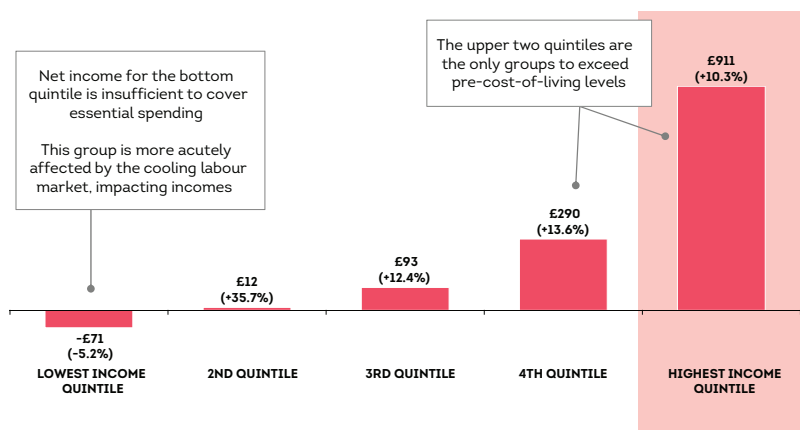


Household disposable income has grown as inflation has eased and wages increased... with high income groups in particular having good – and growing – levels of disposable income



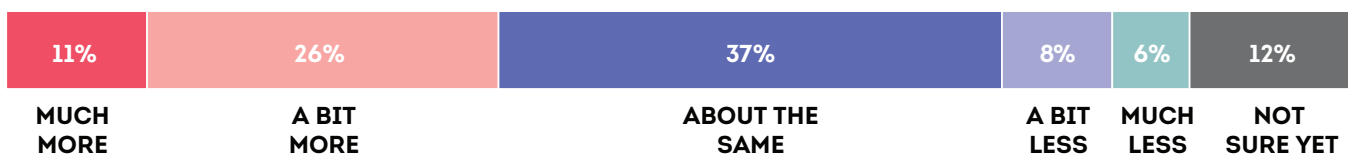
AVERAGE WEEKLY DISCRETIONARY INCOME BY HOUSEHOLD INCOME GROUP

£ (YOY growth in brackets), March 25, Source: Asda Income Tracker (discretionary income is after paying for essentials such as accommodation, energy, clothing and food)



Nearly three-quarters of people say they will spend the same or more on holidays this year

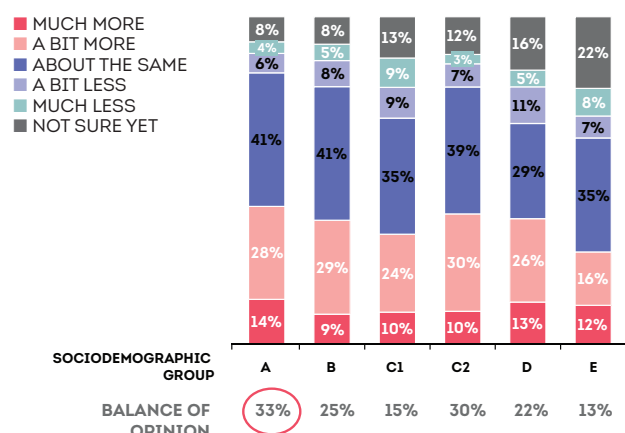
WILL YOU SPEND MORE OR LESS ON HOLIDAYS IN 2025 COMPARED WITH 2024?



Higher income groups are the most likely to increase their holiday spend this year

WILL YOU SPEND MORE OR LESS ON HOLIDAYS IN 2025 COMPARED WITH 2024?

% of respondents by sociodemographic group



This report was compiled by Sarah Dennis and produced by TTG Media and PwC in June 2025 to coincide with the TTG Media Agenda 2025 Summer Breakfast: Key trends for luxury travellers, hosted in association with PwC

CONSUMER SPENDING POWER

METHODOLOGY

A review of external research and a nationally representative survey by PwC of 2,000 consumers in March 2025 on how they feel about personal finance and spending, including travel spend intentions.

With inflation falling from its peak of 11% to around 3.5%, and forecast to drop to 2% in the later half of next year, consumers should be able to enjoy a more stable environment in terms of budgeting and discretionary spend, according to research and analysis from PwC. Mortgage rates have fallen below interest rates, which are also down from lofty peaks, and those with mortgage renewals coming up will see less of an increase, easing pressures on household finances.

But, says PwC's Eleanor Scott, the discrepancy between higher and lower income consumer groups is growing. "Average weekly discretionary income after bills is quite polarised and getting worse, as higher income groups have growing discretionary incomes which isn't the case for the lowest income group," she says.

