May Consumer Spending and Saving

A research report prepared for:

AMERICAN EXPRESS

May 4, 2011

echo

GLOBAL RESEARCH PROTECTING BRANDS AND REPUTATION

Research Method

- This research was completed online among a random sample of consumers aged 18+. A total of 2,025 interviews were completed.

- In addition to a general population sample, two sub-groups – Affluents, and Young Professionals were targeted and balanced by the general population.

    - n= 517: Affluents – defined as having a minimum annual household income of $100,000

    - n= 513: Young Professionals – defined as less than 30 years of age, having a college degree, and a minimum annual household income of $50,000

- Interviewing was conducted by Echo Research between April 18- April 21, 2011.

- Overall the results have a margin of error of +/- 2.2 (or 4.3 among Affluents and Young Professionals) percentage points at the 95% level of confidence.

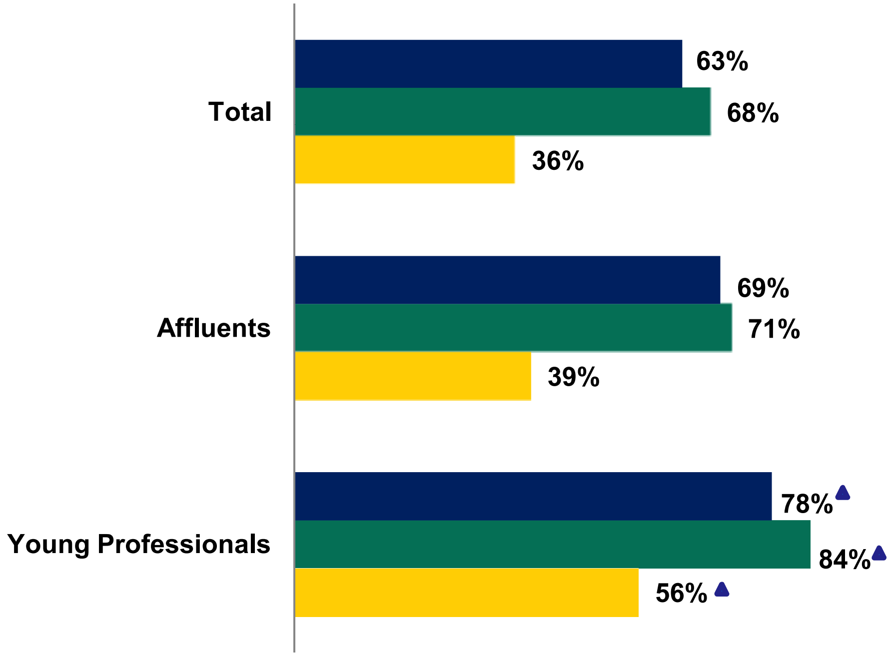
SUMMER VACATION PLANS

Week-Long Travel versus Weekend Getaways

Consumers with summer vacation plans will take an average of 2 or more week-long trips and 3 weekend getaways this year.

Most consumers have plans to go away for one week or longer, but even more have weekend getaway plans (63% vs. 68%). More than one third traveling this summer will be away over a holiday weekend (36%).

- More Young Professionals than Affluents with summer vacation plans are planning to go away for at least one week (78% vs. 69%), and even more have weekend getaway plans (84% vs. 71%).
- The majority of Young Professionals with summer vacation plans will be away over a holiday weekend (56%).



Average number of trips will take with the family…
- Average of 2 week long and 3 weekend-getaways

■ One-week trip

■ Weekend getaways

■ Holiday weekends

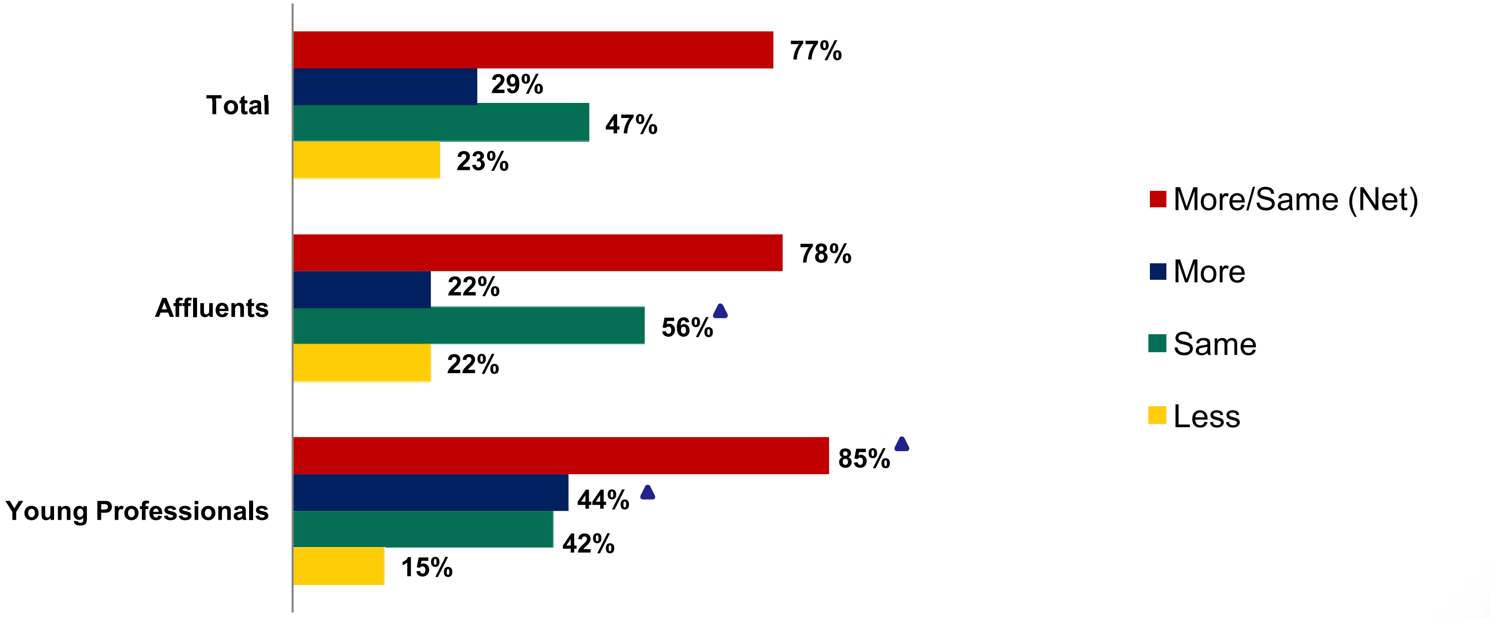
Q.V5a How many WEEK-LONG TRIPS do you plan on taking, overall, this summer? 1 or more week-long trips
Q.V7a-d And, how many summer WEEKEND-GETAWAYS are you planning for between May and September? Any weekend getaways
BASE: Total with summer vacation plans

▲ **Significantly higher than (Affluent/Young Professional) segment at the 95% confidence level**

Will Consumers Be Taking More, Less, or the Same Number of Summer Trips Versus Last Year?

