

# Affording **Summer Travel** 2019

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*Splitit*

## Introduction

# How do Americans feel about **traveling this summer?**

For millions of Americans, summertime is a chance to finally take that well-deserved vacation – but are financial worries clouding the outlook for summer travelers?

With the average American \$38,000 in debt and summer on the horizon, we sought to understand how people are planning to travel this summer, what factors play into their summer vacation decisions, and what incentives would make them more likely to hop on a plane or book a luxurious hotel.

This survey, conducted in March 2019, was jointly carried out by Splitit with Google Consumer Surveys, based on a representative sample of more than 1,000 respondents from the United States, aged 18-65+.

## Many people want to travel this summer

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54%

of respondents **plan to travel this summer**



33.5%

of respondents **plan to spend more than \$500** per person on flights and lodging this summer

## Many people want to travel this summer

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Summer vacations enable Americans to kick back and leave their day-to-day worries at home – but between travel arrangements and the stresses of leaving behind work and commitments, vacations often come with their own set of worries.

Add financial anxiety to the mix and many would-be travelers are simply overwhelmed. **In this climate, it's on travel merchants to offer consumers vacation incentives that will stretch their horizons - not their budgets.**



## What our survey discovered

Hopeful travelers  
are looking to stretch  
their horizons,  
**not their budgets.**

Our survey exposed four main findings related to summer travel:

- 1 People want to pay for travel-related purchases, including expensive flight tickets, in monthly installments and feel this would be most helpful to them when budgeting for travel expenses.
- 2 People would make travel-related purchases further in advance if given the option to pay in installments.
- 3 People would upgrade their travel arrangements, i.e. hotel rooms or airline seats, and spend more money on entertainment and food if given the option to pay in installments.
- 4 Younger consumers are highly debt-conscious and prefer paying for travel expenses in cash over credit or debit cards.

## Major takeaway

People would like to pay for travel expenses in **interest-free monthly installments.**

Consumers have made it clear:

**They're eager to travel – but their personal finances often pose a major hurdle.**

Give people the option to pay for their flight tickets, lodging, transportation, and other expenses in advance, and travel is no longer out of reach.



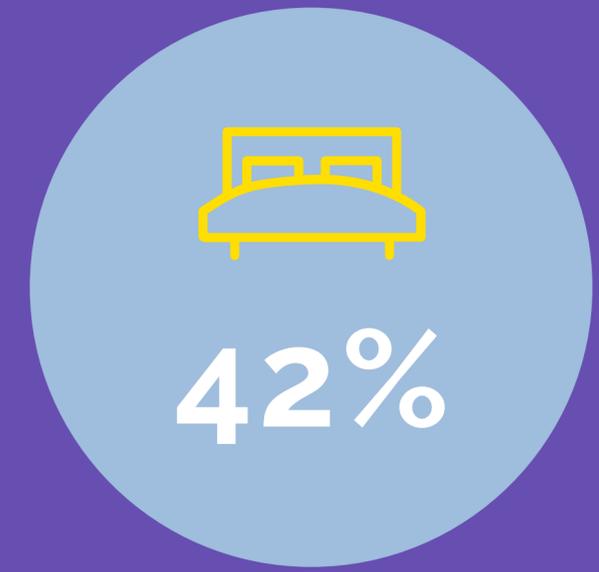
1

People would pay for a variety of different travel experiences if given the option to pay in interest-free monthly installment payments.

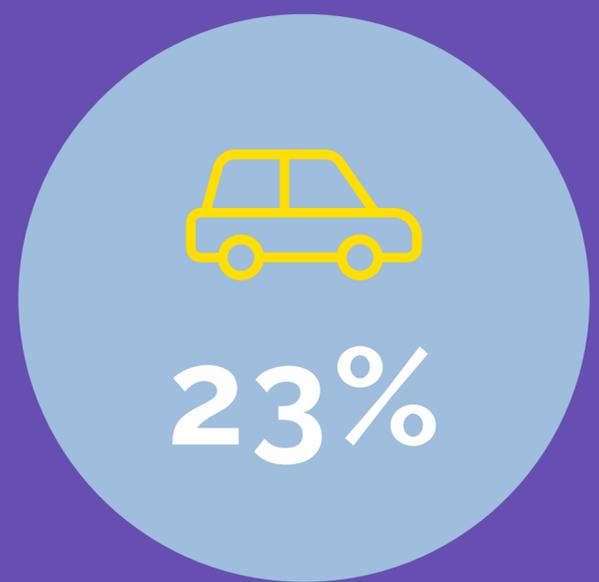
If you could pay in interest-free monthly installment payments, **which of the following travel expenses** would you pay for this way?



