/holiday plans?
% respondents



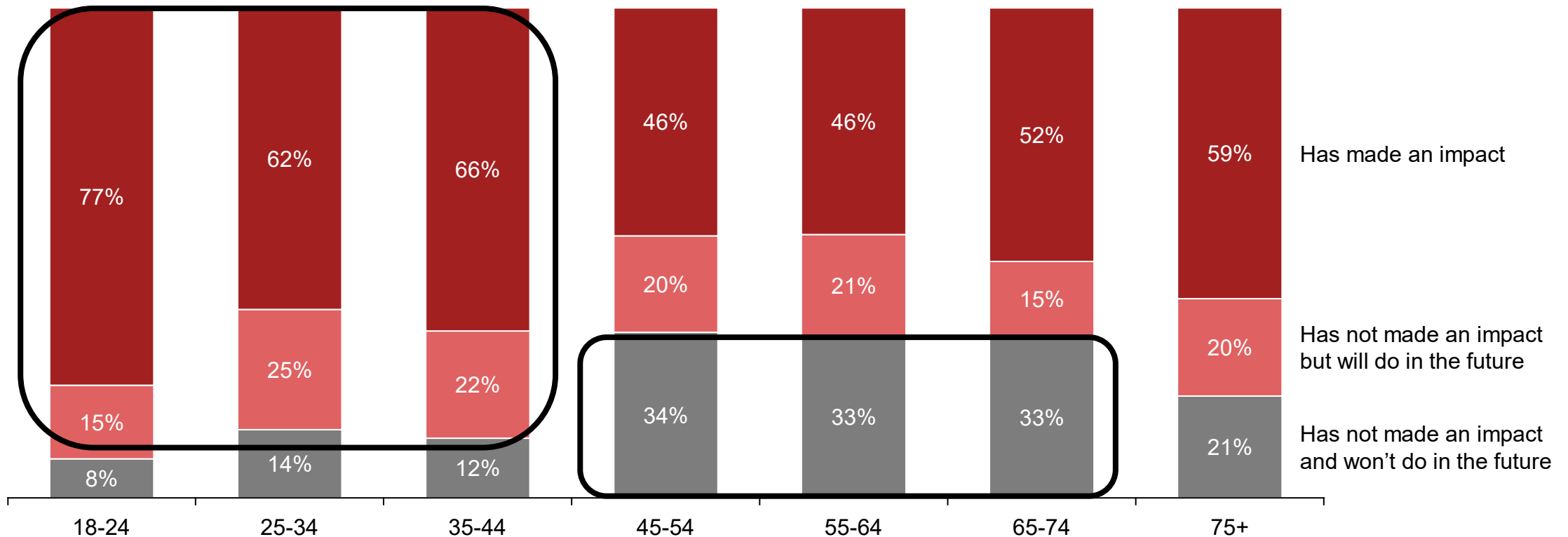
How is it impactig your holiday-taking/holiday plans?
% respondents



...with a generational divide which suggests an increasing trend for the future

Have sustainability issues had any impact on your holiday-taking/holiday plans? – by age group

% respondents



Sustainability can be a decision factor for people but there are also trade-offs with experience and price

To what extent do you agree or disagree with the following statements?