It's not hugely surprising then that nearly nine in 10 of the highest income group report currently feeling "healthy" or "OK" about their own household finances compared to 48% at the other end of the income scale. Meanwhile, consumers aged 65 or above remain more confident than their younger counterparts due to having more savings to support them.

Looking to the future, higher income groups expect to be better off in the coming year, though the most confidence by age group emanates from younger consumers – "a positive sign for hospitality and leisure", says Scott.

"Overall, there is some easing of pressures, which is being reflected in more optimism among consumers, albeit with some remaining cautious over their ability to spend," she concludes.

This outlook is a positive sign for travel spend, with more than a third of consumers expecting to spend more on holidays this year than in 2024, and a further 37% anticipating they will spend about the same. Among the highest income group, more than four in 10 consumers (42%) report they will spend more this year on holidays.

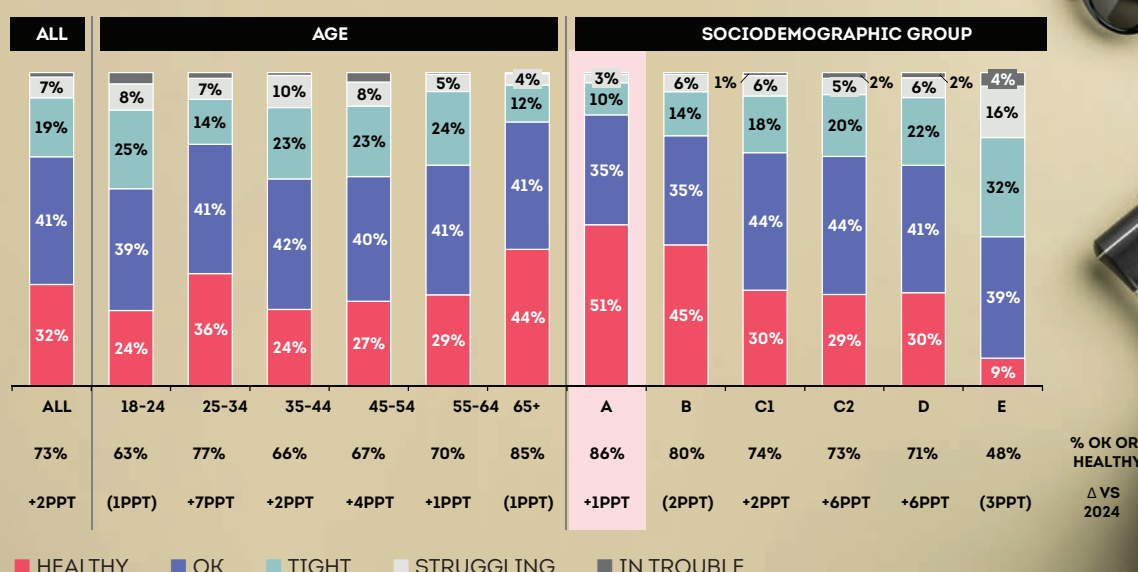
"Despite cost considerations, around three-quarters of people expect to spend the same or more on holidays this year, with an overall balance of opinion of those spending more minus those reporting a lower spend than in 2024 looking positive," says Scott.

She adds that with 12% of consumers remaining "unsure" about where the direction of their holiday spend will go, we could see more positive change as the year progresses.

High income groups are generally positive about their household finances, and more so than this time last year

'HOW WOULD YOU DESCRIBE YOUR FINANCIAL SITUATION AT THE MOMENT?'

% respondents, Mar 2025



CONSUMER TRAVEL SURVEY

METHODOLOGY
PwC survey of 2,000 consumers in May 2025 including more than 200 of those deemed high income*, asking about travel spending intentions and priorities for travel in 2025.

Higher income consumers are considering a broad mix of holidays for 2025, but are more likely than average to prioritise experience and activity, according to PwC’s survey of 2,000 consumers.

While beach holidays and city breaks remain top choices, higher income clients are 10% more likely than the average consumer to consider an experiential break and 11% more likely to consider an activity-based holiday. New destinations were favoured by nearly a third in this group.

“This shows higher income consumers want to explore and have great experiences,” says PwC’s Eleanor Scott.

Higher income customers also look at a mix of accommodation, though favouring resort hotels, chain hotels and holiday rentals. While they mainly choose to spend holidays with their partner or immediate family, 18% say they travel solo, and one in 10 as part of a multigenerational group.

“This means you need to know your customer, not typecast them based on one holiday booking, as you could be missing out on share of wallet or lose them as they change life stages,” Scott advises.

Four in 10 higher income consumers will pay more for sustainable holiday options, while a third will not use a travel company without sustainability credentials. But in common with most, they place the onus on the industry, with 64% saying they expect travel companies to “be sustainable”.

