

# Civil Aviation Authority

## Holiday Protection Research



## Market Research Report Prepared by Opinion Leader

September 2012



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# Contents

<b>1. Executive summary</b> .....	<b>4</b>
Methodology .....	4
The holiday landscape .....	4
Holiday financial protection .....	5
Awareness of ATOL and its role .....	6
Expectations of scheme .....	6
Future behaviour and ATOL certification .....	7
<b>2. Introduction</b> .....	<b>8</b>
Background to the research .....	8
Research Objectives .....	10
Methodology and sample .....	11
Qualitative focus groups .....	11
Quantitative interviewing .....	12
<b>3. The holiday landscape</b> .....	<b>13</b>
Holidays including accommodation .....	13
Holidays including flights .....	14
Holiday booking patterns.....	14

Suppliers of holiday components.....	16
Booking transaction channels.....	17
Future holiday bookings .....	19
<b>4. Holiday financial protection.....</b>	<b>22</b>
<b>5. Awareness of ATOL and its role .....</b>	<b>27</b>
Direct ATOL experience .....	34
Expectations of Financial Holiday Protection Scheme .....	34
Situations holidaymakers want to be protected against.....	36
Desired Outcomes.....	37
Willingness to pay .....	39
<b>6. Appendices .....</b>	<b>45</b>
Quantitative research questionnaire .....	45
Focus groups recruitment screener .....	59
Recruitment Questionnaire.....	59
Research among Holidaymakers.....	59
Discussion guide .....	62
ATOL handout.....	68
Scenarios.....	68

# 1. Executive summary

This report presents the findings of research that Opinion Leader has conducted on behalf of the Civil Aviation Authority to assess the awareness and expectations of financial protection of holidays generally and the ATOL scheme in particular amongst the general public. In particular the project examines:

- The ways in which people book their holidays;
- The extent to which people consider protecting their holidays financially;
- The awareness of ATOL; and
- People's preferred means of holiday financial protection.

## Methodology

A mixed methodology approach was adopted in order to undertake this work. The qualitative element of the research was undertaken between 20th and 22nd August in the form of six focus groups held in three locations across the UK. As well as this, 1,002 members of the general public were interviewed online between 24th and 29th August 2012.

## The holiday landscape

In the last three years more than nine in ten (92%) people in the UK have taken a holiday which includes at least one night's paid accommodation and around seven in ten (71%) have taken a trip of this type overseas; of those who have taken holidays overseas, almost two in three (63%) had done so on three or more occasions. A similarly large proportion of the UK population, around two-thirds (67%), have taken holidays which involved flights originating from the UK with around three in five (59%) having taken more than one holiday of this type.

Accommodation is the most frequently taken additional component when booking a holiday involving flights, with more than nine in ten (92%) of those taking this sort of holiday having booked this component. For flights and accommodation the extent to which these components are booked as part of a package against being booked separately is evenly split. Around half of travellers book their flights as part of a package (51%) and a similar proportion book accommodation in this way (48%), compared with 55% and 47% of those who book these as separate components respectively. Of those that do book flights and accommodation as separate components, one in six (17%) book flights with the same provider within 24 hours of booking the first component of the holiday while one in ten (11%) book accommodation with the same provider within 24 hours.

Almost half of those who book flights for their holiday do so directly through the airline (47%) compared with two in five who book this component via a travel agent (38%). Around two in five travellers book their accommodation via travel agents (39%) while slightly greater proportions book this component via other suppliers (42%). When booking flights and accommodation, almost three-quarters do so online (73% and 71% respectively).

## Holiday financial protection

Of those taking an overseas holiday in the last three years, three in five (60%) state that on the last occasion they have taken steps to ensure that they would be protected financially in the event of the company providing services going out of business. Those who travel overseas frequently and those who have experienced a provider going out of business previously, are more likely than those who have taken an overseas holiday to have made these arrangements. Similarly, of those who say that they are likely to take an overseas holiday in the next twelve months, around three quarters (76%) say that they will take some steps to protect their holiday financially on the next occasion that they travel overseas.

In terms of the ways in which those taking steps to protect their holidays obtain protection, more than half of those taking an overseas holiday state that on the last occasion they did so by taking out specific travel insurance policies (53%), while less than a quarter state that they obtained this protection through the holiday package that they booked (24%) or through using a credit card to book their arrangements (22%). In contrast, of those who of those who say that they would take steps to protect their holiday the next time they travel, around half (48%) say that they will do so by using a credit card, while two in five will take out an insurance policy (41%) or book their holiday as part of a package (40%).

Within the data around how people book their holidays and the ways in which they seek, or would seek to protect their holidays, there is evidence of 'protection overlap' that is that people are protecting themselves twice unnecessarily. This in turn suggests that, there is a lack of understanding amongst holidaymakers of the ATOL cover that they are likely to receive when they book holidays as well as the types of financial protections which are provided outside the scheme.

For instance, of those who intend to obtain protection automatically by booking their holiday as part of a package, a quarter say that they will also seek protection by booking their holiday using a credit card and/or by taking out specific insurance policies. Similarly, findings indicate that seven in ten of those who will take out a travel insurance policy to protect them financially should their provider go out of business will seek protection that allows them to continue their holiday, despite the fact that more than two in five

of this same group are intending to book their flights and accommodation through the same provider and are therefore likely to receive this type of cover through ATOL protection.

