

# Package vs Independent Holidays - UK - 2022

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## This report looks at the following areas:

- How the rising cost of living will impact the recovery of the travel market and the way holidays are booked
- Trends in holiday booking behaviour
- Reasons for booking package vs independent holidays
- Holidaying intentions and likely behavioural changes in 2022 and beyond
- Perceptions of package holidays, all-inclusive holidays and independently booked holidays

Package holidays continue to be more closely associated with good value for money than independently booked holidays (40% vs 33%). The previous income squeeze saw cash-strapped consumers turn more to packaged products to control spending and take advantage of aggressive pricing. The extra services incorporated within an overall package should once again become a more important selling point amidst the cost of living crisis.

Holiday bookings showed an upward trend from February to May 2022 as more and more countries relaxed travel restrictions. Although the impact of inflation has yet to inflict a significant dent in peoples' appetite to book holidays, the income squeeze is forcing consumers to prioritise expenditure, which will inevitably impact the travel market, especially as the average price of holidays continues to rise. This will slow the recovery of market volume, but the increase in average selling prices will see market value recover at a quicker pace.

Aside from these macroeconomic challenges, the possibility of vaccine-resistant COVID-19 variants emerging continues to pose the biggest threat to the recovery. Many operators in the industry are also facing a staff shortage, leading to capacity reductions and impacting customer experience levels.

New investments to make package holidays more flexible and customisable will be essential for the segment to broaden its appeal. Where providers of



“Some consumers remain more receptive to the extra protection offered by package holidays, resulting in a slight shift towards this booking method. Higher demand for beach holidays and luxury travel also benefits the package holiday segment as these trips account for a larger share of bookings made as a package.”

– **Marloes de Vries, Associate Director – Travel, August 2022**

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Independent holidays can gain ground compared to package holiday providers by helping the traveller save time in the planning process, such as through personalising content.

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- Some companies are forced to make capacity cuts...
- ...while others have enough resources to operate efficiently
- Disruption has impacted confidence to travel to some extent
- CAA publishes summary of responses to the ATOL Reform Consultation

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- loveholidays.com attributes growth to the choice, ease of booking and value it offers
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