

Southern Cross
Travel Insurance

The Future of Travel Report

Revealing New Zealanders'
attitudes and behaviours towards
travel following Covid-19



YouGov®



About the research

The Future of Travel research report is a New Zealand travel report commissioned by Southern Cross Travel Insurance and in partnership with research agency, YouGov. The research explores existing New Zealand attitudes towards travel as we emerge from the Covid-19 pandemic and reveals how these attitudes will shape purchase and travel decisions among New Zealand travellers for the foreseeable future.

The study was designed specifically for the New Zealand market and was conducted in April 2022. The research was conducted with a robust and nationally representative sample of 1014 New Zealanders aged 18 years and older via an online survey.

Data analysis of the research has exposed New Zealand attitudes towards a broad range of travel elements and how these considerations will impact consumer travel behaviour moving forward. This report summarises current consumer attitudes and concerns around travel and aims to shed some light on what the future of travel looks like in New Zealand.

The wait is over. Let's go.



New Zealanders are more than ready to take flight, but we're cautious and taking Covid-19 into account at every turn

- **95%** of New Zealanders are looking to travel domestically or internationally over the next two years
- The most popular benefit of heading away is a complete break from the 'every day' at **70%**
- **14%** see travelling overseas for work as a benefit
- **74%** of travellers will be more concerned about health and safety than they were prior to the pandemic
- **88%** of travellers will take a destination's Covid response into account when planning
- **59%** of travellers want the certainty of free cancellation or a full refund
- **85%** of all travellers believe insurance is a must-get for international travel, with **20%** of travellers saying insurance for domestic travel was not important to them before Covid-19 but is a high priority now.

Let's look at the detail.



What does the future of travel look like for New Zealand?

Over the past two years, few industries across New Zealand have had to face the same level of adversity as the travel and tourism sector. The pandemic saw the travel and tourism industry grind to a halt overnight causing job losses and business closures at a scale never previously witnessed.

As international borders begin to open, and we move towards an endemic approach to living with the virus, the travel industry is keen to understand what the future of travel really looks like and how the pandemic has shaped future behaviours and travel choices for consumers. As we emerge from the pandemic, it's fair to say that New Zealand consumers are assessing their level of risk when it comes to living with Covid-19 across all areas of their life and for many New Zealanders this will also extend to travel. Consumers will ask: Do I want to travel again? What level of risk am I comfortable with? And what steps should I take to avoid these risks?

Perhaps unsurprisingly, the research by Southern Cross Travel Insurance reveals that many consumers are still preoccupied with Covid-19 and taking precautions will be a key focus for many New Zealanders looking to travel in the foreseeable future. They'll want to mitigate against the risk of contracting Covid-19.

However, what is more surprising is the extent that this caution is driving consumer travel decisions across all aspects of travel. Destinations that haven't managed the pandemic effectively or are perceived as not having high Covid-19 safety practices will lose out in the short-term, as consumers are more hesitant to visit these locations. Similarly, accommodation choices, which include an element of shared-living or include confined spaces such as hostels or motels will also be avoided.

Experiencing a national crisis, prolonged restrictions and sudden border closures has also inhibited our ability to plan far in advance. As a result, New Zealand travellers' approach to planning their holiday experiences will be more conservative with the majority of travellers booking activities only when they get to the destination, for fear that it may not eventuate, or only booking experiences that have a favourable cancellation policy.

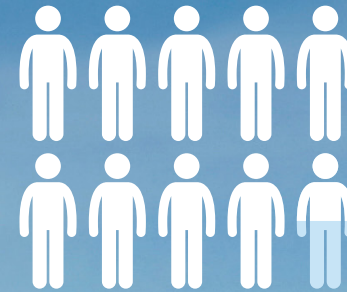
Overall, this increased level of caution and need to plan for the unknown, is something that is likely to dominate the nation's psyche for some time to come as we begin to emerge from the pandemic. As a result, the travel industry should expect a continued focus on Covid-19 concerns and shouldn't underestimate its influence on consumer behaviour and purchasing decisions until consumer confidence is restored.

Appetite for travel is showing strong signs of recovery in New Zealand

Following two years of border closures, the research reveals New Zealanders have emerged from the pandemic with a renewed focus on travel and its benefits. As a nation of keen travellers, the pandemic has only reinforced our love of travel with 98% of New Zealanders believing in its numerous benefits.

The top two benefits of travel were selected as: the opportunity to have a complete break from their daily routine (70%), and to create memories with family and friends (67%).

Encouragingly, New Zealanders' appetite for travel is showing strong signs of recovery, with more than nine in ten (95 %) New Zealanders planning to travel within New Zealand or overseas over the next two years. The resurgence in travel is a great sign for the New Zealand travel industry and is a strong indicator to a return of pre-pandemic travel volumes.



95%

of New Zealanders are planning to travel within New Zealand or overseas over the next two years.



New Zealand travellers are more concerned about health and safety now, than prior to Covid-19

New Zealanders have emerged from the pandemic with a far more cautious frame of mind. When thinking about travel, nearly three in four New Zealand travellers will be more concerned about health and safety now, than prior to Covid-19.

