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Holiday Travel Takes Off: 2021 Trends

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Bobby Stephens: Hi, everybody. Welcome or welcome back to That Makes Cents. It's the podcast where we break down consumer industry trends. With both business and leisure travel picking back up this summer, one could rightly assume that holiday travel will also be picking up too. In fact, the share of Americans taking leisure trips during the summer of 2021 match pre-pandemic levels. With that, we are all very curious to see if holiday travel will make a return to the same extent. Well, what's great is to get at this question and more, Deloitte conducted our first holiday travel consumer survey. We polled almost 3,000 Americans who plan to travel this upcoming holiday season. So, in this episode, we're going to cover a few key findings from this survey. But, of course, you can find the full survey report on [Deloitte.com](https://www.deloitte.com).

And I'm really excited to say that we have a special guest here to help us put the survey data into context. I'm pumped to have

joining me today our US Airline sector leader, Anthony Jackson. Anthony, thanks for coming on the show, and I'll turn it over to you to share a bit about your background and role here at Deloitte.

Anthony Jackson: Thank you, Bobby. Appreciate it. Happy to be here with you today. I'm a principal within Deloitte Advisory. I'm based in Dallas. I've been with Deloitte a little bit over 20 years. About 10 or 11 years ago, I first got introduced to the airline business when we were hired by a large airline going through a restructuring process. I was a lead partner on that. That project helped to navigate a restructuring and an eventual merger.

And as part of that, I fell in love with the airline business, and I have been working in that space pretty significantly ever since. About two years ago, I was asked to lead our US Airline practice. Had I known at that time, because that was just before COVID,

what was to come, I might have thought differently about it. There were definitely some challenging times ahead for our practice and for the airline industry for sure. But I think they've done a really nice job of navigating those as best they can and are certainly looking forward to the return of travel getting a little bit back to normal here as soon as possible.

Bobby Stephens: Pretty interesting time to start in that leadership role. So, I think you're going to have a unique perspective on this, and why don't we start right at the top with the overall outlook from the survey? So, the Deloitte holiday travel survey suggests that people are actually looking forward to hitting the road and heading to airports over the holidays. In fact, 42% of Americans stated they're planning to travel between Thanksgiving and mid-January. Of that group, two-thirds of them actually will fly and/or stay in hotel/paid lodging, while the other third is sort of sticking to the good old

“over the river and through the woods” and driving to visit family and friends. Anthony, any surprises for you in these findings?

Anthony Jackson: Bobby, I'm not sure there're a lot of surprises. I think what the survey suggested to me is that in the US, our domestic leisure travel is really back. And we saw that over the summer. We followed and tracked activity as that unfolded, and certainly saw a very normal-ish summer travel schedule. Again, primarily domestic travel. I think there's a lot of pent-up demand in the system and people excited to go and maybe do the things that they weren't able to do last year, be with friends and family, and trying to look forward to just spending time over the holidays in the way they historically had done.

From a survey perspective, we did find that there's about 40% of our survey respondents looking to travel. I think that's pretty consistent with what we would expect in a normal holiday period. There's about 30% of those that are going get on planes again and fly, which, again, I think is very consistent with what we've seen in the past and what we saw with the summer. I think the big takeaway is it's certainly coming back strong. There certainly are still concerns around health and people taking precautions. But I think some of the increases in vaccine percentages and people getting a little more comfortable with where things are, is certainly helping as people think about their travel plans.

Bobby Stephens: Let's go to one of the original decision points around travel, and that's how much does it cost? And so, we'll talk spending a little bit for a second, if you don't mind. In the survey, most travelers say they expect to spend about the same amount on travel as they did in 2019, prior to the pandemic. However, what I saw was some real movement on the spectrum. One in five are saying they will spend significantly more, while a similar portion, 19%, plan on making pretty substantial cuts to their travel budgets.

And to me as a retail person, this trend isn't all that surprising as we see it pretty broadly in the consumer space. Like in our retail survey, for instance, we refer to it as the tale of two holidays. High-end consumers plan on spending even more this season, while lower income groups, those households are almost sitting out the holidays because of financial concerns. So, given what we're seeing here and what I just highlighted, how do we think about advising our clients on their strategies or promotional strategies, et cetera, going into this holiday season?

