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Holiday Spending Report 2023

A Post Office Travel Money report on holiday spending plans and behaviour

For the third year running, consumer research conducted by Post Office Travel Money reveals a growth trend in the numbers of Britons planning holidays abroad¹. Placing holidays high on their list of lifestyle priorities, 57 per cent of over 2,000 Britons surveyed say they will take an overseas trip this year (figure 1) up from 53 per cent in 2022 and 43 per cent in 2021.

Despite cost of living pressures, even more families – two-thirds of those surveyed for the report – are also intent on travelling abroad this year. Well over a third of them expect to face higher costs abroad and will increase their spending budget to allow for this – in some cases by drawing on savings or prioritising a holiday over other ‘big ticket’ items like home improvements and new cars (figure 2). Conversely, over a quarter of holidaymakers plan to cut their budgets because they have less money available to fund a trip abroad.

Understandably, therefore, concerns about the rising cost of accommodation, flights, meals and drinks (figure 3) will be a key factor for all Britons planning an overseas holiday, not just in destination choice but also in decision-making about the type of holiday they can afford. This is especially the case because seven-in-ten holidaymakers – rising to over three-quarters of families – remember overspending by a significant amount on their last trip abroad.

Shorter city breaks may be the answer to reining in costs – and these remain the most popular choice for two-in-five British holidaymakers. Almost as many – 36 per cent overall and 38 per cent of families – plan to go the all inclusive route, in theory because they expect all their costs to be covered. However, the reality is somewhat wide of the mark as the Post Office research shows that most all inclusive holidaymakers splashed out on a wide range of extras that added hundreds of pounds to the cost of their last trip. Self-catering – the route chosen by almost a quarter of holidaymakers for this year’s trip abroad – could be a more practical way to restrict spending by avoiding the cost of restaurant meals.

Figure 1: Percentages of UK adults planning holidays abroad this year and the types of holidays they plan to book

	All respondents	Families
Total planning an overseas holiday	57%	66%
Type of holiday planned by those taking trips abroad:		
City break	40%	37%
All Inclusive holiday	36%	38%
European beach holiday	33%	36%
Long haul holiday outside Europe	24%	23%
Self-catering holiday	23%	24%
Motoring holiday	9%	11%
Other	11%	7%

Weighted base: From 2,080 UK adults surveyed, 1,191 in total and 470 families are planning a holiday abroad this year

Funding a trip abroad

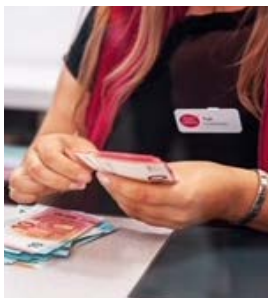
Attitudes towards holiday spending continue to be polarised. While almost two-in-five (37 per cent) holidaymakers plan to increase their spending budget this year – perhaps caught out by running short on their last trip, a sizeable minority (26 per cent) say they need to tighten their belt and cut the amount they take abroad. These views are in line with those expressed a year ago.

Figure 2: Holiday budgets: attitudes towards costs among those who plan to holiday abroad

	All respondents	Families
I will budget more on my holiday to allow for increased costs	37%	37%
I will take money from my savings to afford a holiday abroad	30%	27%
I have less to spend so I am cutting my holiday budget	26%	27%
Resort costs abroad tend to be lower than in UK resorts so I think I will get value for money	19%	20%
I am planning to delay spending on big investment items (car, home improvements etc) to afford a holiday abroad	11%	16%
I expect costs to be lower so I will not budget any more than in past years	7%	10%
None of these	12%	7%

Weighted base: 1,191 UK adults (470 families) surveyed who plan to holiday abroad in the coming year

Interestingly, the approach taken by families differs markedly from the attitudes of holidaymakers as a whole. There has been a sizeable increase in the numbers who plan to budget more for this year's holiday spending – rising from 31 per cent a year ago to 37 per cent now. At the same time the numbers planning to cut their budget has dropped from 31 per cent last year to 26 per cent.



More than a quarter (27 per cent) of families will dip into their saving to afford a holiday abroad (30 per cent of all survey respondents), while 16 per cent of families, compared with 11 per cent overall, will delay spending on a car or home improvements, preferring to spend available cash on an overseas holiday.