## Awareness of ATOL and its role

When presented with a list of travel industry organisations and associations three in five (59%) are able to correctly identify ATOL as a scheme which offers financial protection for holidaymakers. The level of knowledge about what ATOL provides amongst this group who represent the most aware groups is, however, limited. Half (49%) who recognise ATOL declare that they are ill-informed about the types and levels of protection that the scheme provides. When asked to identify as true or false various statements about the scheme, those with at least some awareness (that is those who recognise ATOL *and* those who say that they have, at least, heard of ATOL – 80% of holidaymakers overall) are more or less aware of several of the specifics of the scheme. Participants with this level of awareness are most likely to correctly recognise as false the statement that ATOL does not protect bookings made with travel agents and to do the same of the statement that ATOL does not protect bookings made over the internet (around three in five correctly identify these statements as false in each case). In contrast, only one in ten correctly identified as true the statement that ATOL does not protect holidays sold by airlines, while only around one in twenty (6%) correctly recognised the statement that ATOL protects all types of holidays from city breaks, safaris and two week beach holidays to round the world trips as false.

Findings from the qualitative research very much back up the data and suggest that though many have at least some awareness of the scheme, there is much less awareness around the details in terms of what exactly ATOL protects and how ATOL protection is obtained. Particularly, when initially asked about protection, participants in the focus groups were unlikely to mention financial protection but were much more likely to think about things like lost luggage or injury.

## Expectations of scheme

Participants were likely to have high expectations of a financial holiday protection scheme when asked about this in the focus groups. Participants expected all flights to be covered regardless of how they are booked as well as feeling that providers should be required by law to provide financial protection to holidaymakers.

When asked about the circumstances under which holiday-makers should be provided with protection both participants in focus groups and those responding to the online survey felt that a broad range of situations should be covered. Particularly, around nine in ten of the general public feel that the failure of an airline

should be covered (87%) and four in five say the same regarding the failure of a tour operator (82%). Participants in the focus groups also mentioned that other issues, such as any injury or illness which might prevent them from taking holidays or completing the holiday which they had purchased should be covered.

In terms of the outcomes that people feel that a financial protection scheme should provide, three quarters (74%) mention being provided with a refund if a provider should go out of business before a holiday was taken and 70% state that they would expect to be able to continue their holiday even if the provider was to go out of business while they were away. Again, results from the focus groups support these findings, with participants emphasising that they would expect to be given a choice as to whether they would have their holiday as originally booked or be refunded any money that had been spent.

## Future behaviour and ATOL certification

After being provided with a description of what cover is provided by ATOL and information around the ATOL Certificate, those undertaking quantitative interviews and participants in focus groups were asked how this information might influence future behaviour. In terms of quantitative findings, around three quarters (74%) say that they would be more likely to buy an ATOL protected holiday and around nine in ten (87%) say that they would like to receive the ATOL Certificate.

Participants in the focus groups were less convinced that their holiday booking habits would be changed after being provided with this information though some said that when booking longer holidays they would ensure that this was covered by ATOL. Participants were, however, more positive when making comments on the provision of the ATOL Certificate feeling that it would be an opportunity for a complex scheme to be explained in simple detail.

## 2. Introduction

### Background to the research

For forty years, the Air Travel Organisers' Licensing scheme (ATOL) has provided financial protection for holidaymakers in the eventuality that a tour operator or flight fails. In this instance, the ATOL scheme would provide reimbursement to those individuals effected, or would make arrangements to ensure that people are not stranded abroad. The ATOL scheme is managed by the Civil Aviation Authority (CAA) on behalf of the Government. The CAA has a range of objectives. One is to help to empower consumers to make informed decisions about aviation matters, and providing protection where appropriate and another is to perform its activities in the most effective way. It is these aims, ensuring consumers are informed when it comes to making arrangements for holidays, and ensuring that what is delivered is grounded in an understanding of what consumers want from the scheme which are at the forefront of this research.

Originally, the ATOL scheme offered protection to holidaymakers who either booked an air package (including, for instance, flight and accommodation together) or a flight through a tour operator. The proportion of ATOL protected holidays has fallen recently as a result of changes in the way in which holidaymakers make arrangements to travel abroad, specifically using the internet to purchase different aspects of their holiday separately and independently, and typically buying the flight from airlines, which are not required by law to offer ATOL protection. Currently only fifty per cent of holidaymakers are protected under the ATOL scheme.<sup>1</sup> That is not a problem in itself, provided the public understand the risks they are running, how they can protect themselves and are therefore making informed choices. The CAA and the government are presently acting, through clarifying the law and through the introduction of the ATOL Certificate, both intended to improve consumer understanding.

This shift in the way in which people arrange their holidays has been the focus of much discussion over recent years. Some commentators have bemoaned the decline in the use of travel agencies in making holiday arrangements: Which? Travel claimed that between 2007 and 2011, the number of holidays arranged in travel agencies had decreased by 16%.<sup>2</sup> In a similar vein, figures published by the European Travel Commission in July this year reported that 56% of holidaymakers book



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<sup>1</sup> <http://www.caa.co.uk/default.aspx?pageid=12889>

<sup>2</sup> <http://conversation.which.co.uk/transport-travel/travel-agents-book-holiday-online-or-high-street/>



their holidays online, with travel agent expertise being replaced by holiday blog websites and online reviews.<sup>3</sup> Additionally – and perhaps more worryingly from the CAA’s perspective – other media reports claim that a proportion of consumers consider price above all else in their pursuit of a holiday – which may mean booking individual elements of their holidays separately, and perhaps making use of a company they have never heard of, and perhaps without considering the risk should their supplier collapse.