This degree of caution is seen to impact the level of risk New Zealand travellers are willing to take and, as a result, will influence our propensity for domestic and overseas travel.



74%

will be more concerned about health and safety than they were prior to the pandemic

Destinations with a poor Covid-19 record will lose out in the short-term

A country's ability at managing its Covid-19 outbreak may have a severe impact on the recovery of its tourism industry in the short-term. 88% of New Zealand travellers say, when thinking about international travel, a destination's Covid-19 record will impact their decision to travel there.

Continued lockdowns and months of isolation from friends and family have also heavily impacted New Zealanders' holiday choices with a family holiday with immediate family (55%) selected as the top holiday experience, followed by a cultural immersion (33%) and an extended family holiday with relatives (31%).

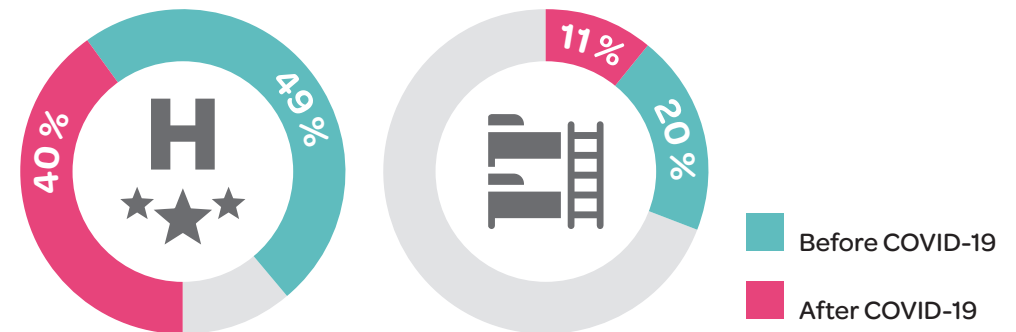


Shared rooms and lower cost accommodation saw a significant decline in appeal following Covid-19

Concerns around health and safety following the pandemic can also be seen to impact the types of accommodation we choose and our selection criteria, as travellers remain cautious. New Zealand travellers are less likely to consider staying at budget motels (40 % compared to 49%) and hostels (11% compared to 20%) when they next travel, compared to before Covid-19. Bunking in with strangers appears to have considerably less appeal.

However, despite there being an increased focus on hygiene following the pandemic, price and flexibility will continue to be the top drivers for accommodation choices. With three quarters of New Zealanders considering price (76%) and more than half (59 %) considering free cancellation as one of the most important considerations when they next choose accommodation.

Being able to cancel with up to 24 hours' notice is important to 59 % of all travellers.



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Flexibility is key for New Zealanders looking to book activities on holiday

Living in a constant state of flux has led to many people being more reluctant to make long-term plans. More than eight in ten (83%) travellers who book organised activities when travelling, say their approach will change due to Covid-19.

These changes include only booking when there is a favourable cancellation policy (48%), only booking activities that have clear Covid-19 safety protocols (35%) and only booking activities after they arrive at a destination (30%).



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Travel insurance is now considered a vital component of travel

The research shows that travel insurance has become an integral part of the holiday planning process. 85% of New Zealand travellers consider travel insurance for international travel a high priority.

This increased focus on travel insurance has also extended to domestic travel, with just over half of New Zealand travellers (51%) now considering travel insurance a high priority for domestic travel, which is significantly more than before Covid-19 (37 %).



85% 
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for international travel a
high priority now.

New Zealanders want a level of Covid-19 cover included in their insurance policy

Many New Zealanders have learned to accept the unpredictability Covid-19 has brought to travel plans, which is why consumers are looking to minimise the risk of out-of-pocket expenses related to travel disruption or medical care. They are happy to pay more for this peace-of-mind.

When asked about key features New Zealanders would be looking for in their travel insurance policy, 72% of travellers ranked a level of Covid-19 cover in their top three features. On average, those surveyed would be comfortable with a price increase sitting around 8% with 67% willing to pay that extra to get Covid-19 cover.



72%

of New Zealand travellers ranked a level of Covid-19 cover in their top three most important features of travel insurance.

So, what next?

If Covid-19 has taught us anything, it's to expect the unexpected, therefore making long-term predictions about consumer behaviour and their impact on the travel industry is hard to do.

However, the research clearly shows that despite consumer confidence appearing to pick up in New Zealand, the pandemic is still clearly at the forefront of all of our decision making and will likely influence consumer travel behaviour for some time to come. Precautionary measures to mitigate against infection, disruption and out-of-pocket expenses will dictate consumer choices and conduct for the short-term, as we begin to adapt to the 'new normal'.

This concern isn't shared equally by all generations, with younger New Zealanders more eager to embrace the opportunity to travel and maybe less likely to take Covid-19 into account, but we see the vast majority of travellers will take precautions, making sure they have their travel plans insured and that they're protecting themselves from harm or loss.

Some challenges still remain but recovery is well underway in New Zealand. The wait is over. We're with you. – we've got you covered!

www.scti.co.nz/future-of-travel

