

## Travel Trends: Inc Impact of COVID-19 - UK - August 2020

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“The level of service provided by travel companies during the pandemic will influence consumers’ future choices. Travel companies that are able to learn and adapt their level of customer service quickly to the ever changing situation caused by COVID-19 are well positioned to gain a competitive advantage.”

– **Marloes de Vries, Senior Travel Analyst, 14 August 2020**

### This report looks at the following areas:

More brands should look to offer online self-service options that allow travellers to easily amend bookings or view alternative dates and destinations in order to reduce reliance on call centres.

#### What you need to know

A fifth of those who were open to taking a cruise prior to COVID-19 would no longer consider this type of holiday, even when a vaccine becomes available. Outbreaks of the virus on cruise ships and subsequent media coverage have caused permanent reputational damage to the industry. As older travellers are currently more risk-averse when it comes to travelling, it has never been more important for the cruise industry to win over younger audiences.

Booking levels are generally rising, albeit at a very slow pace and still well below levels seen last year. Confidence remains volatile, with events such as (regional) lockdowns, rising COVID-19 cases and the re-introduction of quarantining measures for several overseas holiday destinations (most notably Spain and France) impacting consumer demand for travel. Amid the uncertainties caused by COVID-19, cancellation policies have become much more important in travellers’ decision-making process.

There is less strong demand for hotel stays than prior to COVID-19, whilst holiday rental properties hold high growth potential. Though hotels are much more associated with hygiene, being with other people in an indoor space is putting people off staying in them. According to UK travellers, hotels should prioritise enhancing sanitisation procedures and social distancing measures.

The level of service provided by travel companies will influence consumers’ future choices. Companies that learn and adapt quickly to the ever changing situation caused by COVID-19 can gain a competitive advantage. More travel companies should look to offer online self-service options that allow travellers to easily amend bookings or view alternative dates and destinations in order to reduce reliance on call centres.

#### Key issues covered in this Report

- **The impact of COVID-19 on the domestic and overseas holiday market**
- **Trends in booking intentions and consumers’ confidence in travelling**
- **Considered destinations over the longer term**
- **COVID-19 information needs and desired safety measures**
- **Company innovations in response to COVID-19**

#### Products covered in this Report

This Report examines the habits and attitudes of British adults aged 16 or over towards holiday-taking in the UK and abroad. For the purposes of this Report, Mintel defined a holiday as a stay of at least one night that is primarily for leisure purposes. Business trips and visiting friends or relatives are not included.

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This report is part of a series of reports, produced to provide you with a more holistic view of this market

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### COVID-19: Market context

The first COVID-19 cases were confirmed in the UK at the end of January, with a small number of cases in February. The government focused on the 'contain' stage of its strategy, with the country continuing to operate much as normal. As the case level rose, the government ordered the closure of non-essential stores on 20 March.

A wider lockdown requiring people to stay at home except for essential shopping, exercise and work 'if absolutely necessary' followed on 23 March. On 10 May 2020, the Prime Minister announced revised guidance, recommending that people who could not work from home should return to the workplace, and giving people more scope to spend time out of the home. Further relaxations to lockdown rules were announced in the week of the 23 May, including the gradual re-opening of non-essential retailers, and increased opportunities for social interaction across households.

On 23 June 2020, the Prime Minister announced that pubs, restaurants, accommodation and most leisure facilities and tourist attractions are allowed to re-open on 4 July 2020. Businesses are allowed to reduce the social distancing rule to one metre where it is not possible to keep two metres apart. Meanwhile, travellers can stay overnight with no more than two households together.

Initially, all international arrivals except from Ireland, the Isle of Man and the Channel Islands had been required to self-isolate in their accommodation for 14 days on arrival into the UK from 8 June 2020 onwards. At the start of July, the UK government announced so-called travel corridors, which allow travellers from the UK to travel to over 70 countries or territories without having to self-isolate upon arrival in the UK from 10 July onwards. Although several countries have been added to the list of travel corridors, some have been removed, including Spain and France – the UK's most visited overseas holiday destinations.

### Economic and other assumptions

Mintel's economic assumptions are based on the Office for Budget Responsibility's central scenario included in its July 2020 Fiscal Sustainability Report. The scenario suggests that UK GDP could fall by 12.4% in 2020, recovering by 8.7% in 2021, and that unemployment will reach 11.9% by the end of 2020, falling to 8.8% by the end of 2021. The current uncertainty, however, means there is wide variation on the range of forecasts, which is reflected in the OBR's own scenarios. In its upside scenario, economic activity returns to pre-COVID-19 levels by Q1 2021. The OBR's more negative scenario, by contrast, would mean that GDP doesn't recover until Q3 2024.