Some authorities have voiced concerns that consumers who make holiday arrangements themselves and who book their flights and other aspects of their holiday separately are not subject to ATOL protection. In a climate where travel companies are facing volatile exchange rates, difficult international political situations, and increased fuel and passenger duty costs, there is perhaps greater risk that holiday providers will fail.

Earlier this year legislative changes came into play that extended ATOL protection to individuals who purchase a flight plus things like accommodation or car hire, as long as the two products are purchased through the same company within 24 hours of each other (known as Flight-Plus). Additionally, from October onwards, customers whose holiday is protected by ATOL will receive an ATOL Certificate outlining their cover and clarifying precisely what is and is not protected by the scheme. Both of these changes have on the whole been positively received by organisations such as the Air Travel Insolvency Protection Advisory Committee (ATIPAC), Which? and the travel industry.<sup>4</sup>

The CAA has embarked on an educational campaign to explain the use and ramifications of this certificate to ATOL holders and tour operators at a series of open days in the run up to the certificate’s implementation in October. It is hoped that these changes will mean that a greater number of holidaymakers are protected by ATOL, and that tour operators are better able to communicate this protection to customers to enable them to make more informed decisions when booking holidays in the future. It is also hoped, by groups such as ATIPAC, that these reforms could pave the way to further changes, for instance, in providing protection to individuals who simply purchase flights from an airline, which are currently exempt from ATOL protection.

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<sup>3</sup> <http://www.newmediatrendwatch.com/markets-by-country/18-uk/151-online-travel-market>

<sup>4</sup> <http://www.travelweekly.co.uk/Articles/2012/07/24/41178/protect+all+airline+sales+says+travel+advisory+body.html>

## Research Objectives

In light of the changes described above, both in the way consumers behave when making holiday arrangements and in the extent of protection offered by the ATOL scheme, the CAA commissioned Opinion Leader to undertake research to inform two pieces of work relating to further potential reform and raising awareness and consideration of ATOL protection.



The overall objective of the first piece of work around the potential further reform of the ATOL scheme was to provide insight into the needs and priorities of consumers and to inform the structure and direction of future reform to ensure that it is based on a solid understanding of consumers' preferences. The research sought to explore the current awareness and importance of financial protection to consumers, as well as what consumers think should to be covered as part of this protection, and ultimately who should take responsibility for its provision.

Specifically this part of the research sought to explore:

- What protection options consumers feel are currently in place for them when booking holidays?
- If and how financial protection plays a part in their holiday planning?
- Would they expect to be covered under a financial protection scheme?
- How should such protection be delivered and funded? Who, if anyone, should take responsibility for this protection service?
- What would consumers be prepared to contribute themselves (in monetary terms) towards this protection?

The research feeding into the second piece of work around raising awareness of ATOL aimed to provide relevant data on the issues to feed into a future marketing and PR campaign which would seek to increase consumer awareness of ATOL, as well as the consideration of ATOL protection when consumers are making holiday arrangements. To ensure that any campaign is targeted appropriately, this aspect of research aimed to focus on current levels of awareness and understanding of ATOL protection amongst the target audience. The overall objective of this part of the research was to build up a robust picture of consumers, how they book holidays and their levels of understanding of protection.



Specifically, this part of the research sought to explore:

- How much consumers understand about different protection options available to them when booking holidays abroad.
- Their understanding of the ATOL scheme specifically, and what information they feel they would like to know.
- Their reactions to the idea of the ATOL Certificate that will be introduced in October.

## Methodology and sample

In order to answer the research objectives outlined above, a mixed methodology approach was adopted. Qualitative research consisting of six focus groups were undertaken in order, primarily, to generate data which would inform the structure and direction of any future reform of the ATOL scheme, while quantitative online interviews were also conducted aimed at producing data for use in future marketing and PR campaigns.

### Qualitative focus groups

Six 90 minute focus-groups were held between the 20th and 22nd August 2012; two in each of three UK locations: London, Glasgow and Manchester. Eight participants took part in each of the groups, meaning that the qualitative stage involved investigating the perceptions of holiday financial protection and opinions of the ATOL scheme amongst 48 people in total.

Screening and quota controls were put in place to ensure that participants had appropriate recent experience and that within these 48 participants a range of viewpoints was accounted for. Specifically, all participants in the qualitative stage of the project had been on a holiday abroad which involved a flight in the last three years or planned to take such a holiday in the next 12 months. After initial screening, participants were recruited according to their age, and the age of their children if they had any. They were then assigned to an appropriate focus group. The composition of the final groups is described in the table below:

**Table 1: Focus Group Quotas**

Quota	LONDON		MANCHESTER		GLASGOW	
	Grp 1	Grp 2	Grp 1	Grp 2	Grp 1	Grp 2
Participant age	18-24	35-54	25-34	55+	25-34	35-54
Children age	No children	12-18	Under 12	Empty Nesters	Under 12	12-18

## Quantitative interviewing

The quantitative strand of the research consisted of online interviews with 1,002 members of the general public between 24th and 29th August 2012. On average, respondents completed interviews in less than fifteen minutes. Sample was drawn from records held by an online panel provider in proportions matching the UK demographic profile. Quota controls were imposed so that numbers of completed questionnaires corresponded with this profile.