More than three in four (77%) consumers with summer vacation plans say they are planning *more or the same* (29% and 47%, respectively) number of trips as last year.

- Many Young Professionals with summer vacation plans will be taking ***more*** trips than they did last year (44%).



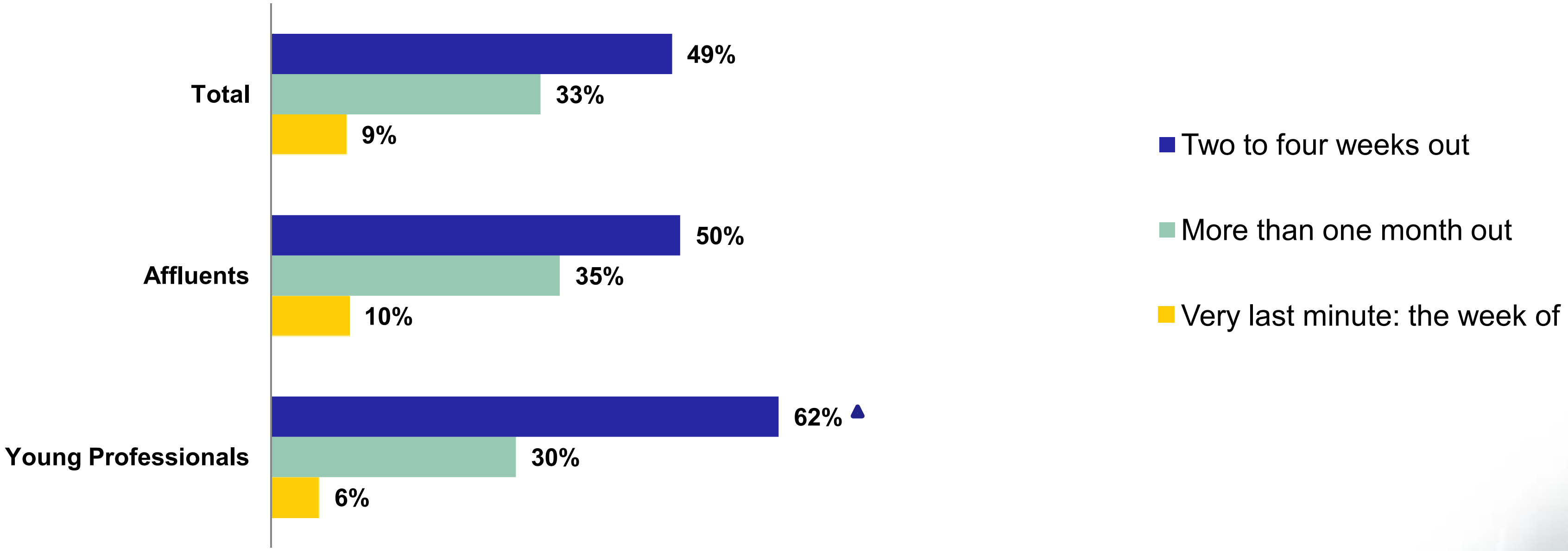
Q.V6 Are you taking more, less, or the same number of trips as you did last summer?

▲ **Significantly higher than (Affluent/Young Professional) segment at the 95% confidence level**

Summary Weekend Getaway Plans

About one half of consumers planning summer weekend getaways typically book their trips two to four weekends out (49%).

- More Young Professionals than Affluents say they book their weekend getaway two to four weeks out from the time they would like to go away (62% vs. 50%).



Not shown: 2%, overall, not sure
Q.V27 How far out do you typically book your summer WEEKEND-GETAWAYS?
BASE: Total with summer weekend-getaway plans

▲ **Significantly higher than (Affluent/Young Professional) segment at the 95% confidence level**

Summer Vacation Budget

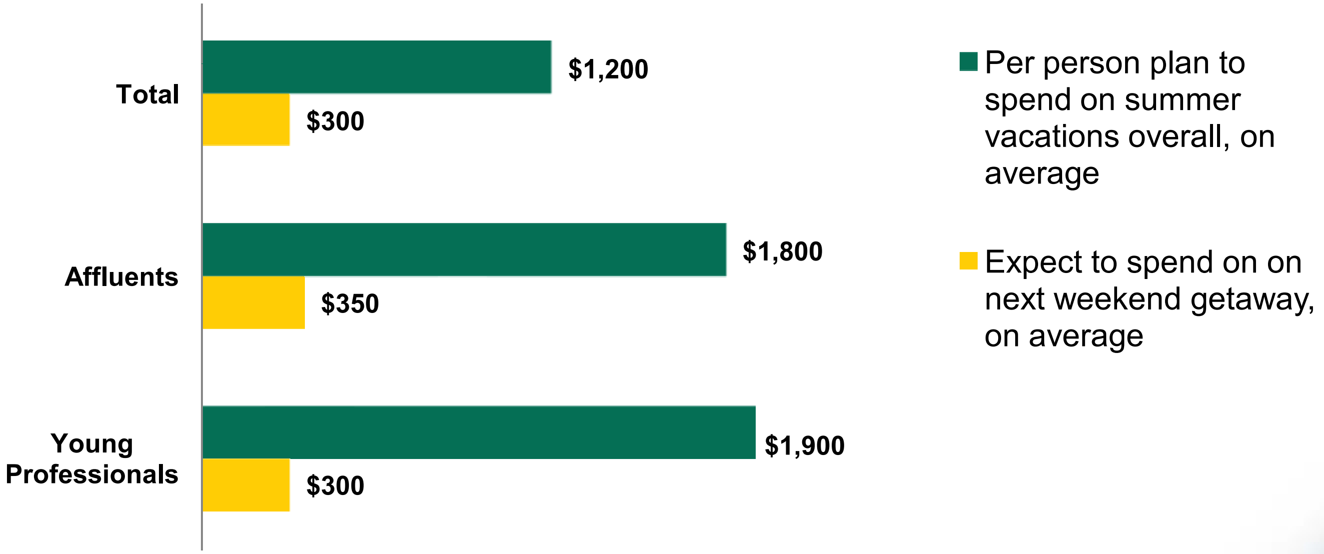
Vacationing consumers plan to spend an average of $1,200 per person, and $300 on their next weekend getaway.

