

M&S BANK
SUMMER
HOLIDAY
BAROMETER

AUGUST 2015

INTRODUCTION

The M&S Bank Summer Holiday Barometer provides a picture of the country's holiday plans for 2015: how much a family holiday costs, how much families want to spend on their holiday and their travel insurance needs and plans.

The good news is that the cost of most summer holidays has fallen this year. Seven out of ten popular destinations are cheaper this year, thanks partly to the strong pound. Portugal was the cheapest overall destination, while a holiday in France had seen the biggest fall in costs. The first part of the Summer Holiday Barometer takes a deeper look at the cost of holidays in ten popular family holiday destinations.

Not only are holidays cheaper, but over half of British holidaymakers are planning on spending more on their summer break this year. With bigger budgets to spend, and cheaper holidays in most locations, many Brits will be enjoying longer holidays than usual or upgrading to more expensive locations. The second part of the Barometer looks at how many people budget for their holidays, and what they plan to spend when they are away.

When it comes to travel insurance, over one in ten people surveyed said they wouldn't purchase insurance, putting themselves at risk should the worst happen. And things do sometimes go wrong on holiday; more than one in four people polled have made a claim against a travel policy in the past. Typical reasons to do so have included medical expenses, theft of personal possessions and unforeseen cancelled holidays. The final section of this report looks in more detail at how many people buy travel insurance and what kinds of claims they make.

INTRODUCTION



SECTION ONE

Summer holiday savings

page 1

SECTION TWO

Cheaper holiday costs boost family getaway budgets

page 3

SECTION THREE

One in ten won't purchase travel insurance

page 5

TOP 10 SUMMER HOLIDAY DESTINATIONS



SECTION ONE

SUMMER HOLIDAY SAVINGS

The M&S Bank Summer Holiday Barometer revealed that the cost of a family holiday fell in seven out of ten popular destinations this summer. On average, British families can enjoy savings of four per cent (3.5).

There are particularly good savings to be found in Europe, thanks to the strength of the pound against the euro, which recently hit a seven-year high.

France has experienced the biggest fall in holiday costs, with a holiday to Paris costing nine per cent (9.0) or £221 less this summer. This is down from £2,453 for a family of four in 2014, to £2,232 in 2015.

However, Portugal is the most affordable destination in the top ten destinations researched this summer. A family break in Lisbon will cost £2,200, seven per cent (6.5) or £152 less than in 2014 (£2,352). Portugal offers relatively affordable accommodation costs, while local costs (such as dinner and excursions) are also cheap.

Other European destinations offering significant savings this summer are Italy and Spain. Families can now enjoy a sunshine break in Italy (Lido di Jesolo) for eight per cent (7.8) less than last year, while the cost of a holiday in Spain (Alicante) has fallen by seven per cent (6.9). A family of four holidaying in these destinations will pay £2,528 and £2,544 this year respectively.

For those looking to upgrade by travelling slightly further afield, Florida offers the cheapest accommodation of all ten destinations, at just £595 for a family of four. However, the cost of a holiday here has risen two per cent (1.9) annually, and at £5,108 for a family of four, this is the third most expensive destination overall.

HOLIDAYS ARE CHEAPER THIS YEAR

THE COST OF A FAMILY HOLIDAY
HAS FALLEN IN



7 OUT OF **10**

POPULAR DESTINATIONS

Among the priciest holiday destinations for families this summer is Mexico (Cancun), known for its golden beaches and luxury family resorts. Although it's the only destination outside of Europe to have experienced a price reduction – families can now enjoy annual cost savings of two per cent (2.1) – the high cost of a long-haul flight makes Mexico a more expensive choice at £6,524 overall.

BIGGEST ANNUAL FALL IN COST

France



A HOLIDAY IN FRANCE
IS £221 CHEAPER THIS YEAR

↓ 9%

CHEAPEST OVERALL DESTINATION

Portugal



PORTUGAL IS THE MOST
AFFORDABLE HOLIDAY
DESTINATION, AT £2,200
FOR A FAMILY OF FOUR

↓ 7%

Topping the list of most expensive destinations is a holiday in Bridgetown, Barbados, where the cost of a holiday has risen 2.1 per cent annually, and will set a family of four back £7,136.

Flight costs play a large role in the price of a family holiday this summer. The top three most expensive destinations (Barbados, Mexico and Florida) are all long-haul, with flights costing around £1,000 per person. In contrast, while destinations such as Paris (which is the second most affordable location overall) may have expensive accommodation costs, this is offset by very affordable flights (just £88 per person).