Anthony Jackson: So that is an absolute core of running an airline. Trying to understand what the consumer sentiment is around where they want to go, what they're willing to pay, and trying to match those two up as best as possible. So, our airline clients are really good at network management, revenue management. They spend a lot of time trying to understand how to price routes and making sure they've got the right balance between cheaper fares and more expensive options with maybe the business class or some extra benefits that come along with some of those more expensive fares. That's certainly an area that airlines spend a lot of time thinking about and a lot of time focused on.

As I think about this holiday season, really the key is to recognize that kind of gap and that there maybe has been a widening of the gap and just trying to make sure that they are putting enough options out there for people to get to where they want to go at the price they can afford. There's no question that airlines try to set up an option for people that maybe are looking for cheaper fares by booking things out a little bit sooner. There're cheaper fares available when people look a little bit further out. There're also sometimes cheaper options if people are willing to connect on flights and look at different ways of getting there.

So, there're certainly things that airlines are doing and that we're working with them on to think about how to position things so that there're options for both higher income and lower income consumers and buyers, and that there're options out there for them that are going to fit what their budget will provide for.

Bobby Stephens: That's fascinating and I think [it's something] anyone who participates in the consumer economy at all continue to keep our eye on. One thing I want to actually hit on, it's something that probably hasn't been talked about that much recently, is international travel. I actually have my first international flight in probably two and a half years coming up in just a few weeks. So, I'm excited, but I'm also, I wouldn't call it tentative, I just don't really know what to expect. Of travelers who will be flying this season, three in 10 said they'd be taking an international flight, which I found to be pretty interesting and maybe even a touch higher than I thought. Anthony, what are your predictions on international travel returning to pre-pandemic levels? What are we thinking about there?

Anthony Jackson: So, first of all, good luck with your upcoming travel.

Bobby Stephens: Thank you.

Anthony Jackson: I hope that all goes well. It's interesting because I've done a few international trips over the last year, year and a half. There's just more uncertainty that is around it and not knowing for sure how it might impact, whether it's the testing requirements or the vaccine passport requirements or just vaccine proof requirements to come back in. There's just a number of uncertainties that go with it that I think have been a challenge there. But I think there's a lot of pent-up demand in international travel.

Just my parents, for example, they had a trip planned to Greece back in April of 2020, which of course they couldn't go on. So, that got pushed back until the fall of this year and now it's been pushed again to spring of 2022. But as soon as they can get there, they're ready to go and just wanting to see that there's a safe way to do it and that they understand the requirements that are going to be in place so they can do in a way that's not going to disrupt their travel.

I really do think there's a lot of demand there. I think it's just kind of getting more clarity around what it's going to look like, more comfortable with how things are going to work, and just kind of reducing the risk of, quite honestly, getting stuck somewhere or having long delays or additional challenges. As those things become more clear, then I think we'll certainly see an uptick in that international travel and more of it.

Bobby Stephens: International travel goes two ways. When we're thinking about inbound international travel, as I understand it, we have an important date coming up. I guess "coming up" is dependent on when you're listening to this podcast. But on November 8, the US plans to lift its restrictions on vaccinated international travelers. And there's probably been millions of people who haven't been able to enter the US for two years or so. I'm guessing it's hard to predict what it's going to be like when the ban's lifted, how that's going to change, but how are some of our clients preparing for that coming date?

Anthony Jackson: That's really important to our airline clients for sure. We talked earlier about some of the leisure travel and that's great in the fact that that's coming back to some extent in the US. So, the domestic travel is very good for the US airlines. But to really get back to where they were pre-pandemic, they need to see the international travel come back, as well as business travel. So, those are two key elements. This is something that they've been thinking about and planning for quite some time.

Really in the last week or two, I've started seeing a number of announcements on additional routes opening up. London to New York and San Francisco and other places where they're starting to look out into 2022, when they see that potential demand picking up and making sure they have the right flights available and options for people that are ready to come back to the US. That's an area that the airlines are certainly very excited about, that I think they're going to be very happy when those restrictions are lifted and they're able to bring people together and bring them back to the US.

Bobby Stephens: You mentioned health earlier, so let's go back to that. And I waited on it for a second because it felt like for the longest time during COVID, that was always the first question we'd have. But it's still an important question because when we asked in our survey for the reasons that people were choosing not to travel, the biggest reason was still health concern, even beating out that financial concern that we mentioned just a minute or two ago. People are just still waiting or at least some people are waiting for this, quote, unquote, thing to end, especially those over 55.