% respondents

■ Agree ■ Neither agree nor disagree ■ Disagree

Price

I am **willing to pay more** for sustainable holiday options

23%

35%

37%

I am **not willing to pay more** for sustainable holiday options

44%

33%

18%

Experience

I look for travel companies with **sustainability credentials**

28%

37%

30%

The **experience is more important** to me than sustainability

49%

34%

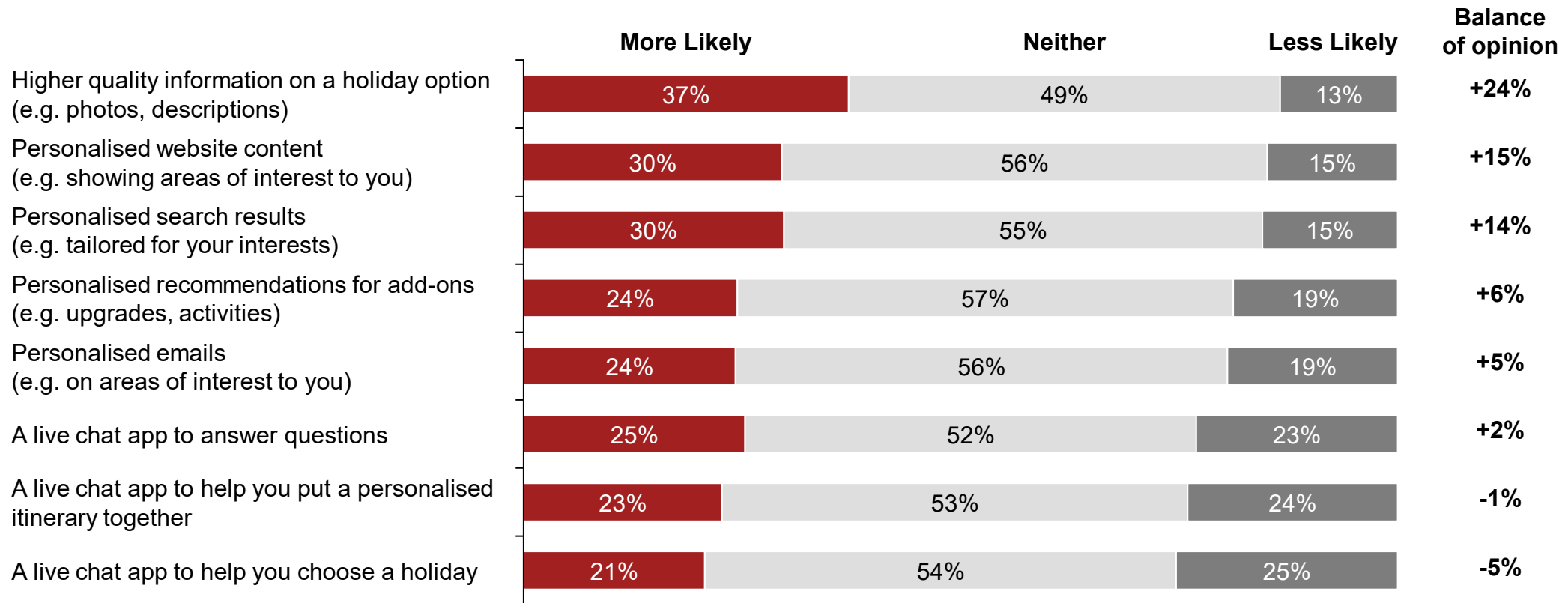
13%

Gen AI

Consumers are generally positive about the potential for generative AI to support their holiday bookings...

Generative AI (e.g. ChatGPT) is being widely used by companies. If a travel company used each of the following AI supported features would it make you more or less likely to book with them?

% respondents



Note: Balance of opinion is % saying more minus % saying less
Source: PwC Consumer Survey

...although there is a clear generational divide

If a travel company used each of the following AI supported features would it make you more or less likely to book with them?

– by age group

% respondents

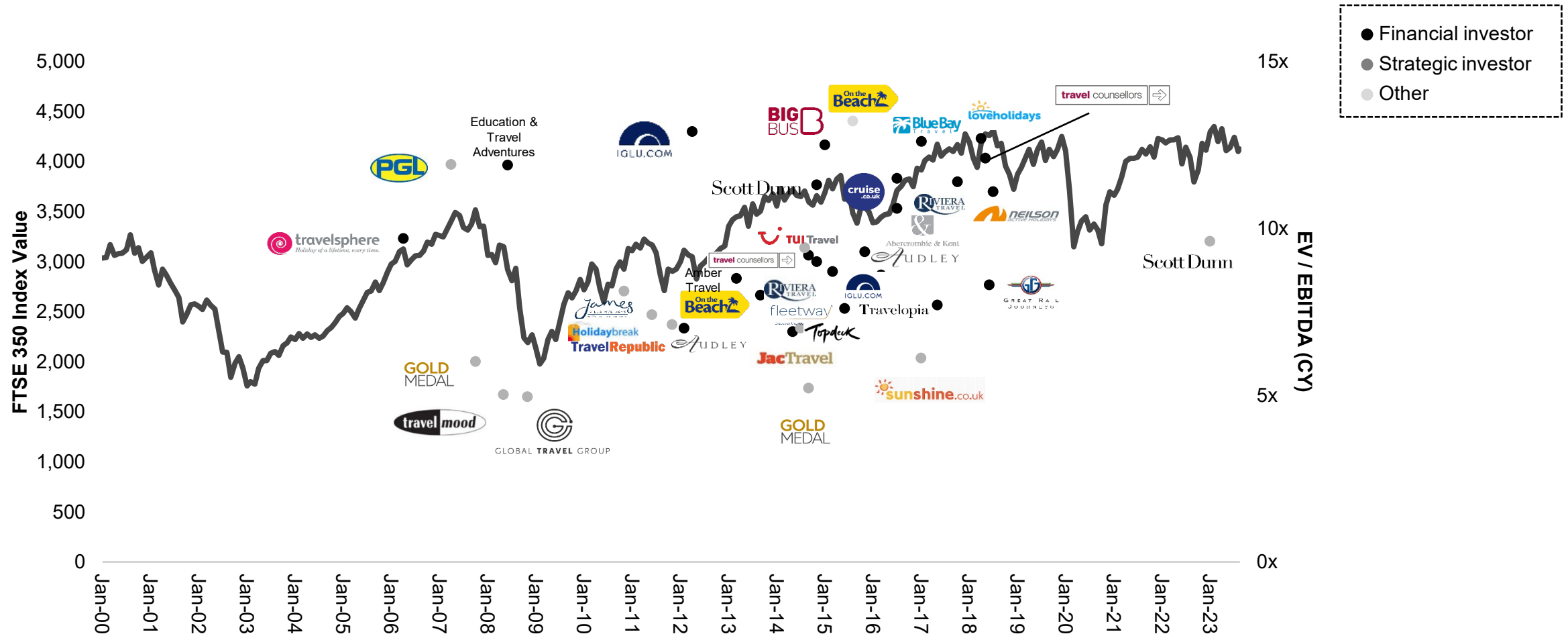
	18-24	25-34	35-44	45-54	55-64	65-74	75+
Higher quality information on a holiday option (e.g. photos, descriptions)	14%	21%	7%	-1%	-11%	-12%	-24%
Personalised website content (e.g. showing areas of interest to you)	21%	17%	13%	-3%	-14%	-13%	-27%
Personalised search results (e.g. tailored for your interests)	21%	28%	4%	-1%	-14%	-17%	-27%
Personalised recommendations for add-ons (e.g. upgrades, activities)	18%	24%	13%	-4%	-12%	-18%	-27%
Personalised emails (e.g. on areas of interest to you)	11%	22%	12%	-6%	-9%	-10%	-26%
A live chat app to answer questions	18%	26%	16%	-3%	-14%	-17%	-33%
A live chat app to help you put a personalised itinerary together	28%	32%	13%	-5%	-18%	-24%	-35%
A live chat app to help you choose a holiday	25%	32%	19%	-9%	-13%	-23%	-37%