TOP 5 BEST VALUE HOLIDAY DESTINATION SAVINGS

Ranking	Destination	2015 cost per person	2015 cost per family	2014 cost per family	Difference (%)	Difference (£)
1	Portugal (Lisbon)	£550	£2,200	£2,352	-6.5%	-£152
2	France (Paris)	£558	£2,232	£2,453	-9.0%	-£221
3	Italy (Lido di Jesolo)	£632	£2,528	£2,742	-7.8%	-£214
4	Spain (Alicante)	£636	£2,544	£2,732	-6.9%	-£188
5	Croatia (Dubrovnik)	£740	£2,960	£3,134	-5.6%	-£174

TIPS FROM M&S BANK ON KEEPING HOLIDAY COSTS LOW:

GET ORGANISED –

book flights well in advance to get the best possible deal.

WORK TO A BUDGET –

plan your holiday budget to work out how much your holiday will cost and how much travel money you will need. Even if you're staying in half-board or all-inclusive accommodation, don't forget to factor in currency for taxis, tipping and other extras.

BUY IN ADVANCE –

find out if you can buy tickets for activities you're planning cheaper in advance.

METHODOLOGY

All holiday costs are for a family of four for one week. Costs include seven nights' accommodation, flights, dinner, spending money and one activity. All flights and accommodation booked for a family of four from 1st to 8th August. Accommodation costs are from www.expedia.co.uk and represent the average 3 star hotel family room cost. All restaurants from www.expatistan.com/cost-of-living. All exchange rates from M&S Bank correct for June 2015 and June 2014.

SECTION TWO

CHEAPER HOLIDAY COSTS BOOST FAMILY GETAWAY BUDGETS

Despite overall holiday costs falling, the majority of families (57 per cent) said they will actually choose to spend more on their holiday this year than they did in 2014.

Those planning to spend more said this was due to either upgrading to a more expensive destination (34 per cent), or opting for a longer holiday (24 per cent). This suggests families are taking advantage of cheaper holiday costs and splashing out on a summer holiday upgrade, which they may otherwise not been able to afford.

However, not everyone is planning to spend more; 30 per cent are planning to cut the cost of their holiday. Nearly one in five (19 per cent) of those spending less will do so because they are low on cash. Some are opting for a cheaper destination (35 per cent), with 18 per cent going on a shorter holiday to save money.

The average amount of spending money each person will take this summer is £560.

Hotels were the most popular accommodation for British holidaymakers, with 50 per cent planning to stay in a hotel. This was followed by self-catered apartments (23 per cent). Over one in ten families (12 per cent) planned to use their family holiday home or that of a friend.

When planning their summer holiday, nearly two in five (37 per cent) people said they plan an overall budget for the holiday and stick to it. However, a third (33 per cent) of people choose not to budget at all.

FAMILIES SPENDING MORE ON THEIR HOLIDAYS



OVER HALF (57%) OF FAMILIES WILL SPEND MORE ON THEIR HOLIDAY THAN THEY DID LAST YEAR

MOST COMMON REASONS FOR SPENDING MORE



34%

PLAN TO UPGRADE THEIR HOLIDAY



24%

PLAN TO TAKE A LONGER BREAK

PEOPLE GET THEIR TRAVEL MONEY



AVERAGE TIME TO GET TRAVEL MONEY IS 5-7 DAYS BEFORE DEPARTURE

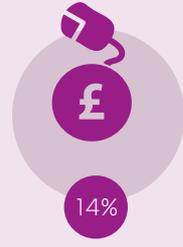
TOP THREE TRAVEL MONEY SOURCES



FROM A BUREAU DE CHANGE BEFORE I GO AWAY



FROM A BANK BEFORE I GO AWAY



ONLINE BEFORE I GO AWAY

Most families said they like to start their holiday shopping in advance for items like sun cream, sunglasses and other things they need to make sure the family has a great time. In fact, more than half (52 per cent) do so a month or more before they depart. Only 15 per cent start shopping less than a week before departing. Men are slightly less likely to shop over a month in advance, with 48 per cent opting to shop this early, compared to 56 per cent of women.

When it comes to buying their holiday money, nearly half of holidaymakers (46 per cent) buy their foreign currency in the week before they travel. Two in five (41 per cent) plan ahead and buy their holiday money over a week before they travel, while just one in ten (10 per cent) wait until they've arrived at their destination. Nearly nine in ten (86 per cent) compare exchange rates and deals before choosing where to purchase their holiday money. Over half (53 per cent) always do this and a third (33 per cent) mostly do this.

