

INTERNATIONAL TRAVEL REMAINS ESSENTIAL FOR CONSUMERS IN THE NEXT 12 MONTHS



A recent study conducted by Outpayce has revealed that consumers who have taken a vacation in the last year are more likely to prioritize international travel as their top discretionary spending in the next 12 months. The study involved 4,500 consumers from the United Kingdom, France, Germany, the United States, and Singapore and suggested that these consumers may be willing to

spend up to 28% more on travel.

Despite economic uncertainty, consumer demand for travel is expected to stay vital for the next 12 months. However, it should be noted that this research was conducted three months before the recent interest rate raised in the U.K., E.U., and the U.S.

Priorities

According to the study, consumers in five markets prioritize international travel over other discretionary expenses such as domestic travel, dining out, online subscriptions, fashion, and luxury items for the home or car. The study found that 47 percent of respondents rated international travel as a "high priority," a five-percentage point increase from the previous year's survey. However, according to the researchers, all discretionary spending categories received higher rankings overall, indicating a rise in consumer confidence.

Spending

Respondents anticipate increased travel expenses in all five countries surveyed within the following twelve months. Except for French respondents, travelers plan to take more trips than they did in 2019. The survey revealed that international travel expenses are expected to rise significantly, with an average projected cost of \$3,422. This marks a 28 percent increase compared to last year. Of those surveyed, 40 percent are willing to draw from their savings to finance their travels, 33 percent plan to cut spending in other areas, and 29 percent anticipate working more hours to fund their trips.

The Buy Now, Pay Later

According to a recent survey, there has been a decrease in the need for short-term credit, specifically for Buy Now, Pay Later (BNPL) services, to pay for travel compared to last year. The survey also revealed a decrease in the number of respondents who are "most likely" to use BNPL for travel, dropping from 75 percent last year to 33 percent in the current survey, and to 19 percent in the United Kingdom, despite respondents in the U.K. having a positive outlook on their finances.

In all five markets, most people surveyed agreed they would be vigilant about foreign exchange fees (68 percent) and prefer a travel provider that allows payment in their local currency (66 percent) when booking travel.

In the U.K., international travel is the top priority for many people, with 43% considering it highly

important. This is twice as much as the next closest option, subscription services, at 19%. On average, British consumers are only willing to spend slightly more on travel in the upcoming year, with 62% planning to maintain or increase their spending. However, the over-55s group is expected to spend twice as much as the 18-34s, with an average of \$3,611 per person compared to \$1,867. The researchers found a similar gap in other markets but were considerably smaller.

According to this study, consumers still have a high travel demand. Individuals are willing to dip into their savings and reduce expenses to allocate more money toward cross-border travel.

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