Holiday concerns

Although increases in the cost of living at home weigh heavily on the minds of holidaymakers planning to travel abroad (78 per cent), these worries are outweighed by concerns about the cost of accommodation (84 per cent) and travel to their destination (82 per cent). The numbers rating these as their most important concerns has risen since last year and so too have worries about the cost of resort costs like meals and drinks. 77 per cent of holidaymakers told the Post Office that these are an increasingly important factor in their holiday decision-making, up from 68% last year.

In sharp contrast, relatively few of those planning trips abroad are concerned about their job security. Just over two-in-five (42%) said that insecurity about their own or their partner's job was an important consideration for them.

Figure 3: Factors that will affect holiday decision-making in 2023

	Important factors
Cost of accommodation	84%
Cost of flights or ferries	82%
Cost of living increases in the UK	78%
Cost of meals, drinks and other tourist items in overseas resorts or cities	77%
High cost of UK-based holidays	68%
The strength or weakness of the pound	67%
Package holiday price discounts	64%
Insecurity about your or your partner's job and/or salary	42%

Weighted base: 1,191 UK adults surveyed who plan to holiday abroad in the coming year

Overspending has become a holiday habit

Given the reported price rises in overseas destinations this year, the fact that fewer than two-in-five Britons expect to increase their holiday spending budget is a cause for concern – especially as overspending is rife among most holidaymakers.

Successive surveys by Post Office Travel Money have found that most holidaymakers set inadequate budgets and regularly exceed these by hundreds of pounds once they reach their resort. On their most recent trip abroad over four-in-five (81 per cent) holidaymakers budgeted an average of £338.35 per person (figure 4) – almost two per cent lower than on their previous holiday. Only three-in-ten stuck to this. The majority bust their budget by an average of £135.22 – over 39 per cent more than planned (figure 5).

Overspending is commonplace among families too. Against an average budget of £637.65 set by over three-quarters (77 per cent) of families, fewer than a quarter (23 per cent) of them stuck to it. Instead, 77 per cent splashed out an average of £243.34, 38 per cent more than the budget they had set.

The extent to which this has become part and parcel of holidaying is revealed by a comparison of the budgets set for family holiday spending pre-pandemic and overspending levels then. In summer 2019, families allocated a spending budget of £630 – roughly in line with the amount they allowed for their last trip – and overspent this by an average of £159. The difference between then and now is stark: overspending levels have risen by 53 per cent.



A range of holiday activities could be contributing to the high levels of overspending. Two-thirds (66 per cent) of holidaymakers, rising to 71 per cent of families, believed they had been ripped off by some of the unexpected prices charged on their last trip abroad.

Although the high cost of excursions and entry to attractions, meal and drinks prices, restaurant service charges and local transport continue to cause the greatest levels of irritation, growing numbers of holidaymakers complained about charges made for credit or debit card transactions and for using ATMs.

One-in-five (19 per cent) families objected to credit card transaction charges, while 18 per cent said that debit card charges were unfair. Even more, 20 per cent of families, took issue with being charged multiple times for withdrawing cash at an ATM. One-in-eight (12 per cent) felt they had been ripped off when they agreed to make a credit card payment in sterling rather than local currency, only to find that this incurred an extra charge.

Figure 4: Average budget spent in resorts abroad on last overseas holiday

Includes meals, drinks, sightseeing and other extras, but excludes accommodation and travel to/from destination

	Adult budget per person	Family budget
Under £100	13%	4%
£101-£200	23%	8%
£201-£300	20%	12%
£301-£400	11%	9%
£401-£500	10%	11%
£501-£600	5%	8%
£601-£700	2%	4%
£701-£800	3%	5%
£801-£900	1%	4%
£901-£1000	3%	9%
Over £1000	4%	21%
Average budget	£338.35	£637.65

Weighted base: Adults who have been on a non-all inclusive overseas holiday in the last five years excluding those who did not set a budget (935); families (325 excluding those who did not set a budget).

Figure 5: Average amount overspent in resorts abroad on last overseas holiday

	Individual adults	Families
£1-£20	6%	5%
£21-£40	7%	5%
£41-£60	9%	9%
£61-£80	8%	9%
£81-£100	9%	7%
£101-£150	7%	10%
£151-£200	4%	6%
£201-£250	4%	5%
£251-£300	3%	3%
£301-£400	3%	2%
£401-£500	3%	5%
Over £500	2%	10%
Percentage who stuck to their budget	30%	23%
Average amount overspent	£135.22	£243.34

Weighted base: 881 holidaymakers (332 families) who set a budget on their last non-all inclusive holiday abroad. Of these, 70% (77% of families) overspent their budget.