TOP TRAVEL MONEY TIPS FROM M&S BANK:

CHECK RATES BEFORE YOU BUY -

don't rely on internet rates if buying travel money in-store; many providers have different rates online and some change their rate throughout the day.

STAY AHEAD OF THE GAME -

don't leave your holiday money until the last minute; airport bureaux often offer less competitive rates and may not have a wide variety of note denominations.

INCREASE YOUR OPTIONS -

always take both travel money and a credit/ debit card to ensure you've got multiple methods of payment.

METHODOLOGY

Based on an online survey of 2,089 UK adults who have or will be holidaying abroad this year, carried out by Consumer Intelligence.

SECTION THREE

ONE IN TEN WON'T PURCHASE TRAVEL INSURANCE

It's important for holidaymakers to ensure they have adequate travel insurance in place, however the M&S Bank Summer Holiday Barometer has found that more than one in ten (13 per cent) aren't planning to purchase insurance before their next holiday.

In addition, the majority of people that will purchase insurance (83 per cent) will look for the cheapest deal (43 per cent), rather than the most suitable policy, while nearly a quarter (23 per cent) choose a policy provided by a company they trust.

Of those that aren't planning to purchase travel insurance, when asked if they would be able to cover the average cost of a typical medical expense claim, which in 2014 was £1,022*, only a quarter (28 per cent) of holidaymakers said they could definitely cover this cost. Nearly a third (31 per cent) said they would struggle to pay this cost, a figure that rose to 37 per cent for women.

Medical claims can also vary significantly by region. For example, while a one night stay in an ICU unit in Spain would cost between £1,200 and £1,800 on average, the same would cost between £10,000 and £15,000 in the USA**.

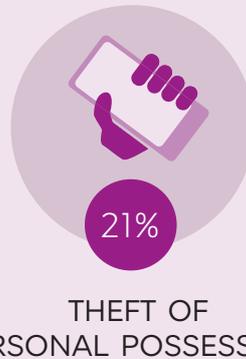
More than a quarter of holidaymakers (26 per cent) said they had made a claim in the past; the three most common reasons to make a claim include medical expenses (36 per cent), theft of personal possessions (21 per cent) and cancelled holidays (15 per cent).

* <https://www.wabi.org.uk/News/News-releases/2015/07/Travel-insurance>

**AXA medical assistance data



TOP THREE REASONS FOR CLAIMING ON TRAVEL INSURANCE



Out of those who said they wouldn't purchase travel insurance for their next trip, one in ten (10 per cent) said this was because they felt they would never need to make a claim and therefore didn't need it. A further one in ten said they didn't need it because they had a European Health Insurance Card (10 per cent). Only four per cent said the main reason they wouldn't purchase travel insurance was because they felt it was too expensive.

Nearly half (44 per cent) of holidaymakers that said they would purchase travel insurance plan to buy their travel insurance policy as soon as they book the holiday, while nearly a quarter (24 per cent) said they will leave buying their policy to four weeks or less before they're due to travel.

The number of people taking out travel insurance increases slightly with age; four in five (83 per cent) 18-24 year-olds said they would purchase travel insurance, rising to 87 per cent for those aged 65 plus.

Holidaymakers are also more likely to buy an annual multi-trip policy as they get older. One in five (21 per cent) of 18-34 year-olds said they would buy multi trip travel insurance. This rises to nearly a third (31 per cent) for 35-44 year-olds and 53 per cent for those aged 55 and beyond.

TOP TIPS FROM M&S BANK ON TRAVEL INSURANCE:

PLAN AHEAD –

travel insurance doesn't just cover holidaymakers for the time they're on holiday, it also provides cover in the event that they're unable to travel, so it's important for holidaymakers to purchase travel insurance as soon as they've booked their holiday.

BE PREPARED –

travellers to Europe should ensure they have a valid European Health Insurance Card, which provides access to state-provided healthcare in Europe at a reduced cost or sometimes for free. But this is not an alternative to travel insurance, as it will not cover any private healthcare or associated costs, such as special transport arrangements back to the UK and lost or stolen property.

PICK A POLICY TO SUIT –

holidaymakers who travel abroad a lot during the year might benefit from a multi-trip policy, which could be better value than buying several single trip policies.

METHODOLOGY

Based on an online representative survey of 2,000 UK adults, carried out by Consumer Intelligence.