# COVID-19 UK TRAVEL SECTOR INSIGHTS REPORT

MAY 2020

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# The Travel sector is the worst hit in the UK but does search data show a glimmer of hope for consumer demand returning?

**This Search Intelligence report analyses Google data to provide insights into consumer behaviour relating to travel during the Covid-19 outbreak and ensuing travel ban and looks ahead to how demand may return to the market**

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## The impact of Covid-19 has seen consumer demand in the travel sector reduced to less than half of expected search demand for this year to date.

Travel is the worst impacted sector in the UK economy, seeing 56% less demand on Google in 2020 so far.

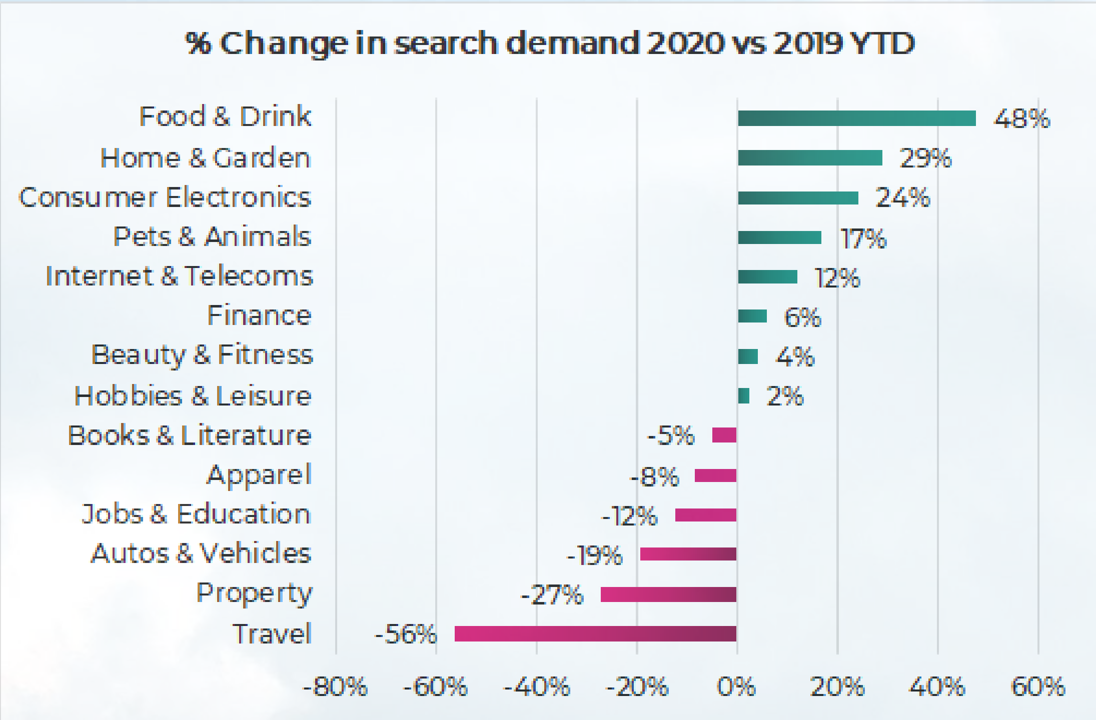
As the crisis spread across the world, freedom of movement was temporarily curtailed. The UK Foreign office advised against essential travel in March, with many countries enforcing compulsory quarantines and some closing their airports and borders altogether.

Travel companies are faced with unique issues. Not only are they not able to run future trips, which means that they need to cancel holidays and refund their customers, they are also in one of the most uncertain positions whereby they can't reliably tell customers when they can book to go again in the future.

Many feel that the travel industry will struggle to recover fully and that any recovery will be very slow. Even at this relatively early stage in the crisis we're seeing reports that British Airways and Virgin Atlantic are planning to pull out of Gatwick Airport altogether with BA cutting over 1,000 pilots and 12,000 jobs. While Virgin Atlantic and Ryanair are cutting as many as 3,000 jobs.