The profile of the final sample achieved against the original quotas is indicated in the table below. As this table demonstrates, the profile of the sample achieved closely matches the original quotas meaning that no weighting was required at the stage of data processing.

**Table 2: Quantitative Sample Quotas**

Quota Classification		Quota		Achieved	
		N	%	N	%
Region	North East	42	4%	42	4%
	North West	112	11%	113	11%
	Yorkshire and Humber	85	8%	85	8%
	East Midlands	72	7%	71	7%
	West Midlands	88	9%	88	9%
	East of England	93	9%	93	9%
	London	125	13%	126	13%
	South East	137	14%	137	14%
	South West	85	9%	86	9%
	Wales	49	5%	49	5%
	Scotland	83	8%	83	8%
	Northern Ireland	29	3%	29	3%
Gender	Male	480	48%	478	48%
	Female	520	52%	524	52%
Age <sup>5</sup>	18-24	120	12%	113	11%
	25-34	160	16%	159	16%
	35-54	360	36%	364	37%
	55-64	150	15%	149	15%
	65+	210	21%	208	21%

<sup>5</sup>Please note that 9 respondents did not provide age details.

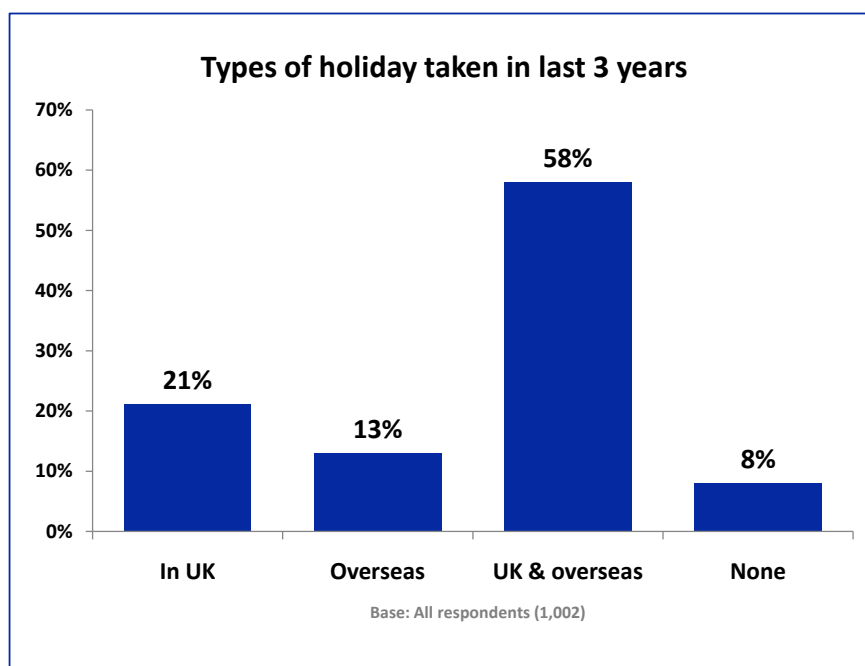
### 3. The holiday landscape

This section looks at holiday taking habits among members of the general public and identifies the incidence of overseas holidays, in particular those involving flights originating in the UK. It also examines current and future holiday booking behaviours. For the purposes of this research the term ‘holiday’ refers to any leisure or holiday trips involving at least one night’s paid accommodation.

#### Holidays including accommodation

An overwhelming majority (92%) of respondents have made leisure or holiday trips involving at least one night’s accommodation in the last three years. This includes almost six in ten (58%) who have made such trips both domestically and internationally and a further 13% who have made trips overseas but not domestically. In total therefore 71% of respondents have made overseas trips of this type.