Average spend in 2010, per person

$1,000

$1,600

$1,200



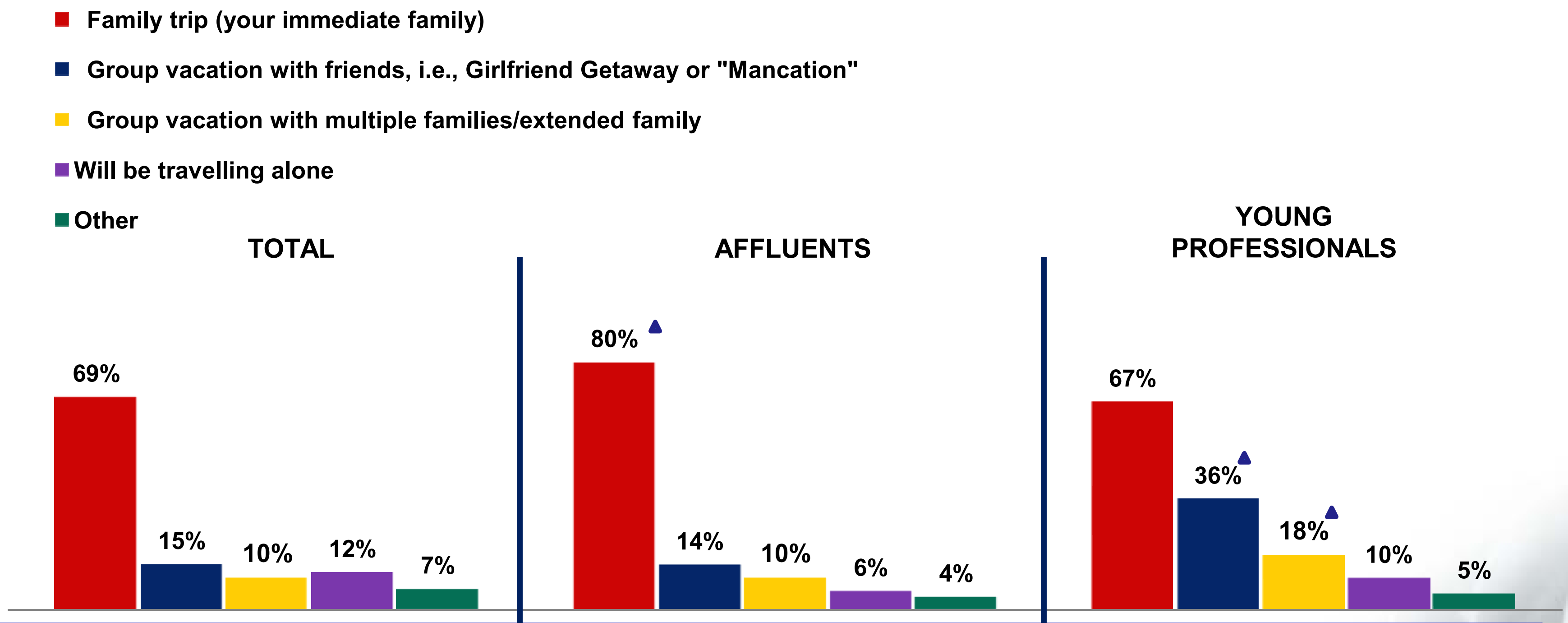
Note: average spend is rounded to the nearest $100
Q.V14 How much per person do you plan to spend on your summer vacation(s), overall, in 2011?
Q.V15 And, how much do you expect to spend on your next WEEKEND-GETAWAY, on average?
BASE: Total with summer weekend-getaway plans

Who will Consumers be Traveling with on their Summer Vacations?

Most consumers with summer vacation plans will be traveling with their family and has increased from 2010 (69% vs. 45%), especially among Affluents (80% vs. 57%).

Group vacations with multiple families/ extended family are down from last year (10% vs. 16%).

- Girlfriend getaways and ‘mancations’ are on the rise compared to 2010 (15% vs. 10%). These types of vacations are most on the rise among Young Professionals (36% vs. 18%).



2010 →	45%	10%	16%	-	-	57%	5%	14%	-	-	44%	18%	16%	-	-

Not shown: 1%, overall, not applicable
Q.V4a Who do you plan on traveling with for your summer vacation(s)?
Base = Total with summer vacation plans

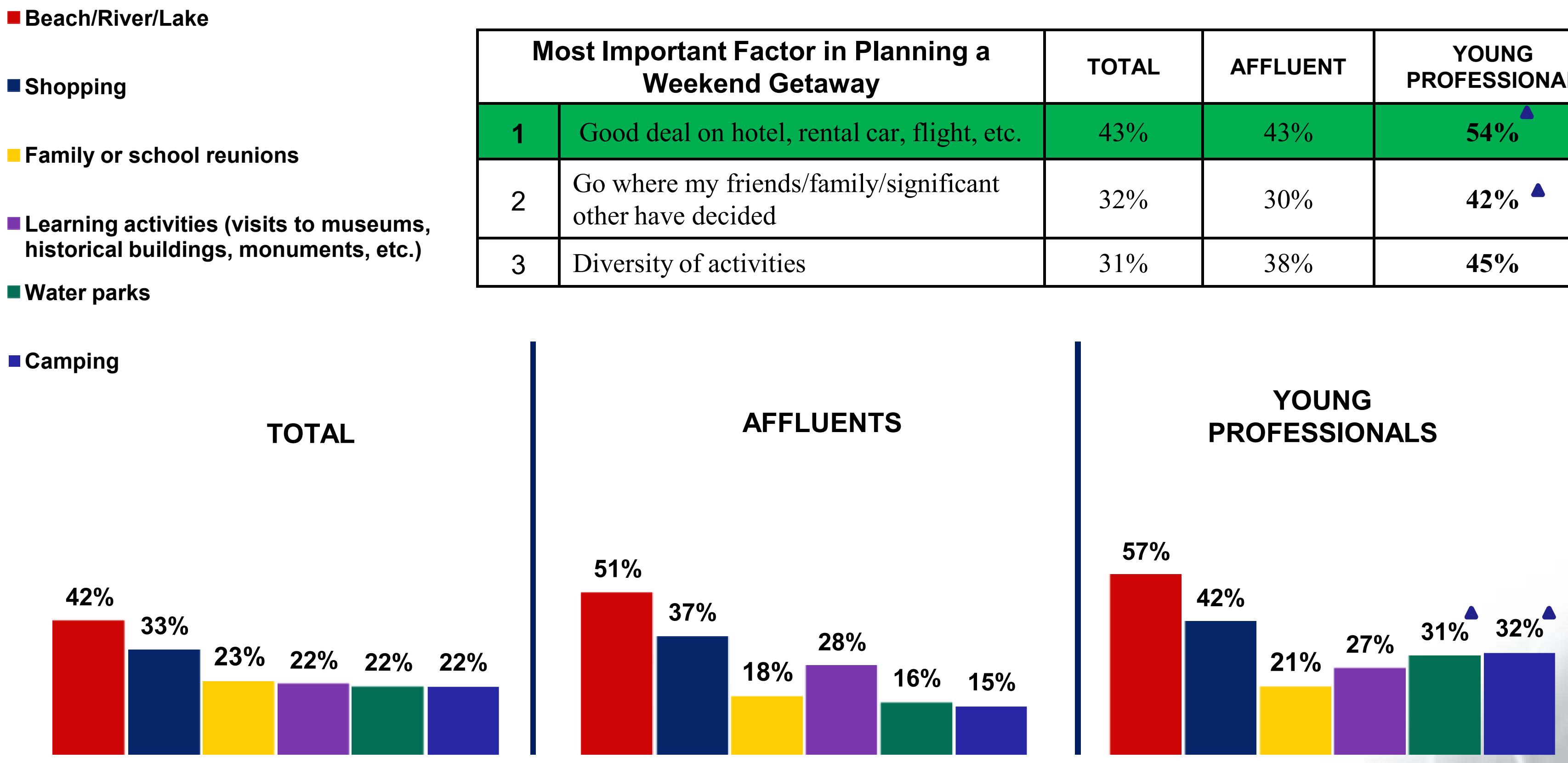
▲ **Significantly higher than (Affluent/Young Professional) segment at the 95% confidence level**

Top Activities Planned for Summer Vacations

Visiting a beach or lake is the top activity planned for summer weekend getaways (42%), followed by shopping (33%).