# How does Travel demand compare to other sectors?

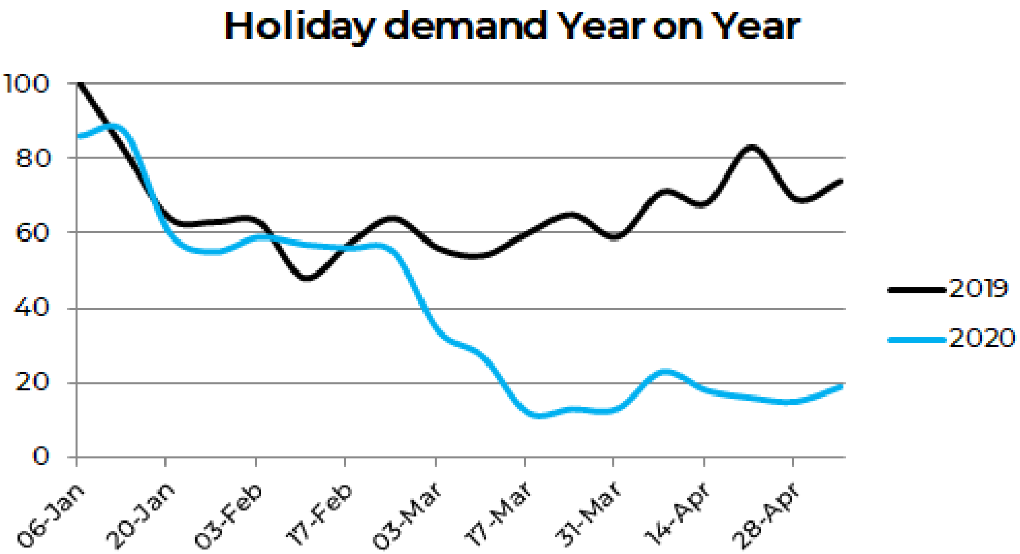
Travel, and more specifically Tourism, is by far the worst impacted industry in terms of search demand compared to last year.




Unlike many other sectors, travel has experienced a pretty much total shutdown and any return to normality will rely not only on UK government policy, but also on how other countries relax their border policies moving forward.

The graph shows year to date metrics but the picture is far bleaker if you look at the last two months verses the same period last year which shows searches down by as much as 90%.

## We are beginning to pick up signals in search data which show a steady change in behaviour and some demand returning for holiday research.

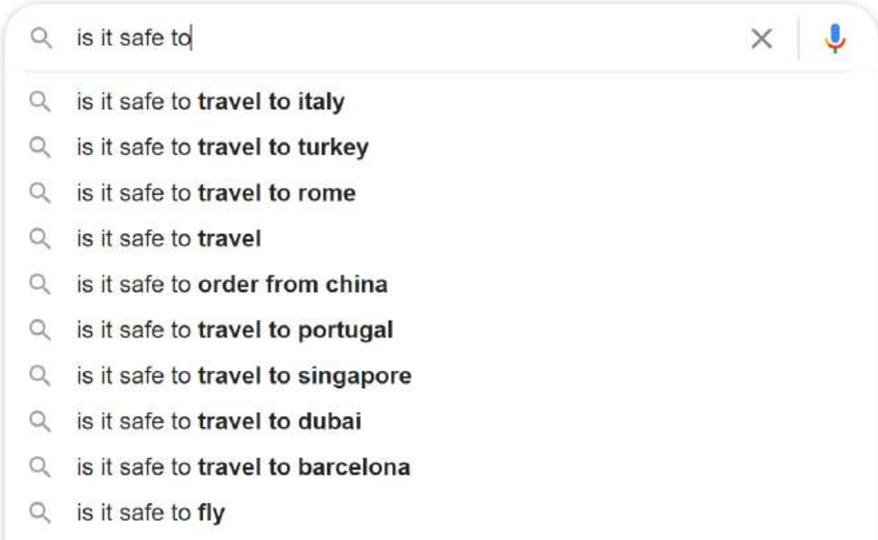



Tracking this data is key to understanding consumer motivation and can be used to inform messaging and marketing activity.

As different types of searches start to increase, travel businesses can adjust their comms to match consumer thinking - protecting the brand from appearing out of kilter with the mood of the nation and resonating with travel customers.

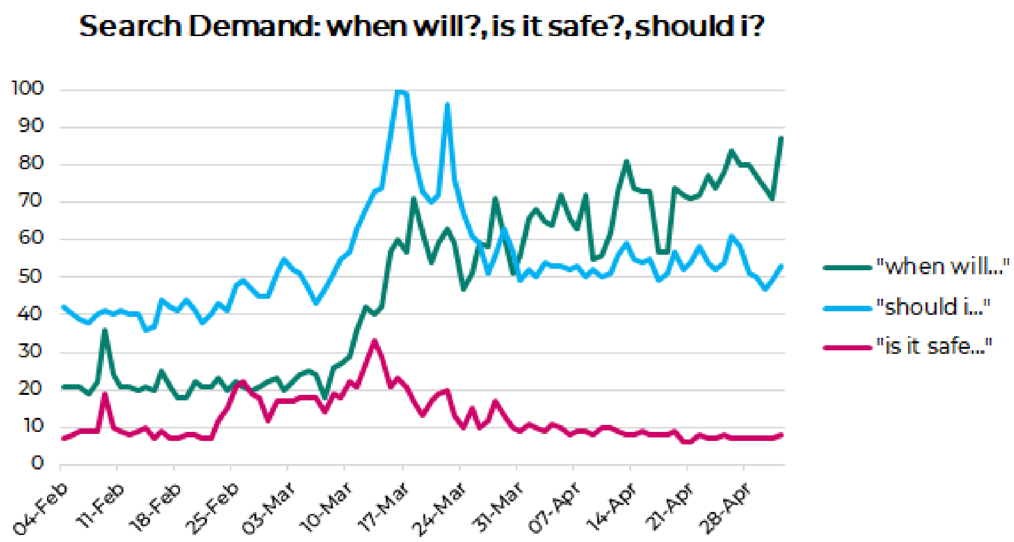
It's a fine balance - at a commercially sensitive time. Insight and targeting has never been more important.

