

Future of the Staycation – 2014 and Beyond

Management Summary

- The economic downturn has led to a massive change in holiday behaviour and attitudes, with leisure becoming ever more important even as finances are stretched.
- The increase in domestic trip taking and parallel decline in overseas travel was initially driven by cost, but many other factors have contributed to the continuation of the trend – including a preference for multiple short breaks over the year, risk aversion, last minute planning and the need for quality at the right price.
- Those who have changed their behaviour to take more domestic trips in recent years are overwhelmingly positive about the experience, and though they find it hard to imagine how they might behave in a more affluent future, are very much open to the idea of England continuing to play a greater role in their holiday repertoires.
- However, some are yearning to take holidays abroad when finances permit, and for all, more disposable income and greater job security in future will result in greater susceptibility to messaging about overseas holidays.
- As the economy emerges from recession it is therefore vital to continue to provide inspiration and ideas for breaks of the right quality and value to encourage the consumer to maintain and build on the domestic break habits formed in recent years.

1. Background

- Since 2008, VisitEngland has regularly carried out research to understand the impact of the economic environment on domestic holiday taking. This has followed consumer attitudes and behaviour from initial expectations of what the credit crunch might mean, through to actual impacts of the recession and the resulting increase in domestic trip-taking – the so-called “staycation” effect.
- By the end of 2013, the economy had returned to growth and both business and consumer confidence had increased, suggesting spending habits, and therefore holiday behaviours, were likely to enter another period of change, and raising a question about the future trajectory of the staycation trend.
- VisitEngland commissioned Olive Insight to carry out qualitative research to understand in more depth the factors likely to influence consumer decision-making in future. Four focus groups were carried out in November 2013 among individuals who had changed their behaviour since the onset of the recession to take more domestic holidays than previously. The objective was to understand whether modified behaviours were likely to be maintained or to change as the economy enters a period of growth

2. Key Findings

The Context

- Among most of those who took part in the research, the recession has had a profound effect – far more than anyone could have anticipated in 2008. Many had experienced job losses at first or second hand, money was more scarce than they could have imagined, with those in the C2DE (least affluent) social grade hardest hit.
- There was a great deal of cynicism towards the establishment – politicians, bankers, the media – and uncertainty about whether to believe the reports of “green shoots” when there was no evidence of improvement in most respondents’ own circumstances.
- Frugality has become a way of life. Behaviours such as changing energy suppliers, using discount supermarkets, regularly using deals and discounts and generally being willing to invest time searching online for a better deal are all widespread.

Changes in Holidays and Short Break Behaviours

The research identified ten factors which have led to changes in holiday-taking behaviour since the onset of the recession:

1. **The increased need for a break from reality** – leisure time has become more important as an antidote to the stresses and strains of everyday life, meaning that consumers attempt to maintain breaks and holidays even while cutting back on other areas of spending, and also feel the need to do this more frequently than in the past.
2. **The concern about being away for too long** – particularly for those who are self-employed and could miss out on contracts if out of contact for a long period, though others may also feel under pressure not to appear too frivolous in their spending.
3. **The rise of risk aversion** – when money is tight, people want to avoid taking too much of a gamble in their holiday choices in terms of time and money.
4. **The rise of the short break** – driven by the above three factors, many people have started to take multiple short breaks instead of waiting a year for the “big” holiday (indeed the average holiday trip length in England fell from 3.7 to 3.4 nights between 2007 and 2012).
5. **Less enthusiasm about European short breaks** – while the honeypot destinations such as Paris, Prague and Barcelona will always remain popular, disaffection with low-cost carriers, increased flight prices (and a generally more expensive Eurozone) and airport hassle are all reasons why many European cities are no longer as appealing for a short break as they were
6. **The search for quality and value** – when times are hard, getting the best possible quality experience for the available budget becomes even more important – this doesn’t necessarily mean just a low price (though that is of course important for those on lower incomes), but rather taking time to research, seeking out deals and discounts or just the right time to get a little extra luxury for the amount spent.

7. Linked to this, there has been a move towards **searching for creative ways to reduce holiday costs** – self-catering in a “grand designs” cottage rather than staying in a hotel, extending duty trips (weddings, trips to visit friends and family), planning trip activities in advance to maximise the break etc
8. **Increased domestic break-taking** – an outcome of all the above factors. At a rational level, costs can be more easily controlled on a domestic holiday, while at an emotional level, the breadth of experiences leading to bonding with others, as well as elements of nostalgia and perhaps also feeling less indulgent combine to support the “staycation” trend.
9. **The proliferation of routes to inspiration** – affecting all types of holiday, the rise in both social media and also deal sites such as Groupon and Wowcher mean that the breadth of inspirational ideas that consumers are exposed to is now wider than ever before.
10. **The planning vs last minute dynamic** – last minute trip taking has been a feature of recent years – in part because this allows decisions to be deferred until budgets are certain, in part because there is a belief that this gives access to lower costs – and of course mobile internet access allows booking “on the hoof.” However, this is not true for everyone, and some prefer to plan ahead so that they know they have something to look forward to through the year

The England Experience

Overall, this group of people who had changed their behaviour to take more domestic breaks were very positive about their experiences, and many had enjoyed trips more than they expected. The richness of the experience, improved quality of food and accommodation, ease and lack of hassle and a perception that breaks at home are not as expensive as they were (abroad is more expensive by comparison than it was; there are more ways to access value for domestic breaks) all contribute to overwhelmingly positive sentiments. A domestic break is – in a positive way – a very different type of experience than a foreign holiday, and is appreciated for this.

Domestic breaks also tap into a sense of nostalgia – something that is a benefit when times are hard, though which could pose a risk as the economy recovers when harking back to a safer past will perhaps be less appealing.

Despite all this, people still may use apologetic language when talking about their domestic breaks – using words such as “just” and “only” – while the weather remains a perpetual risk for longer domestic holidays (less of an issue for short breaks)

Looking to the Future

As outlined above, most people have not yet seen any tangible sign of the economy improving, and after such a long recessionary period – for younger people, one which has lasted for most of their all their adult lives – it is very difficult for consumers to imagine how their holiday behaviour might change as finances become less strained. However, three different sets of intentions emerged:

- Returning to taking longer holidays abroad (though even among those expecting to do this, there is now greater appreciation of England than pre-recession, and the sense that it will play a larger role in overall repertoires)

- Keeping the short break habit, with England an important part of the repertoire, but short trips abroad perhaps more readily considered than at the moment
- Continuing to take holidays and breaks in England – perhaps even more than at present if finances permit.

The short break habit may well continue into the mid-term, even when the factors that initially drove this trend recede as people have found that they have enjoyed the experience. There is also continued interest in discovering more of England, and perhaps greater confidence than there was pre-recession in taking new types of break in new places.

However, there is undoubtedly a challenge as belts begin to loosen – understandably, people may want to reward themselves for having got through the hard times, leading to a potential spike in overseas trip taking - and they may also simply be more susceptible to messaging about overseas breaks.

To counter this, the tourism industry therefore needs to continue to provide ideas and calls to action, playing on the country's strengths in accommodation and food quality and richness of experience to inspire domestic breaks, so that the underlying goodwill that has been generated by the staycation continues to translate into future behaviour. In addition, there will still be the need to appeal to an ingrained frugality / deal seeking mentality – though here, more creative “enhancing” offers may start to play a more important role than simple “money off” deals, allowing businesses to provide the value and quality demanded by the consumer without necessarily harming profit margins.

To read the full survey report please visit http://www.visitengland.org/insight-statistics/market-research/Economic_Downturn_and_the-Staycation/index.aspx