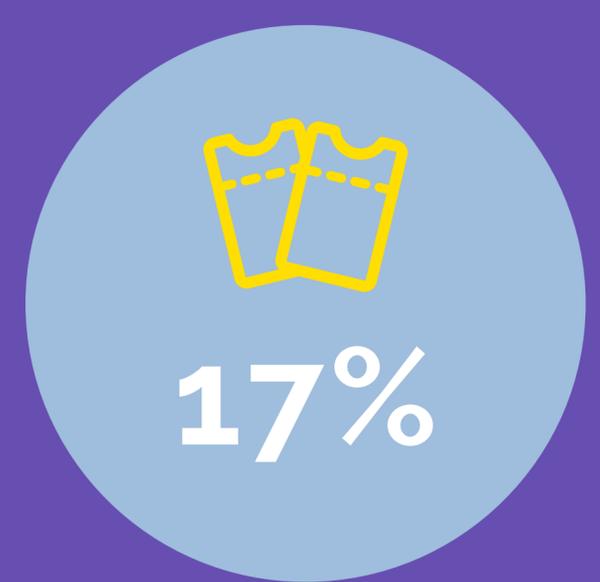
said flight tickets



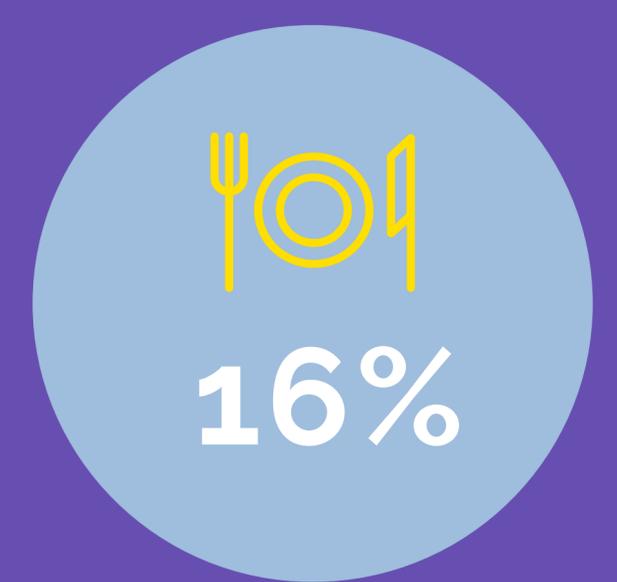
said lodging



said transportation at their destination



said entertainment



said food

\*Note that percentages add up to over 100 because respondents were able to choose more than one answer.

# Americans are receptive to installment plans for their priciest travel expenses – **airfare and lodging.**

Covering these necessities – and deciding whether to take a vacation in the first place – becomes less daunting when consumers can pay in installments.



2

When it comes down to affording expensive flight tickets, people feel that **monthly installment payments would help most with affordability.**

Which of the following would be most helpful when **paying for expensive flight tickets?**



Enable travelers  
to **split the cost of  
a flight ticket** over  
many months, and  
they're more willing  
to hit the skies.

Flight ticket prices fluctuate often, but even a relative bargain can still mean steep costs for families and individuals traveling on a budget.