More than four in ten (43%) consumers said that getting a good deal on hotels, rental cars, flights, etc. is the most important factor in planning weekend getaways, especially among Young Professionals (54%).

Most Important Factor in Planning a Weekend Getaway		TOTAL	AFFLUENT	YOUNG PROFESSIONAL
1	Good deal on hotel, rental car, flight, etc.	43%	43%	**54%** ▲
2	Go where my friends/family/significant other have decided	32%	30%	**42%** ▲
3	Diversity of activities	31%	38%	**45%**



Q.V23 What activities do you have planned for your WEEKEND-GETAWAYS this year? Top 6 activities planned are shown above

Q.V21 You mentioned you are planning (a) WEEKEND-GETAWAY(S) - when evaluating summer weekend getaways, what are the most important factors in choosing your destination(s)? Top 3 factors shown above

Base = Total with summer weekend getaway plans

▲ **Significantly higher than (Affluent/Young Professional) segment at the 95% confidence level**

Summer Vacation This Year Versus Last Year

Most consumers among the general population have summer vacation plans and has increased from 2010 (59% vs. 51%), with the majority intending to travel within the U.S. (55% vs. 47%).

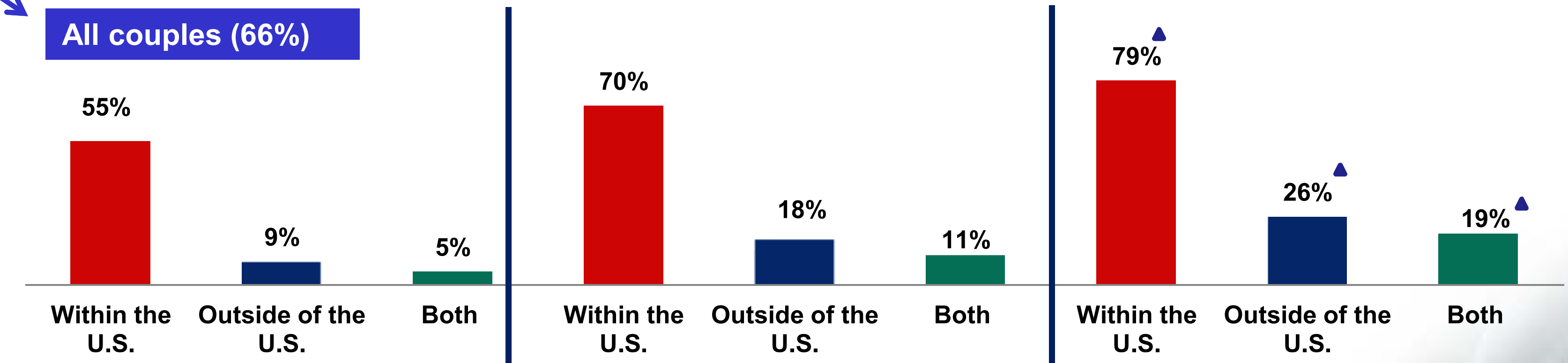
Nearly nine in ten Young Professionals have vacation plans this summer (87%, up from 83% last year), versus more than three in four Affuents (76%, up from 73% last summer).

- More than one in four Young Professionals plan to travel outside of the U.S. (26%, up from 22% last year); one in five will travel both within and outside of the U.S. this summer (19%, up from 11% last year).

Two thirds (66%) of couples, overall, have summer vacation plans.

	TOTAL	AFFLUENTS	YOUNG PROFESSIONALS
Summer travel plans →	↑59% vs. 51% in 2010	76% vs. 73% in 2010	↑87% ▲ vs. 83% in 2010

All couples (66%)



	TOTAL			AFFLUENTS			YOUNG PROFESSIONALS		
	Within the U.S.	Outside of the U.S.	Both	Within the U.S.	Outside of the U.S.	Both	Within the U.S.	Outside of the U.S.	Both
2010 →	47%	8%	4%	69%	14%	10%	75%	22%	14%

Q.V1 Which of the following describes where you plan to travel for your summer vacation?
Base: total respondents
Couples: Married or single living with a partner

▲ **Significantly higher than (Affluent/Young Professional) segment at the 95% confidence level**

U.S. Summer Vacation Destinations

More than one third of consumers are planning to visit a U.S. southern destination (37%), followed by more than one in five who will visit a city/ town in town in the west (23%).

Florida is the leading area, across all U.S. States, where consumers expect to vacation this summer, followed by California.

TOTAL

- South (37%)
- West (23%)
- Midwest (20%)
- Northwest (19%)
- U.S. Territory (5%)

AFFLUENTS

- South (37%)
- West (27%)
- Midwest (19%)
- Northwest (24%)
- U.S. Territory (6%)

YOUNG PROFESSIONALS

- South (39%)
- West (28%)
- Midwest (22%)
- Northwest (23%)
- U.S. Territory (11%)

	TOP U.S. SUMMER DESTINATIONS IN 2011	TOTAL	AFFLUENT	YOUNG PROFESSIONAL
1	**Florida,**	**14%**	**15%**	**17%**
2	California	8%	11%	15%
3	New York	6%	7%	6%
4	North Carolina	5%	4%	4%
5	Texas	4%	4%	4%
6	Nevada	4%	7%	5%
7	South Carolina	4%	5%	3%
8	Wisconsin	3%	2%	3%
9	Illinois	3%	4%	3%
10	Massachusetts	3%	4%	3%

U.S. Territory: Puerto Rico, USVI, Hawaii, Guam

Q.V2 Which of these destination(s) will you visit on your vacation(s) this summer? (U.S. Destinations only shown above. Base = Total with summer vacation plans

Q.V2a Coded Verbatim response -- U.S. State (Total Mentions)

BASE: Total with summer vacation plans to U.S. city/town

Summer Vacation Destinations Outside of the U.S.

For those with plans to travel outside of the U.S., the Bahamas and Canada are tied as the top destinations.

More Young Professionals than Affluents traveling outside of the U.S. this summer are looking to go to the Caribbean (15% vs. 9%).

TOTAL

- Caribbean (6%)
- Europe (4%)
- Asia (3%)
- Mexico (3%)

AFFLUENTS

- Caribbean (9%)
- Europe (9%)
- Asia (2%)
- Mexico (3%)

YOUNG PROFESSIONALS

- Caribbean (15%)
- Europe (11%)
- Asia (9%)
- Mexico (7%)

TOP FOREIGN SUMMER DESTINATIONS IN 2011	
1	**Bahamas**
2	**Canada**
3	Italy
4	United Kingdom
5	France
6	Germany
7	Mexico
8	India
9	Japan

Q.V2 Which of these destination(s) will you visit on your vacation(s) this summer?
(Destinations outside of the U.S. shown above. Base = Total with summer vacation plans
Q.V2a Verbatim responses not coded (small sample size). Ranked according to total mentions.

