The Premium vs Budget Traveller - UK - February 2015

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"A falling oil price and strong Pound should generate freer spending on short-haul holidays in general. These factors are also likely to act as a further incentive for 'mix and match' or 'hybrid' travel behaviour – travellers who seek to economise as much as possible on the transport component of their holiday in order to trade up and spend more on accommodation or in the destination itself."
– John Worthington, Senior Analyst

This report looks at the following areas:

- What is the likely impact of falling oil prices and a stronger Pound on holiday spending patterns?
- How do spending patterns differ between package and independent holidaymakers and what are the implications for the travel and tourism industry?

The past six years have been extremely tough for travel and tourism businesses. UK consumers spent only 4% more (at current prices) on holidays in 2014 than they did in 2008, despite the overall cost of living having risen 21% over that period. Profit margins, often thin in the industry even in good times, have been squeezed further. Travellers have become adept at shopping around both online and offline.

Socio-economic inequalities necessitate a broad segmentation of holiday products, budget, mid-range and luxury, but many holidaymakers also have higher than ever expectations, and there is growing demand for more upmarket versions of mass market products – the concept of affordable luxury is increasingly used across the industry.

This report explores key market drivers, discusses budget, mid-market, premiumisation and luxury trends across the market, and focuses on an in-depth analysis of the spending approaches of overseas package, independent and UK domestic holidaymakers. This is the first time Mintel has reported on this theme.

DID YOU KNOW?

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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