Figure 1: Holidays taken in the last three years

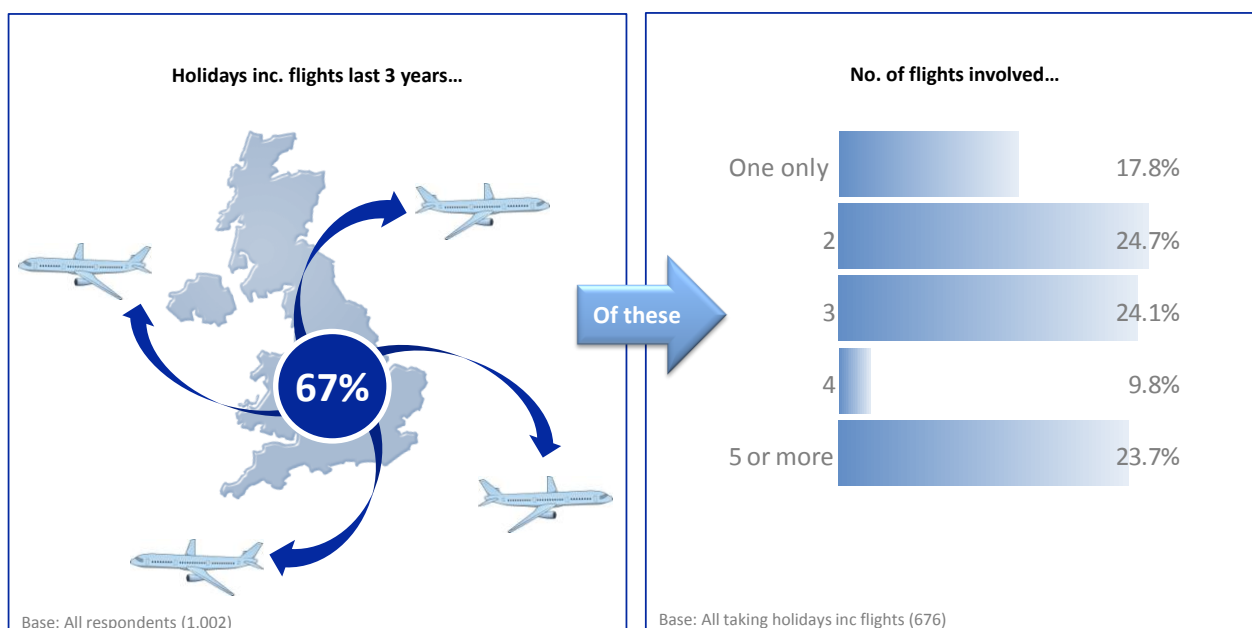


Overseas holidays were taken least by respondents from the South West (59%), East Midlands (60%), the East of England (62%) and Wales (67%). At least seven in ten respondents from other areas had taken overseas holidays in the last three years. Of those who have taken overseas holidays in the last three years, almost two-thirds (63%) have taken 3 or more such holidays in that period.

## Holidays including flights

Just over two-thirds (67%) of respondents have taken holidays in the last three years that included flights originating from the UK. Of these 82% have taken more than one such holiday in that period. As a proportion of the total sample this equates to 59% who have taken more than one holiday including flights originating from the UK in the last three years.

**Figure 2: Types of holidays taken in the last three years**



The most frequent flyers (those who have taken five or more holidays including flights originating from the UK in the last three years) are to be found in Scotland. One quarter of all respondents from Scotland (25%) have taken five or more holidays in this period.

## Holiday booking patterns

When booking holidays involving flights the most frequently chosen additional component to the flight itself is, unsurprisingly, accommodation. Fewer than one traveller in ten (8%) did not require accommodation on the holiday. Car hire was included as a holiday component by almost a third (32%) with tickets for theme parks and other events each added by about one holiday maker in five (20% and 22% respectively).

Figure 3 below provides an indication of the extent to which holiday makers 'build their own' holidays or continue to choose package holidays that deliver the principal holiday components within a single bundle.

Holiday makers from the South West are the most likely to choose a holiday that includes flights as part of a package. Just over two-thirds (68%) of this group arrange flights as part of a package compared to just 43% of those from London – the least likely to buy flights as part of a package.

A similar pattern is evident when considering accommodation. More than three quarters (78%) of holiday makers from the South West arrange their accommodation as part of a package compared to 44% of those from London.