Strategy to Reduce Summer Vacation Costs

Most consumers with summer vacation plans will strategize to reduce summer vacation costs (88% - up from 80% in 2010).

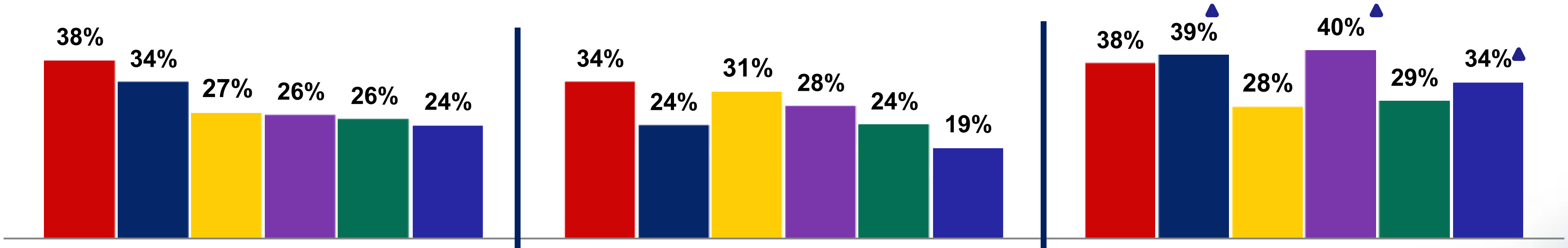
More than one third will drive instead of fly (38%) or take a shorter trip (34%) in an effort to reduce summer vacation costs – both up from last year (33% and 30%, respectively).

- 🟥 **Driving instead of flying to your destination**
- 🟦 **Shorter trip/vacation**
- 🟨 **Staying at a property with a kitchen to enable cooking-in**
- 🟪 **Dedicating more time to bargain-hunting***
- 🟩 **Plan to spend less on activities or excursions**
- 🟦 **Choosing a cheaper destination****

Impact of the cost of flights and/ or gas in decision to make summer plans…

- Noticed the increase, but save accordingly so that I can travel (38%)
- I will make up for higher costs by saving on other parts of my vacation (25%)

	TOTAL	**AFFLUENTS**	**YOUNG PROFESSIONALS**
Any strategy →	↑88% vs. 80% in 2010	↑ 85% vs. 76% in 2010	93%▲ vs.90% in 2010



2010 →	33%	30%	18%	24%	27%	22%	28%	24%	24%	31%	25%	20%	33%	31%	22%	42%	31%	33%

Top 6 strategies shown above
* For deals on air, hotel, etc. in "research" phase
**i.e., closer to home: domestic versus international: where the dollar is strongest: etc.)
Q.V11 Which of the following describes your strategy to reduce the cost of your summer vacation?
Q.V20 How much does the cost of flights and/or gas specifically drive your decisions when making summer plans Base = Total with summer vacation plans

▲ **Significantly higher than (Affluent/Young Professional) segment at the 95% confidence level**

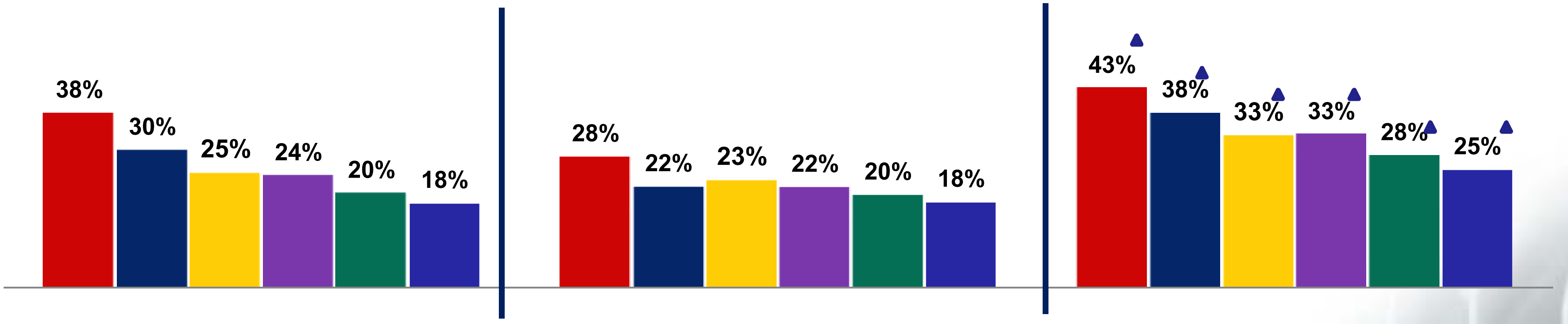
Trade-Offs to Afford Summer Vacations

Most consumers with summer vacation plans are affording such plans by making trade-offs (59%), such as holding back on dining-out (38%), spending extra on clothing (30%), and investing in home improvements (25%).

- 🟥 **Dining-out**
- 🟦 **Spending extra on clothing**
- 🟨 **Home improvements**
- 🟪 **Entertaining-out with friends**
- 🟩 **Pampering at spa, salon, etc.**
- 🟦 **Purchasing the latest tech gadget**

Consumers in the South have made the most trade-offs to afford their summer vacations (63%), such trade-offs are not spending extra on clothing (36%).

	TOTAL	AFFLUENTS	YOUNG PROFESSIONALS
Any trade- offs →	**59%**	**50%**	**72%▲**



Top 6 trade-offs shown above

Q.V19 What trade-offs, if any, have you made in order to afford a summer vacation?
Base = Total with summer vacation plans