3

**Paying for travel expenses far in advance** puts Americans at ease when considering budget concerns.

When asked **which of the following factors would be most helpful** when considering budgeting for their next vacation, here's what respondents said:

**55.5%**

said **making purchases far in advance** would be most helpful

**23%**

said paying for expenses in **installments**

**14%**

said **deferring the payments** to a later date

**7.5%**

said **extending their credit lines** prior to the trip

4

If people are given the option to pay in monthly installments at a lower price, they are even **more motivated to book earlier.**

When asked **how much earlier they'd book flights/hotels** if they could book them in advance at a lower price and pay in interest-free monthly installments, respondents said:



69%

would book  
**up to one year**  
in advance



12%

would book  
**more than one year**  
in advance

# Booking a flight or hotel room way ahead of an upcoming trip can mean **big savings for travelers.**

Everyone knows that the early bird gets the worm – and the same goes for planning trips. By offering travel options far in advance, merchants can win over budget-conscious travelers. Add on an installment payment option, and consumers are even more willing to close the deal.



5

## Making the most out of summer travel through **installment payments**

When asked **which expenses respondents would be more likely to spend more money on** if offered the option to pay in interest-free monthly installments, respondents said:



said they would upgrade their hotel room



said they would upgrade their airline seat



said they would spend more on entertainment



said they would spend more on food

\*Note that percentages add up to over 100 because respondents were able to choose more than one answer.

Vacations offer a  
**chance to indulge**  
– and installment  
payments give  
consumers the chance  
to do so **guilt-free.**

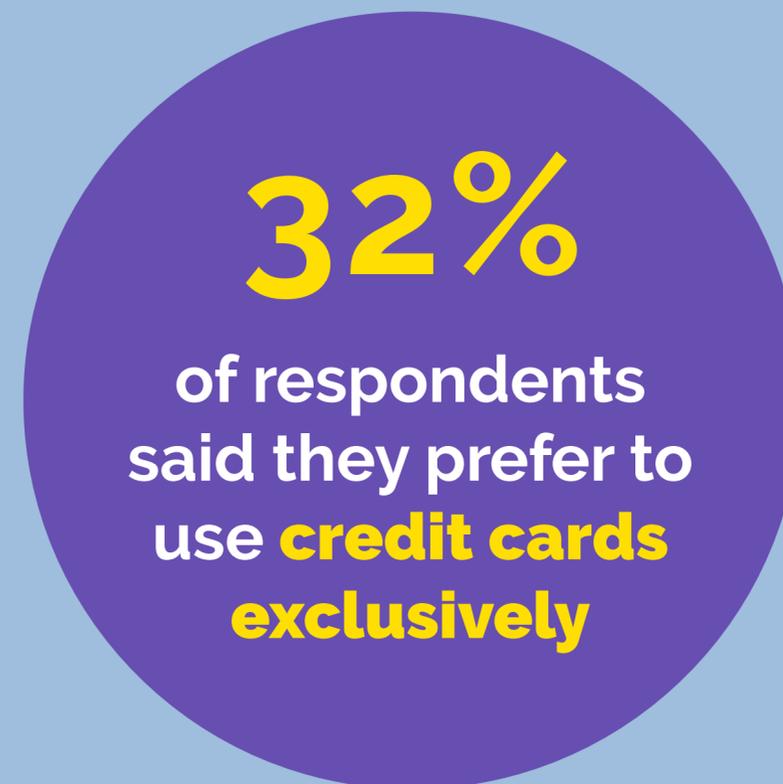
Whether it's dining on delicious food, treating yourself to a spa day, or simply kicking back at a luxurious resort, splitting payments allows travelers to get the most out of their travel experiences without racking up debt.



6

The lasting legacy of credit cards. Survey respondents **prefer to pay for travel expenses with credit cards.**