## How are consumers thinking?
## Safety fears and permission turning into desire for normality in the future.



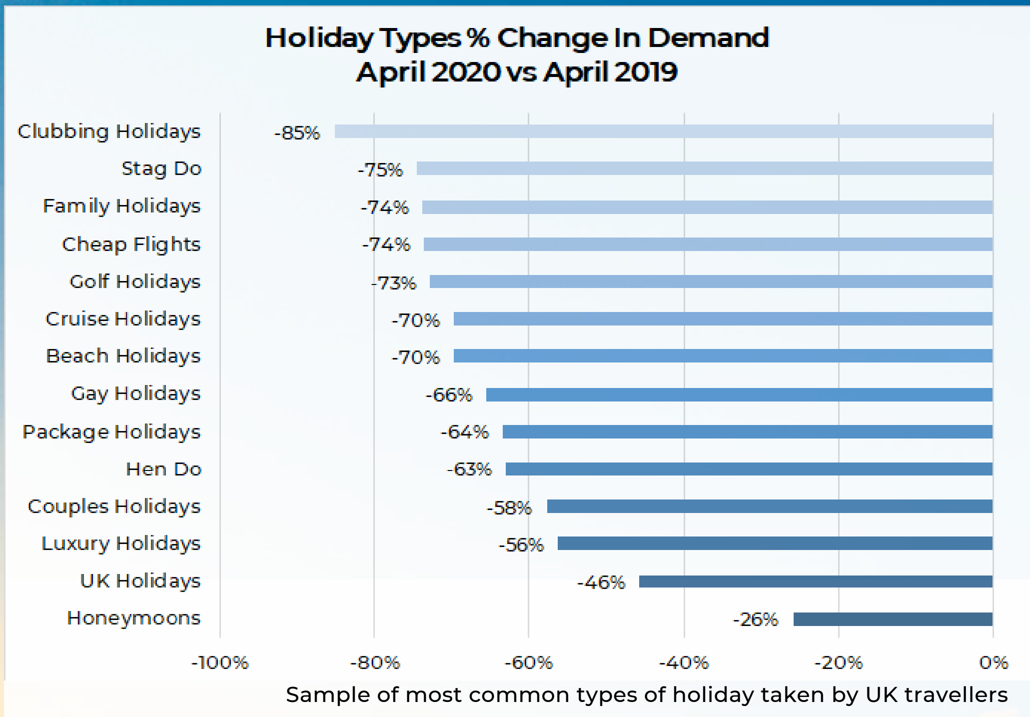

Searches including ‘is it safe’ and ‘should i’ phrases were prevalent during the most uncertain time moving into UK lockdown at the end of March. Those expecting to depart on holiday wanted to know if it was still safe to travel and whether there were risks of being caught up in the disruption.

These initial spikes at the start of the outbreak were short-lived and now we have seen queries including ‘when will’ show sustained and continuous growth from March onwards.