Anthony Jackson: I do think we will probably see that age bracket continue to take fewer trips. And maybe instead of a big group, maybe it's a smaller group of people that maybe reduces the risk of any health concerns or brings down the odds of any issues a little bit. I do think that as time goes on and they're able to see and hear from friends and others that the travel experience was good and they didn't have any real issues or concerns from a health perspective, then you'll start to see more and more travel in that group.

Bobby Stephens: Awesome. One final stat that I found really interesting in both the summer travel survey as well as the holiday travel survey is that a big share of travelers are now booking directly with suppliers rather than going through an online travel agency or other sort of consolidator. And as someone who participates pretty heavily in the eCommerce economy, both as a professional and a shopper, I thought that

was interesting. And the split for holiday is 69% of travelers booking direct and 18% booking through an agency. Can you just shine a little more light on this trend? Is it a big difference from pre-pandemic? And if so, why do you think it's changed?

Anthony Jackson: That's really interesting and that's something that we've been looking at and tracking for a little bit of time now, just trying to understand what people's perceptions are and how that's playing out. And I think there're a couple things. What we found is the number one thing that travelers are looking for is deals. And that's why they often use the different online travel agencies because they can compare deals and they can see and understand what the options are.

But I think one of the things that maybe hurts that avenue is the flexibility and concerns around cancellations and being able to cancel themselves, being able to get a refund for a ticket. A lot of those things are easier, or at least the perception is it's easier to do with the airline directly or with the hotel directly, if you have any health issues on your end or if there are other outside factors.

So, I think that's one of the things that really the online travel advisors need to figure out how to maybe either be better at or change the perception of. How they can help with that flexibility and if there are any issues or challenges as people get back to traveling.

Bobby Stephens: Got it. We're going to close out here in a second. But before we do, I do this with all my guests, and so you don't get out of it, is a fun question. I'm personally looking forward to resuming a family tradition of heading to the mountains in Colorado in the February-March time frame, kind of late February, early March, as it starts to be a little spring skiing, so to speak. We were there on the last day the mountain was actually open. It shut down that day when we got to the bottom because it was the start of COVID, whatever the start of COVID really is, and haven't been back since.

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So, really looking forward to resuming that late holiday tradition, if you will. Curious for you, what are some of your family's travel plans this season, and is there anything really exciting you're looking forward to or just kind of a tradition that you're really pumped about being able to revive this year?

Anthony Jackson: Yeah, I think it's a couple things. I've continued to travel quite a bit throughout the last year and a half—

Bobby Stephens: Part of the job probably, huh?

Anthony Jackson: Yeah, it's part of the job and then based on some kid stuff and where they're at and what they're doing. Being around for some of those things. So I traveled quite a bit and very comfortable doing it. Now, I will say that the very first trip I took, probably this time last year or a little bit before, I was a little more nervous on that than I probably had been in a very long time.

But for us this winter, we're probably going to look at somewhere down in the Caribbean or Mexico to take the family for a long weekend or a little time. And then my wife and I have a trip planned in January to Cabo with a couple of friends of ours. We've definitely got a few things in the works and looking forward to resuming some of those things that we haven't been able to do the last holiday season.

Bobby Stephens: I sense a trend around going south, sun, sand, there. So, I like it, for sure. Well, Anthony, thank you again for joining me today. It was really good to have somebody be able to shed some real-world light on some of these survey results and really adding some context around the data. It's been a great conversation, and I'm sure our listeners really appreciate it as well.

As I always like to do to summarize for our listeners, the general sentiment for US travelers remains pretty similar to what it was a few months ago in the summer.

People are excited about the opportunity to visit their loved ones for the holidays, maybe for the first time in quite a while. But for some, there are some fairly acute health and fairly concerning financial things to manage. There will be a balance of those things as we come back over time and we'll see those throughout the economy and probably in a very specific manner within the travel industry. So, again, these are just a few of the highlights of our new holiday travel survey. You can dive into the full results by searching holiday travel survey on Deloitte Insights for all the great information. I highly recommend it. If you've got a few minutes right after this, listen. As always, thanks for listening and see you next time on That Makes Cents.

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