Note: Balance of opinion is % saying more minus % saying less
Source: PwC Consumer Survey

Investment

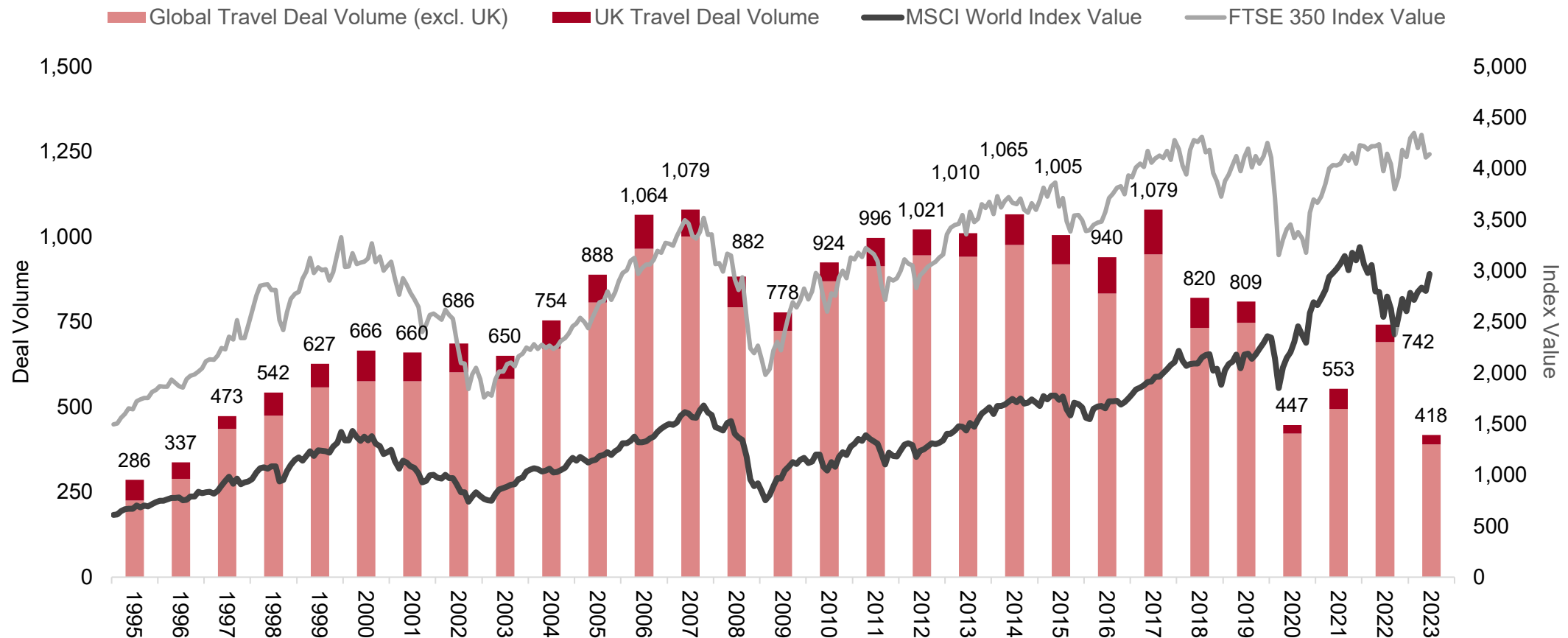
There is considerable investment from financial investors in a buoyant market, when the sector has a good story

M&A activity in the UK travel sector



The market is poised for increased investment into the travel sector

Deals activity in the global travel sector follows wider market sentiment, with a c. 9-month lag



Thank you

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