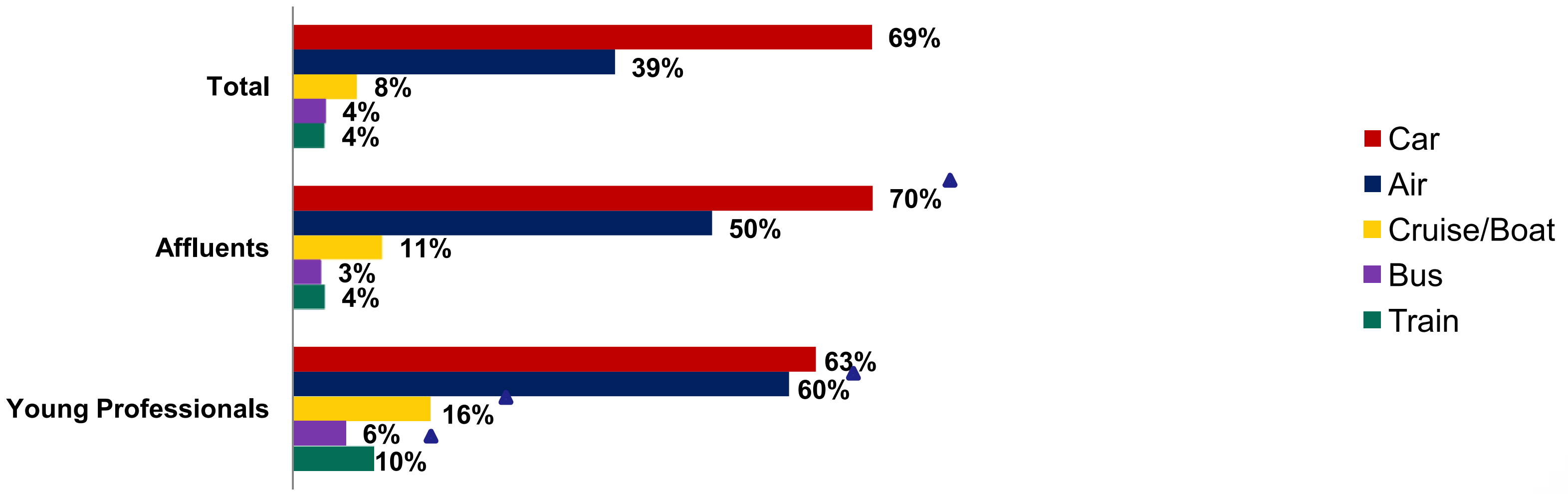
▲ **Significantly higher than (Affluent/Young Professional) segment at the 95% confidence level**

Transportation Consumers to Get to Summer Vacation Destinations

The majority of consumers with summer vacation plans this year will travel by car (69%), while significantly fewer will travel by air (39%).

And, among consumers with summer vacation plans…

- Most Affluents will travel by car (70% vs. 50% by air),
- But, Young Professionals will similarly travel by car as they will a plane (63% and 60%, respectively).



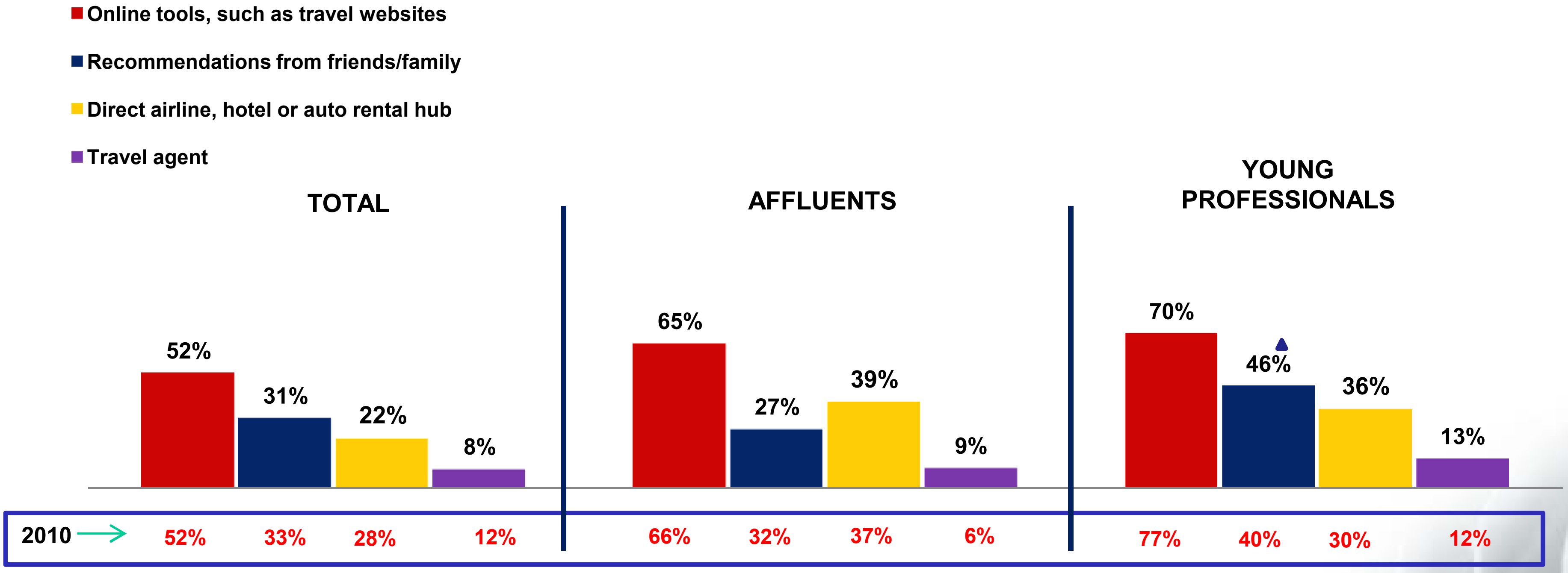
Not shown: 3% not applicable, overall
Q.V3 How will you be traveling to your summer vacation destinations?
Base = Total with summer vacation plans

▲ **Significantly higher than (Affluent/Young Professional) segment at the 95% confidence level**

Method of Booking Summer Vacation Destinations

Most summer vacation travelers will be utilizing online resources when booking their summer vacation (52%).

- More Young Professionals than Affluents with these plans will seek recommendations from friends/ family in booking summer vacations (46% vs. 27%).



Not shown: 21%, overall, not sure

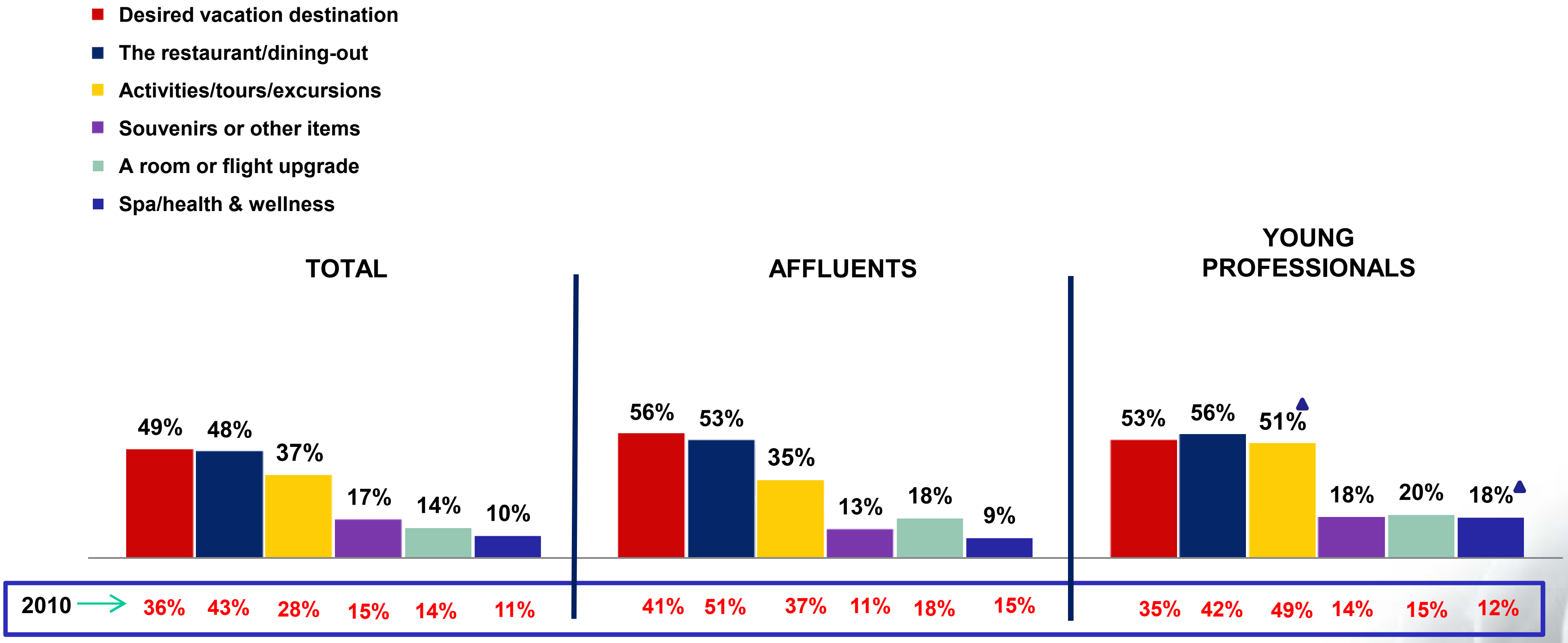
Q.V10 Which of the following resources will you be using when booking your summer vacations?
Base = Total with summer vacation plans

