



Travelers' Cost Savings Techniques Challenge Industry

Reduced Travel and Shorter Trip Duration are Coupled with Travelers Who Are Looking to Switch Brands and Save on Meals and Entertainment

New York, NY, February 17, 2009 – Fasten your seatbelts as the travel industry is facing strong headwinds. According to a recent survey conducted among U.S. adults by Ipsos' Travel and Tourism division, both business and leisure travel are expected to see deepening shrinkage in 2009. The survey shows four in ten (39%) business travelers are saying that the financial crisis will cause them to reduce their overall business trips and/or expenditures, and just over half (52%) of leisure travelers plan to reduce their overall leisure trips and/or expenditures, compared to 2008.

"The numbers are sobering, and all sectors of the travel and hospitality industry have an immense challenge on their hands," notes Jim Quilty, Vice President with Ipsos' Travel and Tourism division.

Economy's Impact on Business Travel Volumes

In terms of the expected business travel in 2009, a strong majority (79%) of Americans say they do not plan to take any business trips this year, while two in ten (21%) plan to take at least one business trip in 2009. Among those who plan to take at least one business trip, 71% expect that their 2009 travel volume will either remain the same (42%) or be lower (29%) compared to 2008.

Although just over half (54%) of business travelers say the current financial crisis will not have any impact on their planned business trips, a significant percentage (39%) say the financial crisis will cause them to reduce their overall business trips and/or expenditures.

Economy's Impact on Leisure Travel Volumes

On the leisure side, most (81%) Americans say they plan to take at least one leisure trip in 2009, while two in ten (19%) do not plan to take any leisure trips in the coming year. Among those leisure travelers, 68% expect that their 2009 travel volume will either remain the same (47%) or be lower (20%) compared to 2008.

It appears that the leisure travel market will be hit even harder by the current economic downturn. Among those who plan to take at least one leisure trip in 2009, more than half (52%) say the current financial crisis will cause them to reduce their overall leisure trips and/or expenditures, while nearly four in ten (43%) say the financial crisis will not have any impact on their planned leisure travel.

Similarities & Differences in Cost Saving Techniques

It is interesting to note that of those who responded that the current financial crisis will cause them to reduce their overall business or leisure trips and/or expenditures in 2009 were asked *how* they intend to do so; significant differences exist between business and leisure travelers. The top way business travelers plan to save on expenditures is to stay at a less expensive hotel brand (61%), while among leisure travelers, this measure ranks sixth (45%). In contrast, the top way travelers intend to save on their leisure expenditures is to spend less



on meals and entertainment (66%), while among business travelers, this measure ranks last, with just 2% of travelers who say they intend to cut business expenses this way.

"Today we have a new normal," adds Quilty. "Business travelers will only demonstrate as much brand loyalty - especially among hotel selection - as they can afford, and leisure travelers are cutting back on meals and entertainment. This presents a unique challenge to travel suppliers. The brands that are most creative in demonstrating and communicating value and delivering customer service will fare better in 2009."

Despite some clear differences in how travelers intend to save on business versus leisure expenses, strong similarities also exist. Reducing the number of nights away from home ranks as the second most common way travelers intend to lessen their leisure and business expenditures (58% and 57% respectively), while staying with friends or family more often ranks as the third most common way travelers plan to lower their leisure and business expenses (51% and 41% respectively).

"Travel brands across all sectors have a significant volume and rate issue on their hands as they aggressively compete for a smaller share of consumer travel and spending, resulting in a buyer's market," says Quilty.

For more detailed findings and how marketers can respond, please see our Point of View on the "[New Normal](#)."

These are the findings of an Ipsos poll conducted from December 27, 2008 –January 19, 2009. This online survey of 1,572 U.S. adults (18+) was conducted via Ipsos' Voice of America online forum. With a sample of this size, the results are considered accurate within 2.47 percentage points, 19 times out of 20, of what they would have been had the entire adult population in the United States been polled. The margin of error for sub-samples may be higher.

Note: Leisure travel is defined as taking a trip 50 or more miles away from home, one way, including an overnight stay, for purposes of leisure or entertainment.

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