Are All Inclusive holidays still a way to keep costs down?

There is little doubt that demand for all inclusive packages remains buoyant and satisfaction levels among those who book this type of holiday is high. One-in-seven (13 per cent) of those surveyed for the Holiday Spending Report said they only ever go on all inclusive holidays and this rises to 15 per cent of families (figure 6). Another perceived benefit for around one-in-five people is that they feel safe in the knowledge that they do not need to leave their hotel. Most significantly, just five per cent of those who had tried an all inclusive holiday said they would not repeat the experience.

Overall, half of the all inclusive holidaymakers surveyed said this type of package is good value because 'everything is included' and they do not need to take additional spending money. Two-in-five (39 per cent) of families regard all inclusive holidays as a great option because they expect to be able to cut the cost of kids' meals and drinks

These responses help to explain why so many people – 36 per cent of all holidaymakers planning trips abroad – told the Post Office that they intend to book an all inclusive holiday this year.



Figure 6: Widely held views about All Inclusive Holidays

	Total	Families
It's good value as everything is included so I don't need to worry about taking holiday spending money	50%	46%
I use it as a base but still visit local bars, restaurants and shops during my holiday	30%	26%
It is a great option when you are travelling as a family because it cuts the cost of kids' food and drink	26%	39%
I feel safe as I know I don't have to leave my hotel/ resort	19%	18%
I chose All Inclusive because I am going to a destination that I don't know	18%	19%
I only ever go on All Inclusive holidays	13%	15%
I found that 'extras' not included in the package cost more than I expected	12%	16%
I was surprised to discover that not everything is included on an all inclusive holiday	11%	14%
I'm planning an All Inclusive holiday for the first time	8%	12%
I didn't like it and won't go again	5%	5%

Weighted base: 592 UK adults (238 families) who have taken an All Inclusive holiday in the past five years or are planning to do so this year.



However, despite the positive approval ratings, a significant minority of holidaymakers were surprised to discover that not everything was included on their last all inclusive trip, and they also found that the charges made for 'extras' were higher than they would have expected.

Quantifying these views, the latest research shows that the amount holidaymakers spent on extras ranging from food and drink to excursions, water sports, internet access and spa treatments has risen by over 20 per cent since last year.

In addition, well over three-quarters of all inclusive holidaymakers are continuing to spend significant amounts of money away from their resort in local restaurants, bars and shops. The research found that spending levels on food and drinks items has increased by 18 per cent in the space of a year.

Splashing out in All Inclusive resorts

Even though half of holidaymakers on all inclusive packages view them as good value because 'everything is included', the numbers paying for extras has continued to rise. Since 2014 when Post Office Travel Money began tracking additional spending in all inclusive resorts, the overall numbers paying extra for food and drinks has quadrupled (figure 7).

The percentage of people paying extra for à la carte meals, bottles of wine and cocktails has more than trebled in the past nine years, while twice as many said they paid for international brands of alcohol. Most surprisingly, 45 per cent of Britons paid for local brands of alcohol and soft drinks on their last holiday – over seven times the numbers who were charged for these in 2014. This demonstrates just how much all inclusive resorts have changed over the years because non-branded drinks were once regarded as the cornerstone of the 'everything is included' promise.

Figure 7: Percentage of holidaymakers who paid extra for food and drink items in All Inclusive resorts: 2023 compared with 2014

	2023	2014
Bottled water	55%	11%
Snacks	52%	8%
À la carte dining	48%	14%
Cocktails	47%	14%
Branded alcoholic drinks	46%	23%
Branded soft drinks	45%	10%
Local soft drinks	45%	6%
Local brand alcohol	45%	6%
Bottles of wine	44%	13%

Weighted base: 477 UK adults surveyed in 2023 who had been on an all inclusive holiday in the last five years compared with 582 who had done so when surveyed in 2014.