▲ **Significantly higher than (Affluent/Young Professional) segment at the 95% confidence level**

Most Willing to Spend Money on Summer Vacation

Among the general population with summer vacation plans, most are willing to spend money on their desired destination (49%, up from 36% in 2010), followed by the restaurant/dining-out experience (48%, up from 43% in 2010).

- More Young Professionals than Affluents with summer vacation plans are most willing to spend on activities/ tours/ excursions (51% vs. 35%).



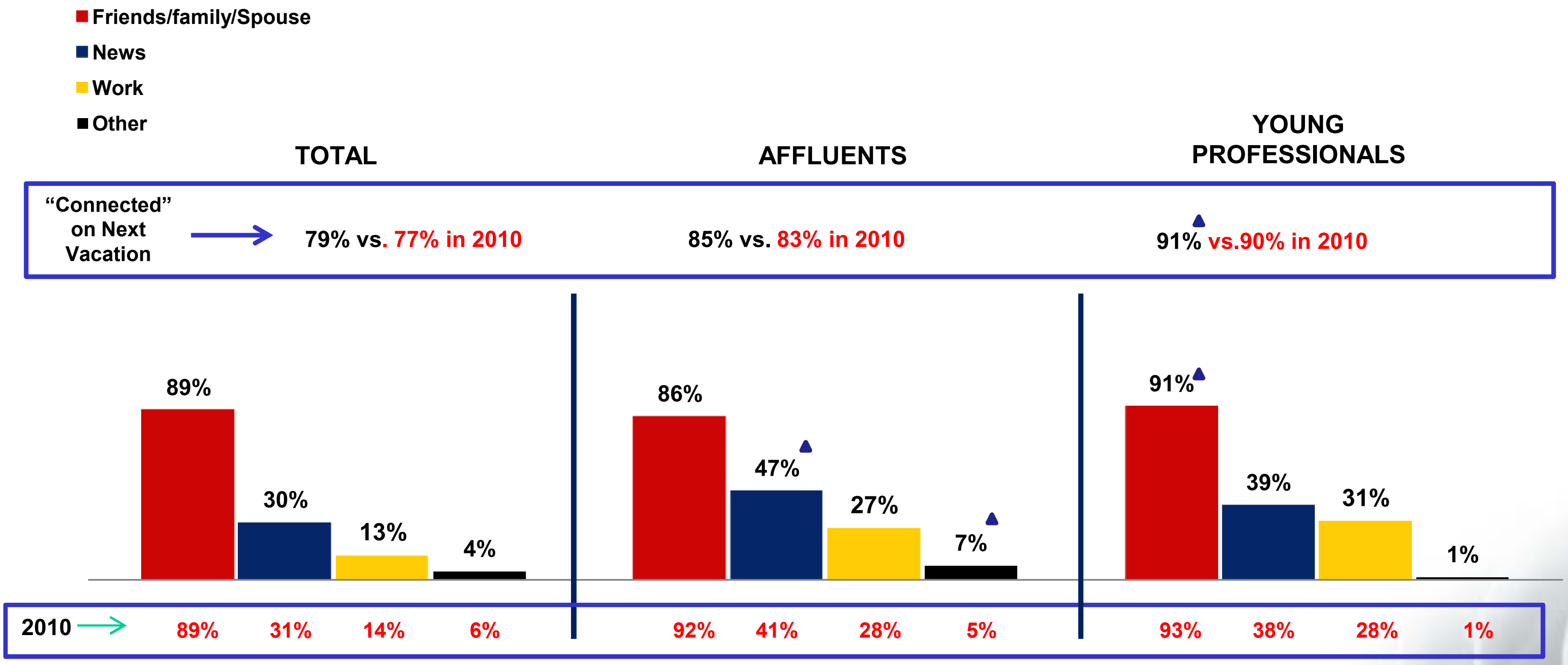
Q.V12 Thinking about your summer vacation - which of the following are you MOST willing to spend money on?
Base = Total with summer vacation plans

▲ **Significantly higher than (Affluent/Young Professional) segment at the 95% confidence level**

Staying Connected on Next Vacation

Most of the general population expects to be completely or sometimes connected on their next vacation (79%), and about nine out of ten of these consumers cite their primary reason is to reach out to friends or family (89%).

- Significantly more Young Professionals than Affluents want to be connected (91% vs. 85%) on their next vacation.



	TOTAL	AFFLUENTS	YOUNG PROFESSIONALS
"Connected" on Next Vacation →	79% vs. 77% in 2010	85% vs. 83% in 2010	▲ 91% vs.90% in 2010

2010 →	Friends/family/Spouse	News	Work	Other
TOTAL	89%	31%	14%	6%
AFFLUENTS	92%	41%	28%	5%
YOUNG PROFESSIONALS	93%	38%	28%	1%

* Completely connected or sometimes connected.
Q.V37 Thinking about your next vacation and how connected you want to be with everyday life and work - which of the following describes your expectations? Base: Total respondents
Q.V38 You mentioned you want to be connected (ie, access to the internet, social media, phone service, etc.) - Who do you plan on connecting with on your next vacation?
BASE: Total who want to be connected on their next vacation