We are working on the assumption that a vaccine will be available by mid-2021, but that there will be continued disruption to both domestic and global markets for some time after.

As long as there is not a second wave of infections, social distancing measures should be relaxed gradually throughout 2020, but we do not expect industries such as spectator sports, tourism or foodservice to return to any kind of normality until a vaccine is introduced. In the meantime, the economic disruption will mean that many operators will be forced out of the market, hitting capacity. In markets that were already in decline, we expect this reduction in capacity to be permanent.

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## Table of Contents

### Overview

What you need to know  
 Key issues covered in this Report  
 Products covered in this Report  
 COVID-19: Market context  
 Economic and other assumptions

### Executive Summary

#### The market

Reintroduction of quarantine measure for arrivals from key holiday destinations expected to boost demand for staycations

Figure 1: Forecast value of domestic holidays\* taken by British residents, 2015-25 (prepared on 14 August 2020)

Figure 2: Forecast value\* of overseas holidays taken by UK residents, 2015-25 (prepared on 14 August 2020)

Value deals alone will not be enough to convince price-sensitive traveller

Mintel's long-term outlook on the holiday market remains positive

The impact of COVID-19 on travel

Travel industry faces the biggest challenge in history with overseas travel taking the biggest hit

Figure 3: Short, medium and long-term impact of COVID-19 on the UK travel market, 14 August 2020

#### Companies and brands

Consumers' safety and protection have been central to company innovation

More companies are working towards a greener comeback

#### The consumer

Booking intentions are creeping up, albeit at a slow pace

Figure 4: Actual bookings and plans to book a holiday in the next three months, by age, January 2019 to July 2020 (fieldwork dates in July 2020: 2-11 July)

Vaccine will be essential for recovery

Figure 5: When consumers would consider holiday activities again, by destination, accommodation and holiday types, June 2020

Longer-term outlook for London is positive, but capital faces headwinds in the short to medium term

Recovery of overseas holidays heavily impacted following reintroduction of quarantine measures

The US remains the most desired long-haul destination over the longer term

Cancellation policy more important than rescheduling policy

Figure 6: Preferred information regarding COVID-19, June 2020

Various safety measures required to boost confidence in flying

Figure 7: Preferred hygiene measures in hotels/resorts, airplanes and on cruises, June 2020

Travel insurance an essential

Figure 8: Attitudes towards the impact of COVID-19 on travel, June 2020

Outdoor activities have become more important when promoting wellness breaks

### The Impact of COVID-19 on Travel

#### The market

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 Mintel's long-term outlook on the holiday market remains positive

The consumer

Booking intentions are creeping up, albeit at a slow pace

Vaccine will be essential for recovery

Longer-term outlook for London is positive, but capital faces headwinds in the short to medium term

Recovery of overseas holidays heavily impacted following reintroduction of quarantine measures

Cancellation policy more important than rescheduling policy

Enhanced cleaning and sanitisation considered a priority

Companies and brands

Consumers' safety and protection have been central to company innovation

More companies are working towards a greener comeback

## Issues and Insights

Enhanced customer service will help to gain a competitive advantage

Return to nature has become a more important wellness theme

## The Market – Key Takeaways

Reintroduction of quarantine measures for key holiday destinations expected to boost demand for staycations

Reassuring messages remain key

## Market Size and Forecast – Domestic and Overseas Holidays

Travel industry faces its biggest challenge in history with overseas travel taking the biggest hit

Figure 9: Short, medium and long-term impact of COVID-19 on the UK travel market, 14 August 2020

Lockdown

Re-emergence

Recovery

Recovery will be slow due to consumers' concerns about their physical and financial wellbeing

Mintel's long-term outlook on the holiday market remains positive

Reintroduction of quarantine measure for arrivals from key holiday destinations expected to boost demand for staycations

Figure 10: Forecast volume of domestic holidays\* taken by British residents, 2015-25 (prepared on 14 August 2020)

Figure 11: Forecast value of domestic holidays\* taken by British residents, 2015-25 (prepared on 14 August 2020)

Figure 12: Forecast volume and value\* of domestic holidays taken by British residents, 2015-25 (prepared on 14 August 2020)\*\*

Reintroduction of quarantine measures for key holiday destinations hits consumer confidence in travelling overseas

Figure 13: Forecast volume of overseas holidays taken by UK residents, 2015-25 (prepared on 14 August 2020)

Figure 14: Forecast value\* of overseas holidays taken by UK residents, 2015-25 (prepared on 14 August 2020)

Figure 15: Forecast volume and value\* of overseas holidays taken by UK residents, 2015-25 (prepared on 14 August 2020)\*\*

Market drivers and assumptions

Figure 16: Key drivers affecting Mintel's market forecast, 2015-2025 (prepared on 10 August 2020)