**Figure 3: Holiday booking patterns**

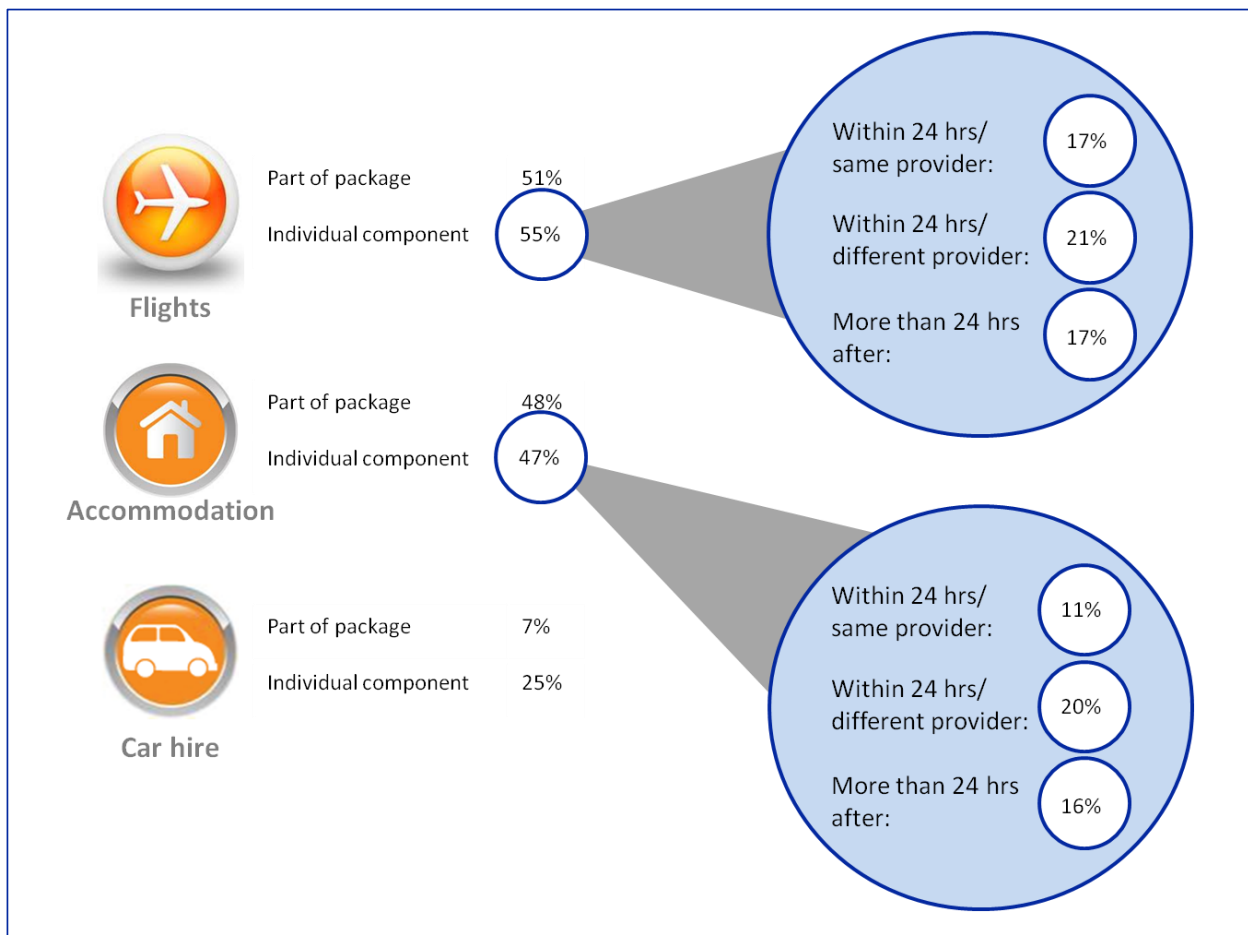
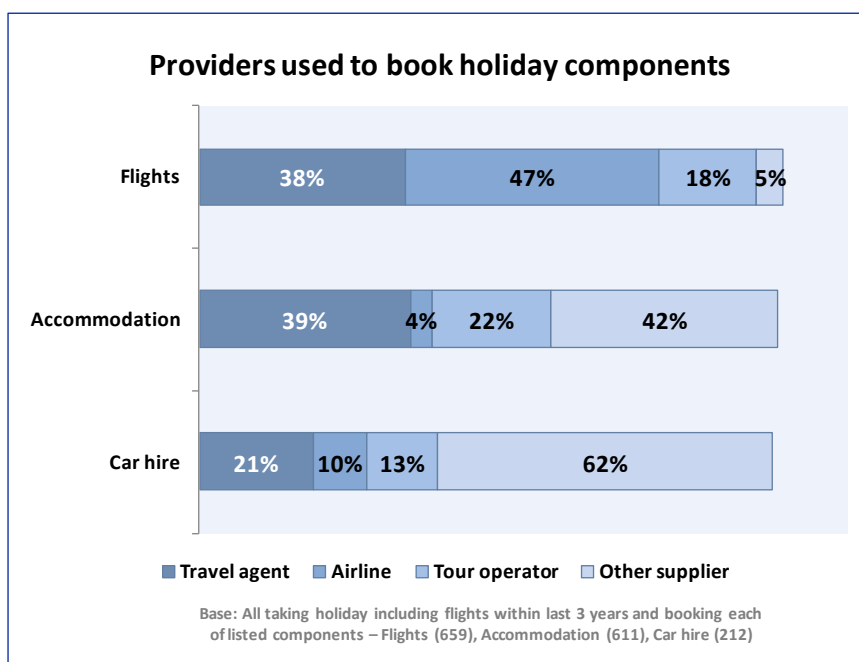


Figure 3 also indicates the extent to which those who have apparently acquired flights and accommodation as individual components rely on the provider of the first component as a source for additional their additional components too. Approximately one holiday maker in six (17%) who buy their flights as a component book flights with the same provider within 24 hours of booking the first component . For accommodation bookings of this type the proportion is around one in ten (11%).

## Suppliers of holiday components

Figure 4 below shows which providers holidaymakers were most likely to use when booking particular components of their holiday. Almost half of those who booked flights (47%) did so directly with the airline, while approximately two in five booked flights and accommodation through a travel agent (38% and 39% respectively).

**Figure 4: Providers used to book holiday components**



Travel agency flight bookings are most common among younger holiday makers and/or those in lower income households. 42% of those under the age of 35 compared to 36% aged 35 or older book flights through travel agents. Similarly 44% with household incomes under £25,000 book flights through travel agents compared to 35% with incomes of £25,000 or more.

Flight bookings made directly with an airline are more likely to be made by holiday makers in higher income brackets. Of those living in households with an income over £25,000, 50% book their flights with airlines compared to 43% with household incomes below £25,000. Among those with incomes over £50,000 the proportion booking direct with airlines rises to 57%.