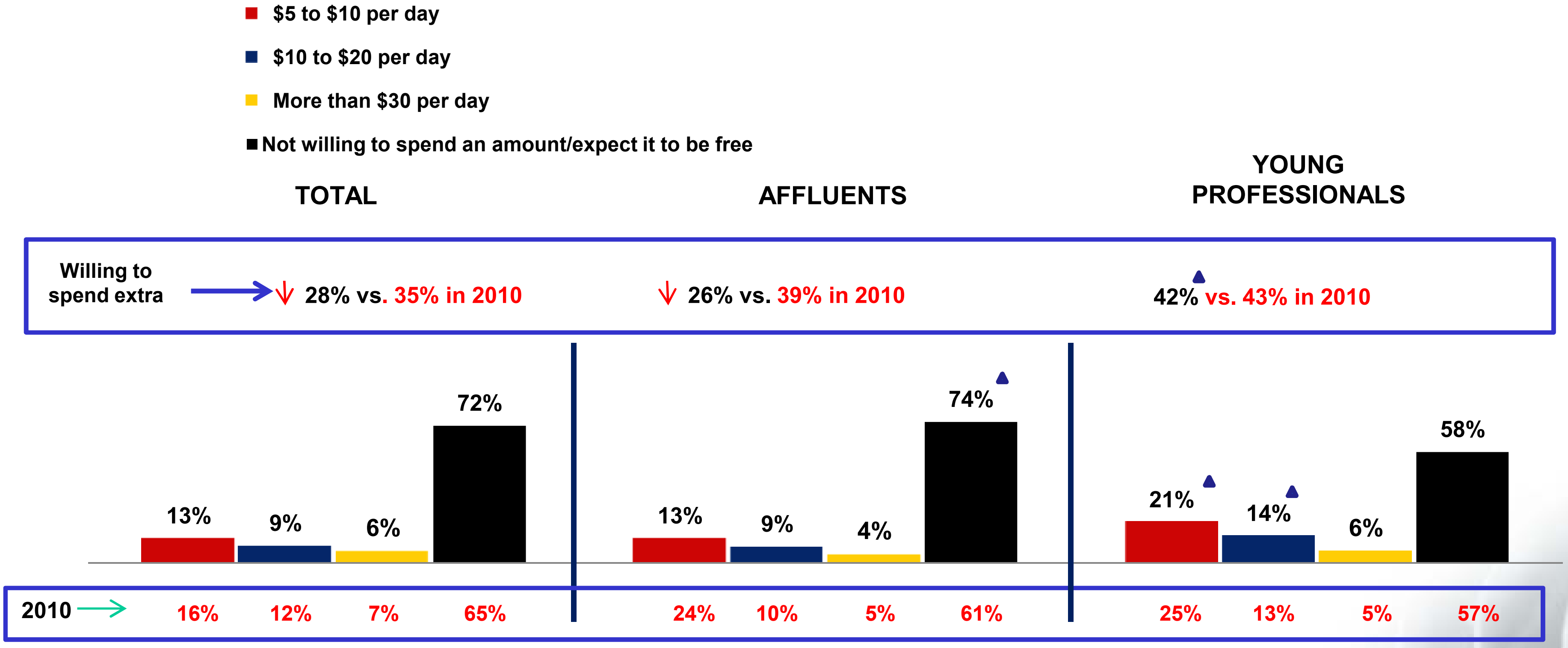
▲ **Significantly higher than (Affluent/Young Professional) segment at the 95% confidence level**

Willing to Spend to Meet their own Connectivity Expectations on Next Vacation

Among the general population who want to be connected on their next vacation, most are not willing to spend an extra fee because they expect the service to be free (72%, up from 65% in 2010).

More than one in ten are willing to spend between $5 and $10 (13%, down from 16% in 2010).

More than one in four (28%) are willing to spend an extra fee to meet their expectations (down from 35% in 2010).



Q.V39 How much extra are you willing to spend to meet your expectations for connectivity on your next vacation?
BASE: Total who want to be connected on their next vacation

▲ **Significantly higher than (Affluent/Young Professional) segment at the 95% confidence level**

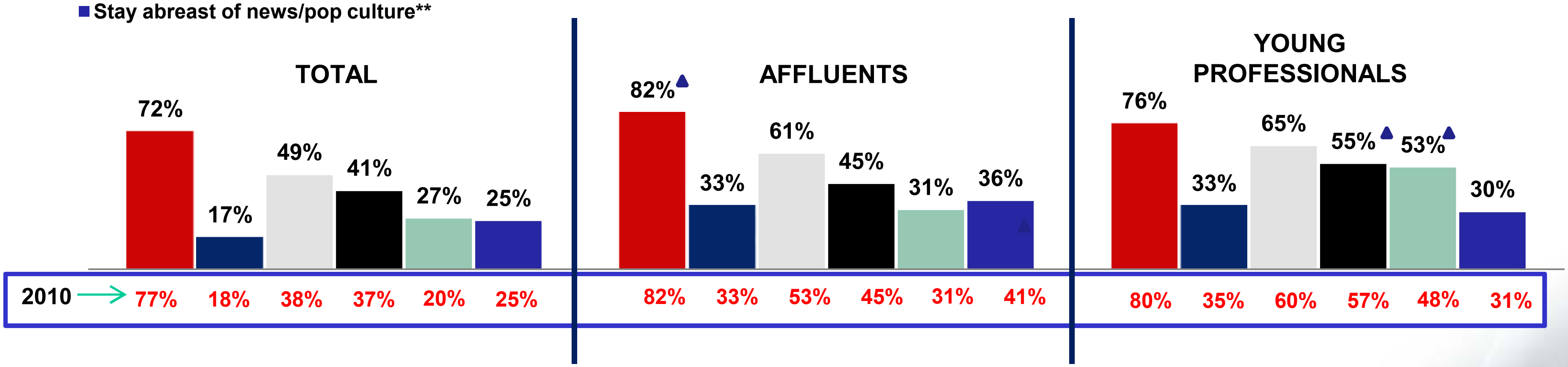
Online Activities Likely Planned on Next Vacation

Top online activities while on vacation include – reading personal email (72%), utilize internet sites to find trip-related information (49%), and online banking (41%).

Among those wanting to be connected on vacation – fewer consumers desire to read personal email on their next vacation (72% vs. 77% in 2010), but more want to be connecting to find trip-related info (49% vs. 38% in 2010) and partake in online banking (41% vs. 37% in 2010).

- 🟥 **Check personal email**
- ■ **Check work email**
- ☐ **Use Internet sites to find trip-related information***
- ■ **Online banking**
- 🟩 **Check/Update social media profiles**
- ■ **Stay abreast of news/pop culture****

Among those wanting to check their personal and/or work email on their next vacation…
- 67% will check personal email daily or more often (on par with 2010)
- 68% will check work email daily or more (up from 58% in 2010)



* Use Internet sites to find trip-related information, recommendations/deals for restaurants/activities, directions, etc.
** Stay abreast of news/pop culture (via news websites/blogs, etc.)

Not shown: 1%, overall, other
Q.V40 Which of the following online activities will you likely plan for on your vacation?
BASE: Total who want to be connected on their next vacation
Q.V41a How often do expect to check your email while on vacation?
BASE: Total who want to be connected on their next vacation and will check their Work email
Q.V41b How often do expect to check your email while on vacation? BASE: Total who want to be connected on their next vacation and will check their Personal email

▲ **Significantly higher than (Affluent/Young Professional) segment at the 95% confidence level**