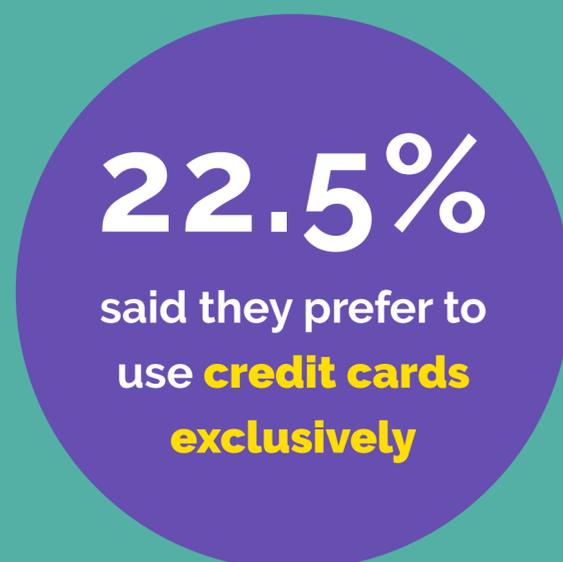
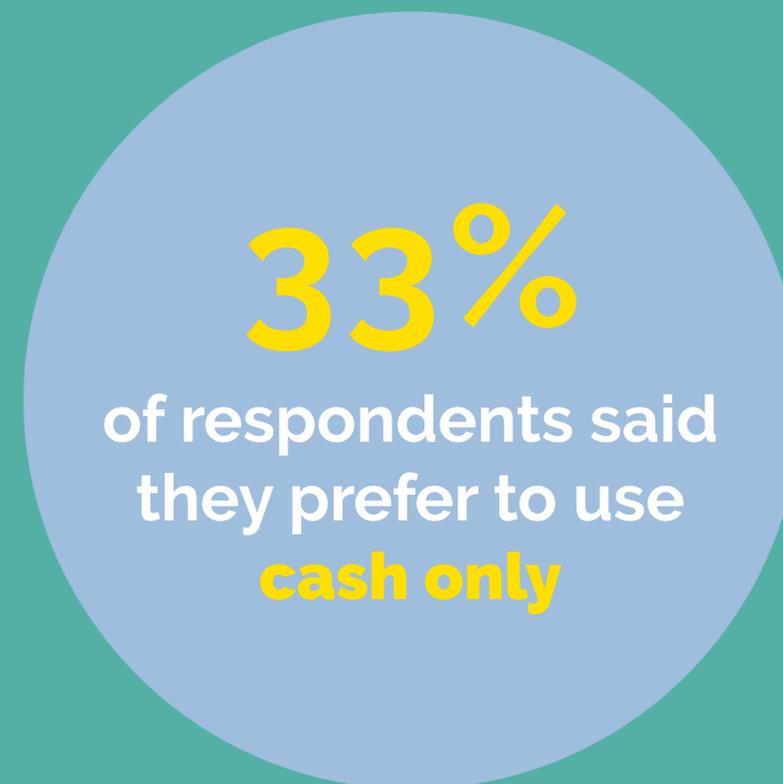
Which of the following do you prefer to use when **paying for travel expenses?**



7

The exception to the rule:  
**Younger generations  
are particularly debt-  
conscious.**

When asked which of the following they  
prefer to use when paying for travel  
expenses, **respondents age 18-24 said:**



# Younger consumers' top priorities make them **highly averse to taking on more debt.**

From paying off their student loans to planning for their financial futures, younger consumers' top priorities make them highly averse to taking on more debt. So, while 51% of millennials plan to travel this summer, millennials were the only age group to report that credit cards aren't their preferred method of paying for travel expenses. The younger respondents – those age 18-24 – show an even stronger preference for using cash over credit cards.