Figure 8: Spending on meals and drinks within All Inclusive resorts

	All holidaymakers		Families	
	% who spent extra in hotel	Average spent in hotel	% who spent extra in hotel	Average spent in hotel
À la carte dining	48%	£69.44	57%	£72.19
Local brand alcoholic drinks	45%	£50.73	57%	£51.29
International brand alcoholic drinks	46%	£47.14	58%	£44.56
Bottles of wine	44%	£45.90	58%	£51.36
Cocktails	47%	£45.29	59%	£51.72
Local brand soft drinks	45%	£39.98	59%	£37.46
Snacks	52%	£38.63	68%	£43.36
International brand soft drinks	48%	£38.27	61%	£38.31
Bottled water	55%	£26.57	65%	£28.71
Average total		£401.95		£418.96

Weighted base: 477 UK adults (189 families) who had been on an all inclusive holiday in the last five years .

Despite pressures on the holiday purse, there is little evidence of belt-tightening. Compared with a year ago, spending levels by all holidaymakers have risen for food and drink items. 47 per cent spent an average of £402 on nine items of food and drinks, a year-on-year rise of over 17 per cent.

Similarly, three-in-five families spent an average of £419, 11 per cent more than last year. The amount they spent on à la carte meals rose from £65.97 a year ago to an average of £72.19. The only area to see a fall in spending was on international brands of alcoholic drinks, which fell from an average of £51.65 a year ago to £44.56.

Aside from food and drinks, there has also been significant increases in spending on luxury items like spa treatments, where 43 per cent of holidaymakers splashed out to the tune of £65.84, up 21 per cent on last year, and water sports where 42 per cent spent an average of £65.67, a rise of 39 per cent.



Spending away from All Inclusive resorts

Almost four-in-five (77 per cent) of those surveyed for the Holiday Spending Report paid for a range of items in local resorts on their last trip abroad. Echoing the rises recorded within all inclusive hotels, spending levels have risen, in some cases quite substantially. Interestingly, the survey reveals big increases in spending on water sports (up 23 per cent), beach toys (up 42 per cent), suncream (up 69 per cent) and insect repellent (up 62 per cent).

The majority of families – 81 per cent – also appear to have thrown caution to the wind. Spending rose around a third (31 per cent) on water sports, 63 per cent on beach toys, 55 per cent on suncream and 94 per cent on insect repellent.

The average amount spent by all inclusive holidaymakers on food and drinks in local resorts rose 18 per cent from £248 last year to almost £293. Families spent 16 per cent more – £331 compared with £285 reported in 2022.



Figure 9: Spending on food and drinks in local restaurants, bars and shops

	All holidaymakers		Families	
	% who spent extra outside resort/hotel	Average spent outside resort/hotel	% who spent extra outside resort/hotel	Average spent outside resort/hotel
Eating out	73%	£63.21	80%	£66.73
Alcoholic drinks	65%	£48.22	74%	£47.42
Bottles of wine	47%	£40.32	57%	£46.82
Snacks at a bar/cafe/ restaurant	61%	£37.38	71%	£40.41
Soft drinks	68%	£27.77	79%	£32.01
Snacks from a shop	70%	£26.97	80%	£34.17
Ice cream	65%	£25.43	75%	£34.63
Bottled water	68%	£23.43	75%	£28.95
Average total		£292.73		£331.14

Weighted base: 477 UK adults (189 families) who had been on an all inclusive holiday in the last five years.

Laura Plunkett, Head of Travel Money at Post Office, which accounts for one-in-four UK foreign exchange transactions, said: **“Despite good intentions, our research shows that the majority of British holidaymakers are struggling to get their budget right and end up paying a financial penalty for this when they need to change more money while abroad.**

“When planning a trip abroad, it is worth bearing in mind that there are improved rates for higher value exchange transactions in Post Office branches and online. This means holidaymakers who set realistic budgets based on past experience will get more for their money and can avoid poor exchange rates and transaction charges incurred at ATMs abroad or when paying with credit or debit cards. Another practical solution is to carry a combination of foreign notes and funds held on a pre-paid Travel Money Card that will not incur transaction charges.”

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Sources:

- Consumer research by Yonder for Post Office Travel Money among 2,080 UK adults (28-30 April 2023), of whom 1,294 have been on a holiday abroad in the past five years and 1,191 are planning to do so this year (711 of the survey sample were parents and 483 of these had been on a family holiday in the past five years, with 470 planning to do so this year).