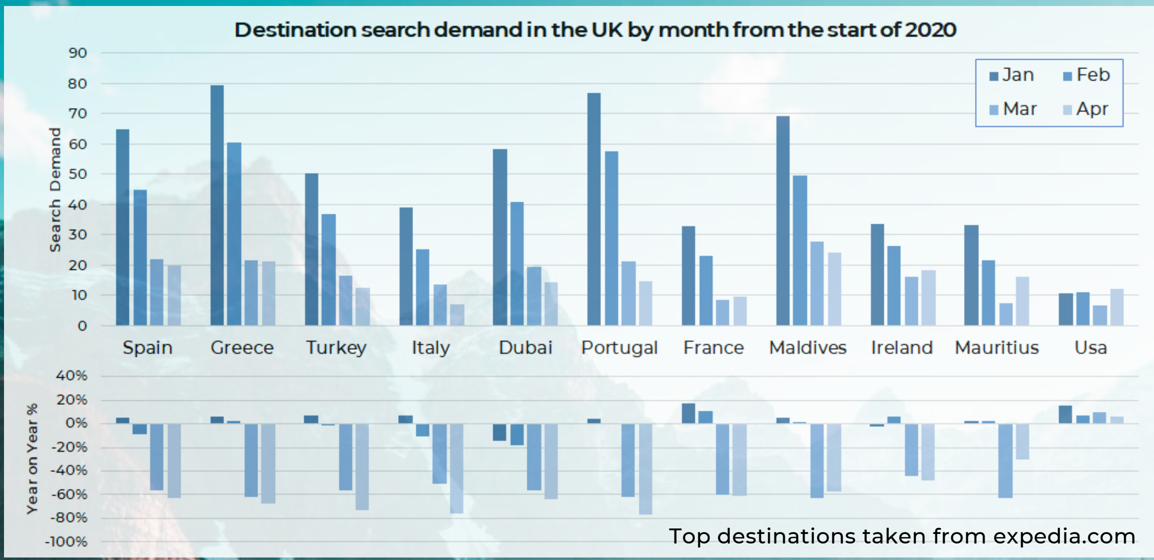
# Digging into the data, different holiday types have fared differently.

Searches for all holiday types have seen a significant decline in demand versus the same period in 2019. Group trips including family, cruise, golf and stag have seen particularly large drops alongside clubbing holidays - reflecting the cancelled summer of events across Europe.




Honeymoons and UK holidays have seen the least decline, the former a reflection that 'life events' are being postponed rather than cancelled and the growth in UK-based holiday searches unsurprisingly reflects the uncertainty about air travel and international borders.

# Some destinations are seeing demand return faster than others




Looking at the UK's top holiday destinations shows that Italy, Portugal and France are the hardest hit with demand falling as far as 80% year on year. The UK's love of holidays to Spain has not waivered as much (61% drop) and perhaps most surprisingly, April showed a month on month growth for interest in USA holidays, with Mauritius also experiencing an uptick in interest - perhaps due to the televised Masterchef Final.

Mel Withero @PSMJW · 15 Apr
#Masterchef in Mauritius and it looks amazing.... added to my holiday list!

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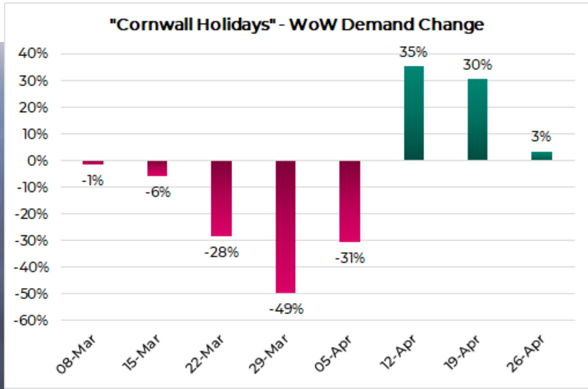
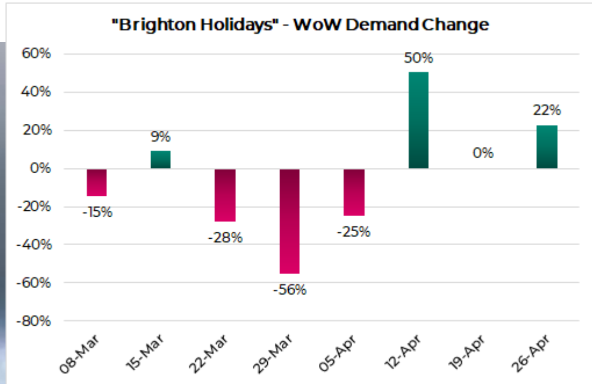
# Demand for holiday destinations inside the UK are showing stronger signs of recovery

Domestic holidays are likely to be the first beneficiaries of the relaxing of social distancing measures later in the year. This is borne out in demand data for popular UK holiday destinations, such as Cornwall and Brighton.

These charts show the percentage change in search demand from one week to the next for specific search queries using a two week rolling average in order to identify whether demand is increasing, falling or flattening.




The Cornish and Sussex Tourist Boards have actively disuaded people from travelling to these areas of the country in order to protect the local community from infection but will we see a change in stance as lockdown eases and these heavily tourist-dependent areas advertise they are re-opening to visitors?