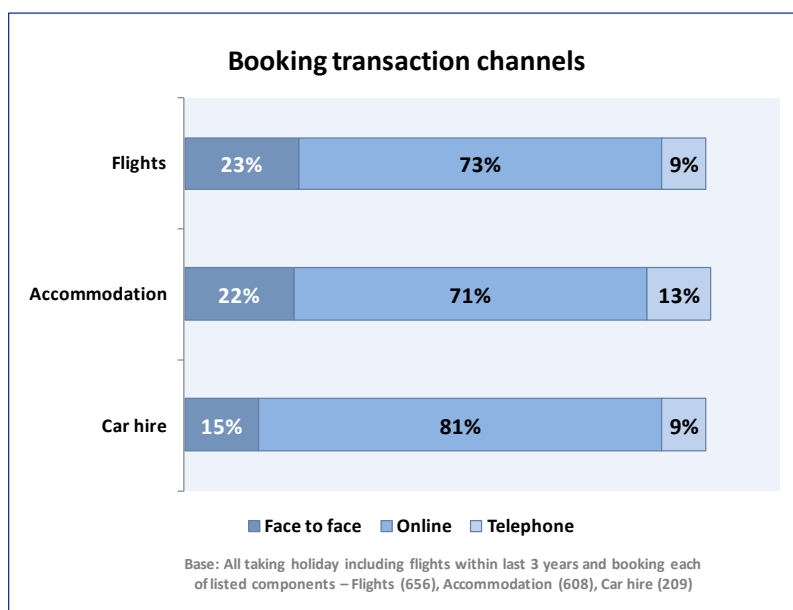
More than four accommodation bookings in ten (43%) are made through suppliers other than travel agents, airlines or tour operators. These bookings are most prevalent among older and/or wealthier travellers. 47% aged over 35 (compared to 34% under 35) and 47% with household income over £25,000 (compared to 33% with incomes below £25,000) make accommodation bookings with 'other suppliers'.



## Booking transaction channels

Almost three-quarters of bookings for flights and accommodation are made online (73% and 71% respectively).

**Figure 5: Booking channels**



Online flight bookings are made most by those with a household income of over £25,000, 78% of travellers in this income bracket booking online compared to 64% of those with an income below £25,000. Eight out of ten flights (80%) booked by those with an income of more than £50,000 chose to book online.

Booking flights online is also more prevalent among those living in households in which there are no children under the age of 16. Around three-quarters (76%) of these travellers booked their flights online compared to two-thirds (68%) from households that do include children.

The pattern for online accommodation bookings is very similar to that of flights with the more wealthy most likely to book online, though the presence of children in the household appears to make less difference than for flights with around three-quarters of both household types choosing to book accommodation online.

Discussion about holiday booking habits and channels through which bookings are made were included as part of the qualitative focus groups running alongside the quantitative survey.

Holiday booking habits were varied among the different groups of participants of the qualitative focus groups. There were no particular differences among the participants aged up to 55 years. Those holidaymakers would typically look for cheaper deals online. Websites mentioned by participants included Travel Republic, Lastminute.com or Teletext Holidays. They also consulted review websites such as TripAdvisor to find best value hotels and resorts. Accommodation was often booked through websites such as Booking.com after research has been done elsewhere.

*"I generally again book on the internet; I usually go on and find out, you know, cheap holidays and things like that. I use Teletext Holidays as well. I recently booked through Travel Republic where you get your flights and then you get your holiday and then I use Google or Trip Advisor the Hotel to see the reviews on that."*

**Manchester, 25-34, children under 12**

*"Every time I went in travel agents I've always been over – and I don't know how many people have said to me – going to the same place, same time, £200 cheaper. Because they'd done it on the Internet. So from then on I've always went on to the Internet, read the reviews and searched on the hotels, what the flights are like and stuff before I go and book anything."*

**Glasgow, 25-34, children under 12**

*"I looked at the internet, a last minute thing just looking for a late deal and went through Teletext, so done it through the internet again this year, but a different provider."*

**London, 18-24, no children**

Other holidaymakers preferred to do their research by seeking advice from high street travel agents, either by speaking to them or consulting brochures. This would give them an idea of what is available and at what price, though they would often make the actual bookings online to ensure they got the best possible price.

*"On the Internet, I'd start looking internet or I work near a travel agent, so I'd go and see one of the girls in there and get the advice."*

**Glasgow, 25-34, children under 12**

*"I did the same thing, I picked up brochures and then I thought the internet, so I did the same thing, I looked through the brochures and picked the brains of some travel agents and then I went on the internet, which surprised myself really, because I am not really an internet person, but it was really easy and I phoned them up, people up on the internet."*

**London, 35-54, children aged 12-18**

*"Well firstly I got tons and tons of brochures and just looking through all the holidays, because I wasn't really sure where to go. And then basically just going sort of like circling the ones we liked and going on the internet and looking into it and looking at reviews and the prices until we decided"*

**London, 35-54, children aged 12-18**

A minority within the same cohort preferred to book with a travel agent either because they felt it was safer or for convenience.

*"I was scared of booking on the internet so what I do is source a place or a price on the internet and then go and see if they can match it 'cause I would rather book through a travel agent. I don't know why; I always think it's safer."*

**Glasgow, 25-34, children under 12**

*"Mine was on line through Thomson, it was a package holiday so everything was there, flight and hotel and different excursions, it was pretty easy because it was all there."*

**London, 18-24, no children**

Older holidaymakers, aged over 55 years, tend to book their holidays with a travel agent. Participants would typically book online with a tour operator or speak to a travel agent in person or over the phone.