Learnings from the last recession

Figure 17: Value sales of domestic and overseas holidays, 2009-15

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Forecast methodology

## Market Drivers

Consumers have started to feel the impact of COVID-19 on their finances

Figure 18: Changes in financial situation, July 2019, March 2020 and July 2020

Value deals alone will not be enough to convince price-sensitive travellers

Figure 19: Financial confidence in the year ahead, July 2019, March 2020 and July 2020

More key holiday destinations removed from the UK's list of travel corridors

Figure 20: Top 15 destinations for overseas holidays taken by UK residents, by volume in 2019

## Companies and Brands – Key Takeaways

Consumers' safety and protection have been central to company innovation

More companies are working towards a greener comeback

Increased levels of stress create opportunities for wellbeing messages

## Launch Activity and Innovation

Increased customer protection offered in response to COVID-19

Co-operative Travel promises a cash refund within 10 working days

TUI offers pandemic cover at no extra cost

Tools to encourage social distancing

Manchester Airport is trialling a pre-booking system to reduce queue sizes

Aerospace company develops AI-based inflight vending machine

Travel brands invest in sustainable recovery

Culture Trip and Lonely Planet use their influence to encourage responsible travel

Hilton invests in sustainable travel and tourism in Africa

Initiatives to help reduce stress caused by COVID-19

Iceland campaign invites consumers to release stress

Wellbeing Escapes launches online retreats during pandemic

## The Consumer – Key Takeaways

Consumers are still nervous about flying

Appeal of outdoor activities in quieter areas remain high on consumers' wish list

Investments in customer service necessary to keep trust levels high

## Impact of COVID-19 on Booking Intentions

Booking intentions are creeping up, albeit at a slow pace

Figure 21: Actual bookings and plans to book a holiday in the next three months, by age, January 2019 to July 2020 (fieldwork dates in July 2020: 2-11 July)

## Impact of COVID-19 on Confidence in Travel

Consumers are still nervous about flying

Investments in customer service necessary to keep trust levels high

Figure 22: Consumers' confidence in holiday transport and accommodation types, 25 June 2020 to 7 August 2020

## Speed of Recovery

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## Holiday rental properties likely to make gains on hotels

Figure 23: When consumers would consider holiday activities, by destination, accommodation and holiday types, June 2020

## Vaccine will be essential for recovery

Figure 24: When consumers would consider holiday activities again, by destination, accommodation and holiday types, June 2020

## Reputational damage for cruise holidays

## Cruise operators challenged to get younger generation on board

Figure 25: Interest in activities once government travel restrictions are lifted, by age, June 2020

## Considered Destinations over the Longer Term

### Longer-term outlook for London is positive, but capital faces headwinds in the short to medium term

Figure 26: Considered UK holiday destinations in the next three years, June 2020

### Recovery of overseas holidays heavily impacted by reintroduction of quarantine measures

Figure 27: Considered holiday destinations in Europe in the next three years, June 2020

### Italy and Greece could benefit from reintroduction of quarantine measures

Figure 28: Intentions to visit short-haul destinations in the two years following June 2020, by intentions to visit other short-haul destinations

### The US remains the most desired long-haul destination over the longer term

Figure 29: Considered holiday destinations outside Europe in the next three years, June 2020

## COVID-19 Information Needs

### Cancellation policy more important than rescheduling policy

### Majority of travellers prefer to be informed about hygiene measures

Figure 30: Preferred information regarding COVID-19, June 2020

### Older travellers require more extensive information regarding COVID-19

Figure 31: Preferred information regarding COVID-19 – Repertoire, June 2020

## Desired Safety Measures

### Enhanced cleaning and sanitisation considered a priority

Figure 32: Preferred hygiene measures in hotels/resorts, airplanes and on cruises, June 2020

### Various safety measures required to boost confidence in flying

## Attitudes Towards Travel

### Travel insurance an essential

Figure 33: Attitudes towards the impact of COVID-19 on travel, June 2020

### COVID-19 has raised awareness on the environmental impact of travel

### Most consumers will not give up on holidaying...

...but the pressure on companies to take action and expand greener travel options will increase

### Demand for advice through online channels expected to increase

Figure 34: Attitudes towards travel agent advice, CHAID analysis, June 2020

### Older population have become more open to visiting lesser-known cities

Figure 35: Interest in visiting lesser-known cities, May 2018 vs June 2020

### Outdoor activities have become more important when promoting wellness breaks

Figure 36: Interest in taking wellness short breaks, June 2020

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### Appendix – Data Sources, Abbreviations and Supporting Information

Abbreviations

Consumer research methodology

CHAID analysis methodology

Figure 37: Travel trends – CHAID – table output, June 2020

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