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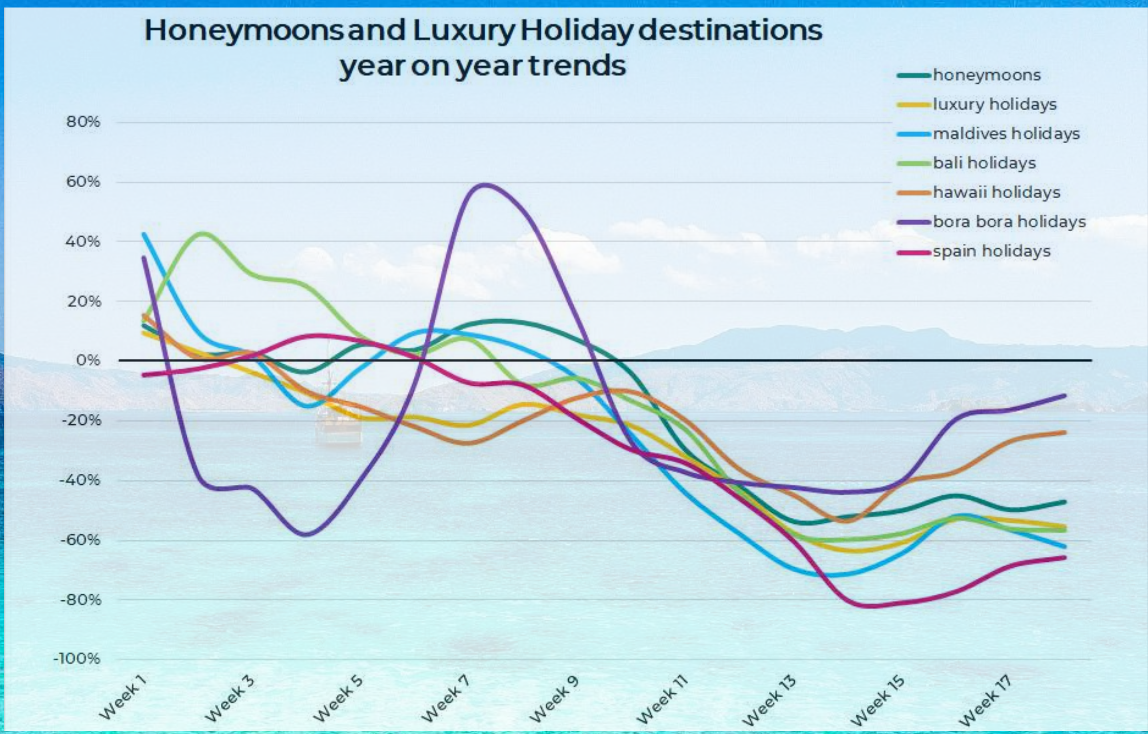
## Which international destinations are seeing demand return the quickest?

Taking two of the holiday types that have been holding up better in the UK (honeymoons and luxury holidays), we are seeing demand for the most popular destinations for these holiday types return much faster than other parts of the world.
As we saw above, short haul destinations, such as Spain, France, Italy are seeing -60% drops in year on year demand in April while more exotic destinations are returning to closer to -10% for Bora Bora and around -20% for Hawaii.



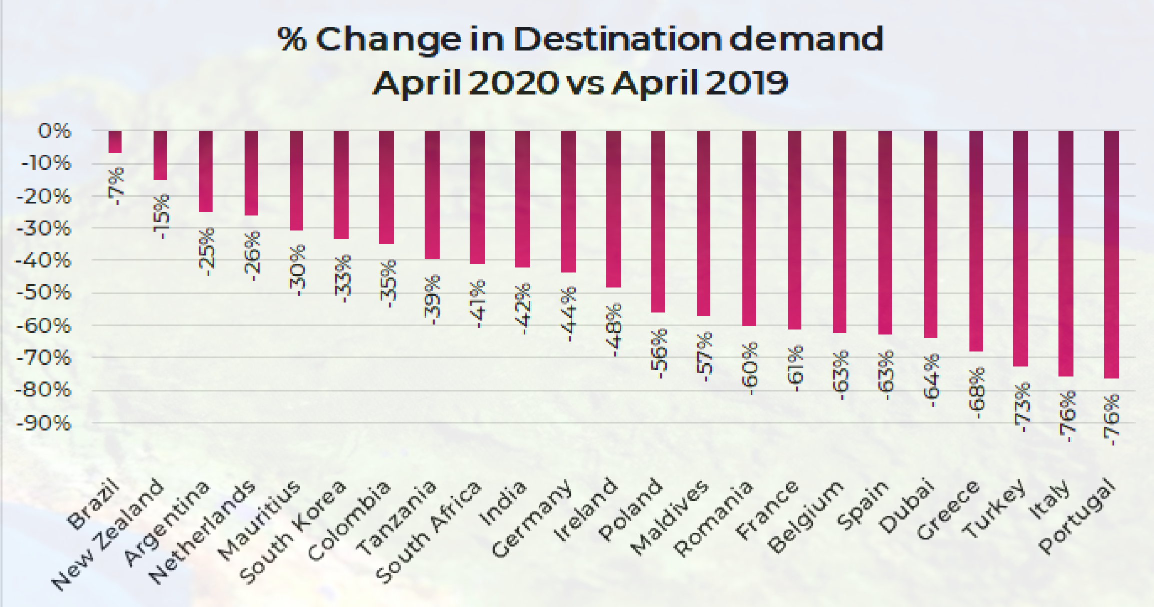

This trend may suggest three things:

- First, that these destinations have not featured at all in media coverage of Covid-19 cases.
- Second, that longer haul, luxury destinations are the most appealing at this time as travel lovers dream of those once in a lifetime trips.
- Third is that the travellers most likely to have the funds to visit these kinds of destinations are less impacted by the economic pressures caused by the pandemic.

## While we are all indoors, TV is a massive inspiration for people dreaming of future trips

Without real trips to go on and with increasing time spent in front of the TV, more than ever, inspiration for trips is coming from popular TV shows.

We have taken the most-featured destinations in April and looked at which one's have triggered searches. Bearing in mind the overall sector trend, anything better than -40% YoY indicates a positive shift in search behaviour.




n particular we've seen a great response to a number of shows featuring South American countries, including BBC programmes like The Americas with Simon Reeve and Race Across the World, which aired in March and April. With such high profile shows providing inspiration, it’s no surprise to see higher demand for Brazil, Colombia, Argentina.

Second in this list is New Zealand, where their early response to the Covid-19 outbreak means that they’ve out-performed many other countries in terms of infections, deaths and have managed to reduce cases to zero faster than any other country. Could this be a time for Tourist Boards to plan their comeback via TV ads? Who will be the bravest in predicting the opening up of borders to international travel?

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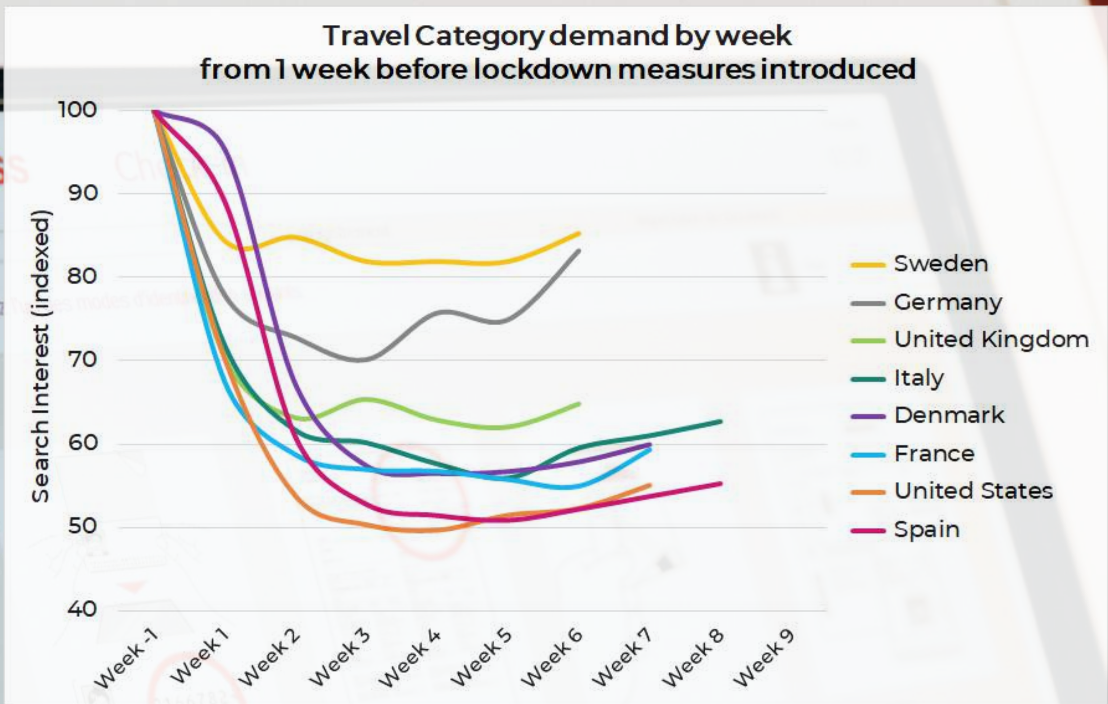
# What can we learn for the UK from returning travel demand in other countries as they come out of lockdown?

Using data from countries that have already eased lockdown conditions, we can predict the demand curve for travel interest in the UK.