# Report Summary and Highlights

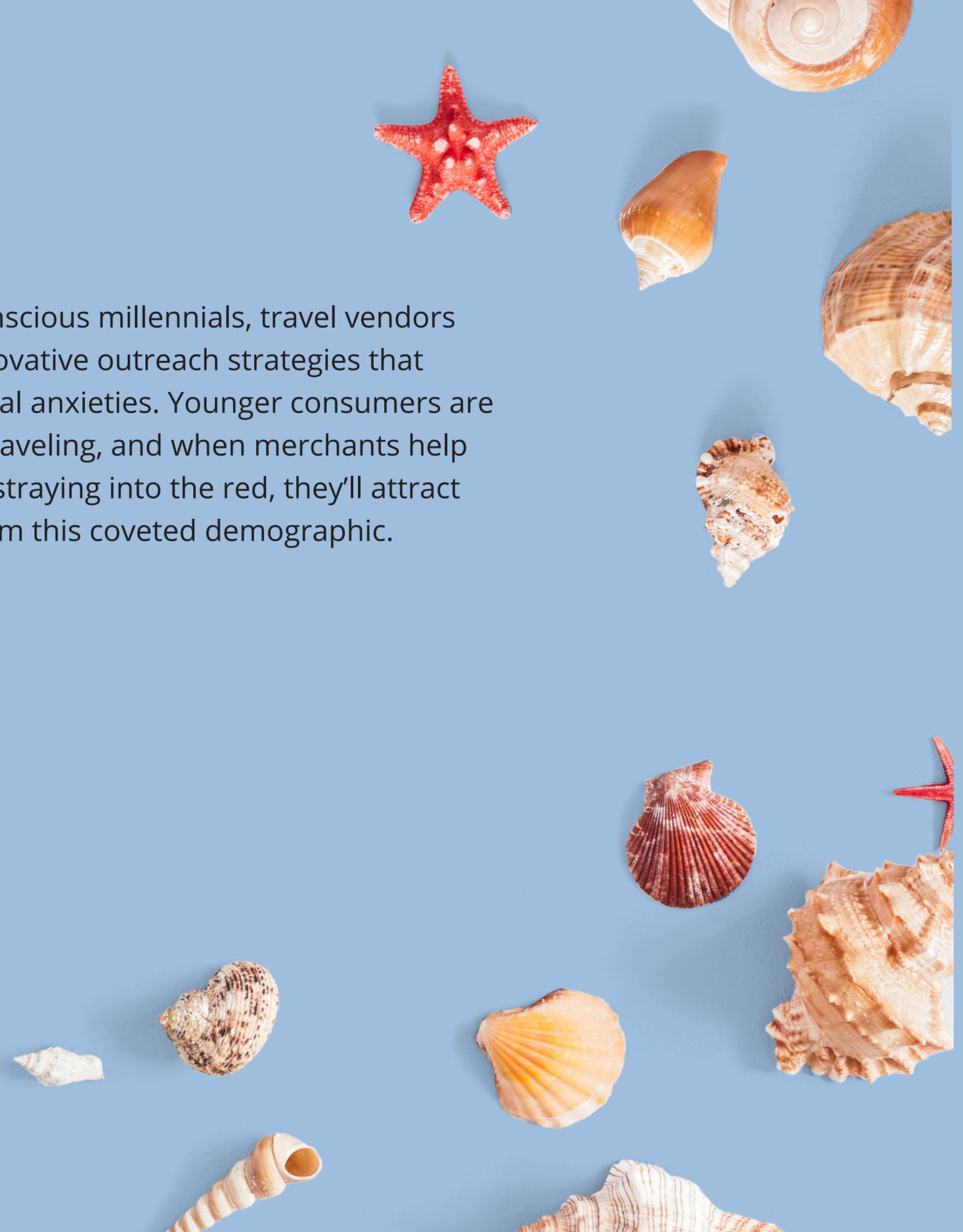
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Travel merchants vying for consumers' hard-earned dollars will struggle to generate more revenue unless their offerings reflect travelers' financial priorities. The average traveler is looking to deal with financing their travel expenses now, so they can enjoy their summer vacation later.

Installment payments help bridge the needs of merchants and travelers.

When travel is no longer financially overwhelming, consumers are more likely to move forward with their travel purchases – whether they're flight tickets, hotels, or luxury upgrades.

To win over debt-conscious millennials, travel vendors should prioritize innovative outreach strategies that assuage their financial anxieties. Younger consumers are enthusiastic about traveling, and when merchants help them do so without straying into the red, they'll attract more consumers from this coveted demographic.



## Key Findings

 **56%**

of respondents said they would **pay for flight tickets** in interest-free monthly installments if they had the option

 **69%**

of respondents said they would **book a flight up to one year earlier** if given the option to pay in interest-free monthly installments at a cheaper price

 **37%**

of respondents said they would **spend more on entertainment** while on vacation if they had the option to pay in interest-free monthly installments

 **30%**

of respondents said they would **upgrade their hotel room** if they had the option to pay in interest-free monthly installments

 **23%**

of respondents said they would **upgrade their airline seat** if they had the option to pay in interest-free monthly installments

# About Splitit

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Splitit is a payment method solution **enabling customers to pay for purchases with an existing debit or credit card by splitting the cost into interest and fee-free monthly payments**, without additional registrations or applications.

Splitit's global footprint extends to over 400 merchants in 27 countries, among them many of Internet Retailer's top merchants.