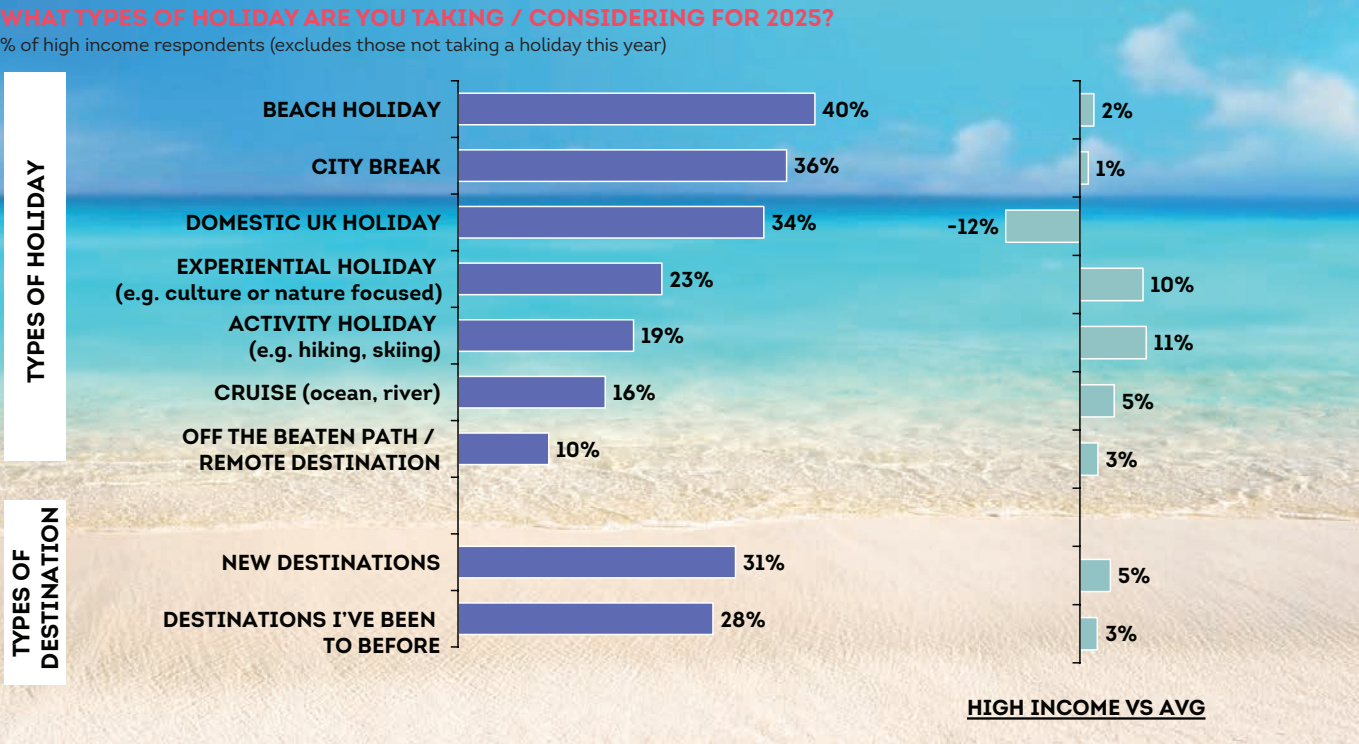
The main priorities for their travel choices this year, however, are relaxation (48%), affordability (40%) and the weather in their chosen destinations (32%).

Among higher income consumers spending more this year on holidays than in 2024, 44% anticipated this to be because of rising travel costs, while nearly a quarter (24%) will take more holidays this year and 28% are taking a longer holiday. Three in 10 told PwC they had already booked this year’s summer holiday, but 28% were looking to book this between July and September, with four in 10 of these reporting that they would normally do so.

“For 20%, it is due to prices and affordability. People are also waiting to see what happens with travel disruptions and weather [problems] so they can avoid them. So there’s a number of things to keep an eye on that could influence late bookings, and there could be some impact from last-minute deals,” says Scott.

*Higher managerial/administrative professional in a large organisation or top level civil servant/ public service employee.