We can see how the coutries that have managed the virus outbreak best to limit the number of cases and deaths (Germany and Sweden) have suffered the lowest drops in travel searches and are already only less than 20% down on pre-lockdown levels.

The UK is by no means the hardest hit and follows a similar demand curve to Italy and France. As Italy and France have come out of lockdown earlier, they have seen an uplift of 10% for travel search demand, something we can expect to see in the UK. We may therefore see UK demand returning to 25% down on pre-lockdown levels within the next two weeks.

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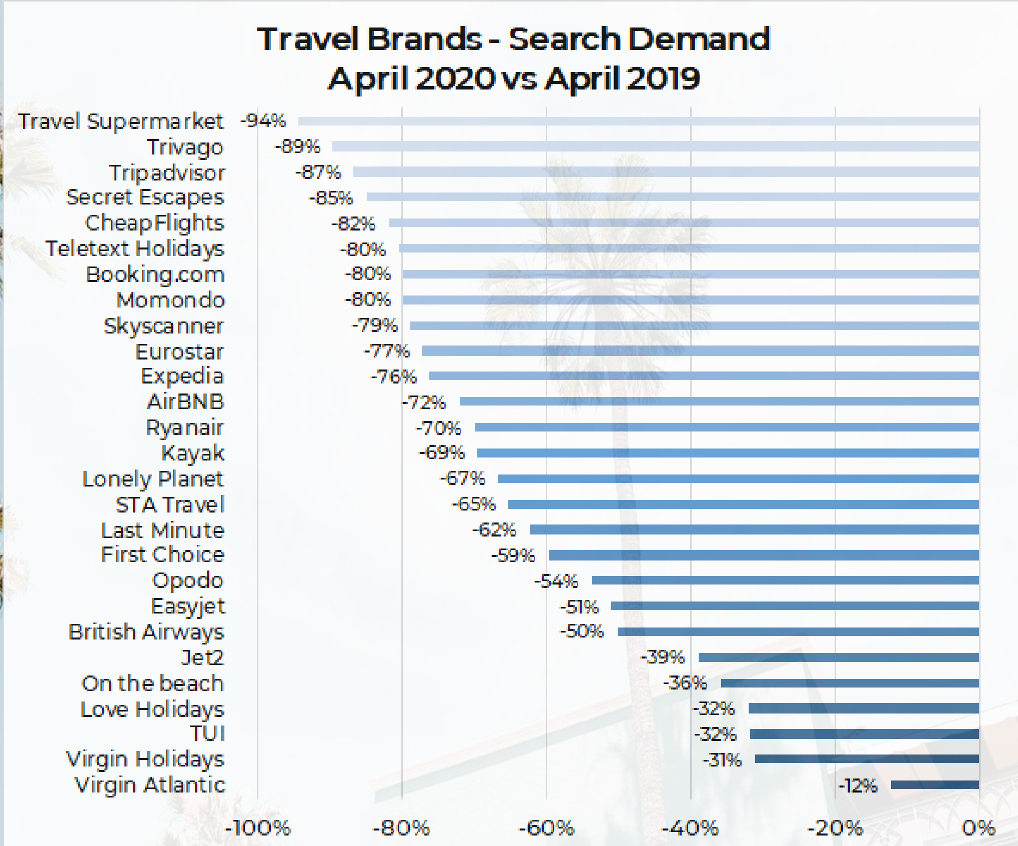
## How are brands faring in the sector?

With customers unable to travel now or plan for future trips with any certainty, brand search demand has fallen sharply across the board but it is travel aggregator sites that have been worst hit.



Sample of 27 leading UK travel brands with online presence

As the middlemen in a booking, sites like Trivago, Cheapflights and Travel Supermarket are less exposed to the customer service responsibilities that airlines and tour operators are. It will be the growth in demand for these kinds of sites that will be a closer indication of how customers are starting to research new trips.

Perhaps the UK's biggest travel barometer Tripadvisor is 87% down on last year demonstrating just how far out of people's minds travel is.

For the brands that have seen less decline it's important to note that much of the demand seen for airlines and operators is in relation to rebooking, cancellations, refunds and news - most prominently the unfolding story of Virgin Atlantic.

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# Managing brand reputation in a time of crisis

All travel brands are struggling as they turn their customer acquisition efforts towards resolving customer service issues. The mishandling of customer refunds has the potential to tarnish brands' reputation for the future.


Travel brands' handling of the crisis has been met with a mixed response. Which? recently ran a survey of travel customers that uncovered that many holiday companies, including TUI, Love Holidays, Virgin Holidays and Ryanair were potentially illegally holding back refunds and offering credits for future bookings.

Emerging from the current crisis with your brand reputation intact will be as important as consumer demand returning to travel. Holidays are a considered purchase for most and therefore brand trust will influence booking decisions strongly.

A reem of negative customer reviews due to mishandling of cancelled bookings during this time could sink an operator further when trading conditions improve for others.

## Encouraging signs but it is out of consumers' hands and a slow return to trading is expected

Demand for holiday types, destinations and brands reached the bottom of search demand in the first few weeks of the crisis. As we have seen consumers' mindsets start to shift from ensuring safety and dealing with functional needs to a return to thinking about and getting excited about the future. Travel has a huge part to play in that.

However, the return will be slow. The Italian Tourism Secretary has declared that “2020 might as well be written off” while Gatwick Airport is expecting it to take up to 48 months for demand to return to normal. Investors are dropping stocks in airlines suggesting that they are no longer backing them to return to strong trading performance for some time due to the way that Covid-19 will change the world.

It is ultimately Government's easing of border restrictions that will provide the catalyst for the opportunity to travel again. This will then need to be matched with consumer confidence in their safety.

## Travel in 2020 and 2021 is likely to feel very different with a slow and selective return to normality over the next 12 to 24 months

As this isn't a situation that anybody has experienced before, we can only speculate on the future of tourism. Some early takes suggest that tourism is going to be very different for the foreseeable future. Each country is going through the pandemic at a different pace and with different exit strategies.

With the UK Government implementing a 14 day quarantine rule for entry into the country, this is just one limiting factor that will frustrate the return of international travel.

If social distancing measures are to be maintained we're likely to see big changes in airports, such as thermal screening, cleaning robots and even blood tests. Facemasks will be a necessity in any enclosed area, such as on a flight.

We might see plexiglass segmentation between sunbeds on the beach or around hotel pools and restaurant tables may be seated further apart.

It's also possible that 'immunity passports' may be introduced which indicate that a passenger has immunity.

All of these speculations about the future of travel, at least in the medium term, suggest a less appealing version of what we have been used to. The return of global tourism will be slow and selective, meaning that passenger levels are likely to be much lower than usual and as a result, costs will need to increase.

# What are the best marketing activities travel businesses can do now to prepare?

If you're in travel now then there's very little to be done in terms of traditional acquisition marketing. What you can do is stay informed, be prepared to be reactive to both fast and slow changes in demand and behaviour but also work hard to make sure that your infrastructure is in a better position than it was before.

1. Use the data and prepare to react. As confidence returns to the travel market and as customers are more ready to research, enquire, visit and book it's vital for travel brands to use the data available, at the top of the funnel. That's using Search Listening alongside Social Listening to understand how consumer behaviour is changing. You also need to monitor your website analytics and get detailed feedback from sales teams in order to know whether the time is right to take action. That could be as simple as turning on selected paid search campaigns all the way up to when it's time to recommence brand marketing activities.

2. Plan for a phased return to normality. There has been talk of a 'Turn of Year 2' when travel brand media spending will kick off like another Boxing Day. However, when the travel and tourism sector does return it will be different. There won't be a single point in time when everybody will be able to travel again, and there won't be a return to the traditional destinations for quite some time. It would seem sensible to prepare for some limited departures in the last quarter of 2020 while also expecting bookings for next year to be higher than they would be in a normal year, as customers look to defer this year's holidays.

3. Now is the time to work on infrastructure. With website visits low, marketing spend either minimal or completely paused, now is the best time to carry out those projects that have been on the to-do list. That may be working on the long list of recommendations from your SEO agency, launching new website usability and functionality features or possibly investing in content. These are tasks that can be undertaken now that will mean that you're in the best shape for when significant demand returns.

## Summary

- The travel industry has experienced the biggest decline in consumer demand of any sector.
- Honeymoons, luxury destinations and travel within the UK have held up the best, the latter seeing stronger demand that during the same period last year as people look to holiday without the need for air travel.
- There are signals in search data to show that travellers are tentatively researching their future trips - a trend expected to increase by 10% in the UK over the next two weeks.
- Tailoring your marketing comms and spend to the consumer mood is a fine balance and the more insight you can gather the better - so that you maximise the potential for leads and minimise the potential for damaging your brand.
- Prepare for a phased return and use the time you have now to complete projects that will improve your processes and conversion journey so that you are in the best position possible when consumer demand returns.

*Search Intelligence gathers and analyses search data to identify micro changes in demand across all sectors.*

*Search is often the earliest signal of consumer intent. As well as research and reports, we provide live dashboards that pull in data from sources including Google Trends which are helping businesses plan their recovery from the impact of Coronavirus.*

*Check out live search insights for all sectors including travel at www.search-intelligence.com*

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