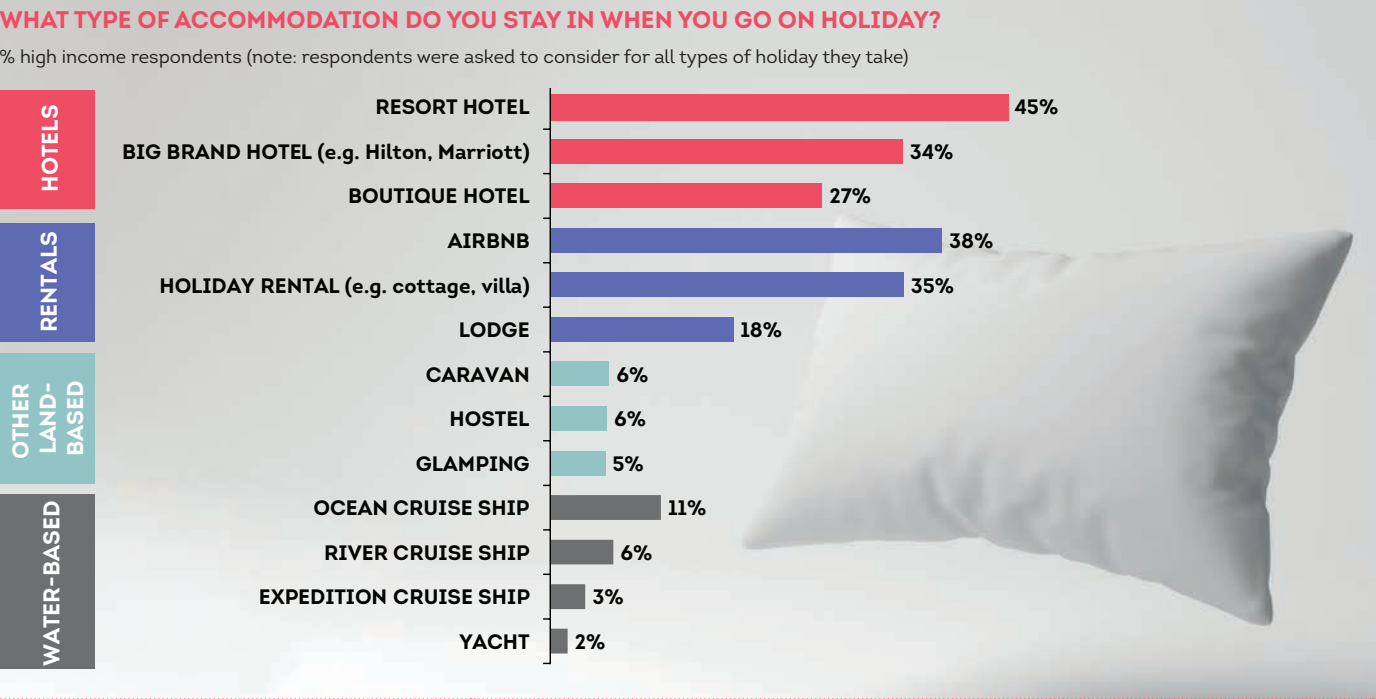
People are considering a broad mix of holiday types for 2025



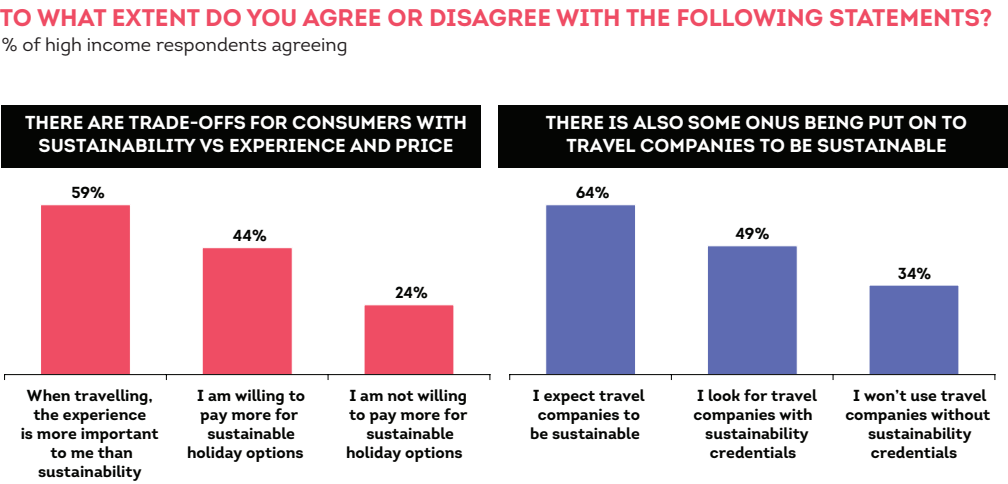
Key holiday decision criteria include the experience, cost and practicalities



High income consumers stay in a wide range of types of accommodation, with hotels and holiday rentals the most common



While sustainability is important to many, much of the onus is being put on travel companies to take action



We continue to see some polarisation in expected booking timings, with a similar profile to this year planned