*"I prefer to go into travel agent because if there are any problems they are there to help you with them, to solve them hopefully. Whereas on the internet what do you do if you don't know anything, you have no one to ring, you've no one to help you."*

**Manchester, 55+, Empty Nesters**

*"We use a travel agent, we'll go into travel agents and use, do the research [...] compare all the prices, I think that is the attraction of using a different medium."*

**Manchester, 55+, Empty Nesters**

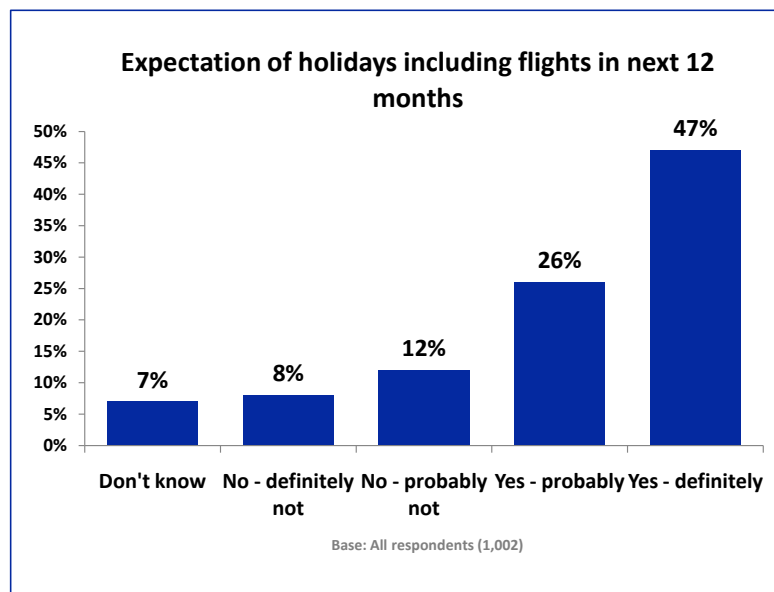
*"Either book on-line or by telephone through a travel agent."*

**Manchester, 55+, Empty Nesters**

## Future holiday bookings

There is a high expectation among the general public of taking holidays involving flights in the coming 12 months. Almost three-quarters (73%) expect that they will definitely or probably do so.

**Figure 6: Expected/future holiday bookings**

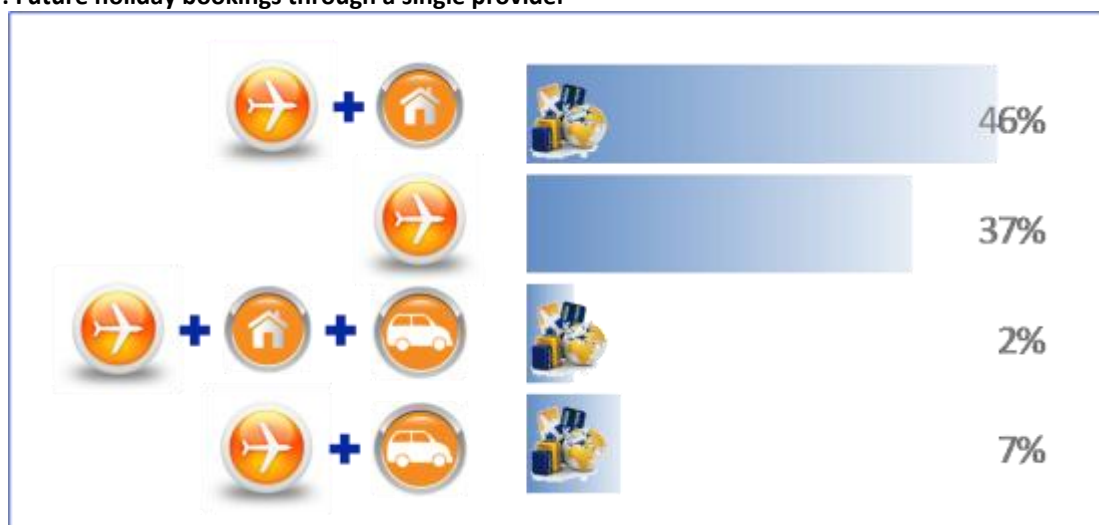


Unsurprisingly those in the wealthier households are more likely to expect to take a holiday involving flights in the next 12 months. Almost nine in ten (89%) living in households with an income of £50,000 or more will definitely or probably take such a holiday in the next 12 months compared to seven out of ten (71%) from households with an income below £50,000.

86% of people who have taken a holiday involving flights in the last three years will definitely or probably take another such holiday in the next 12 months compared to 47% of those who have holidayed only in the UK in the last three years.

Figure 7 below illustrates the relative frequency which holiday makers book different combinations of components when they do so through a single provider.

**Figure 7: Future holiday bookings through a single provider**



Holidays with flight and accommodation booked through the same provider are most likely to be chosen. This type of arrangement proving more popular with those in lower income households than higher. Almost half (49%) in households with an income of below £25,000 expect to make a booking of this type for their next holiday compared to 40% from households with an income of over £50,000.

The majority of those expecting to book flights and accommodation through the same provider anticipate making their flight booking either through a travel agent (59%) or directly with a tour operator (32%).

By contrast the ‘flight only’ option (with other/additional components booked separately) is more attractive to wealthier holiday makers and/or those without children in their household. 42% living in households with an income of over £50,000 will book ‘flight only’ holidays (compared to 36% with an income below £25,000) as will 38% of those from households with no children aged below 16. Among those from households with children 29% will choose a ‘flight only’ option.

Of those intending to select the 'flight only' option 85% will book their flights directly through an airline and 13% through a travel agent.

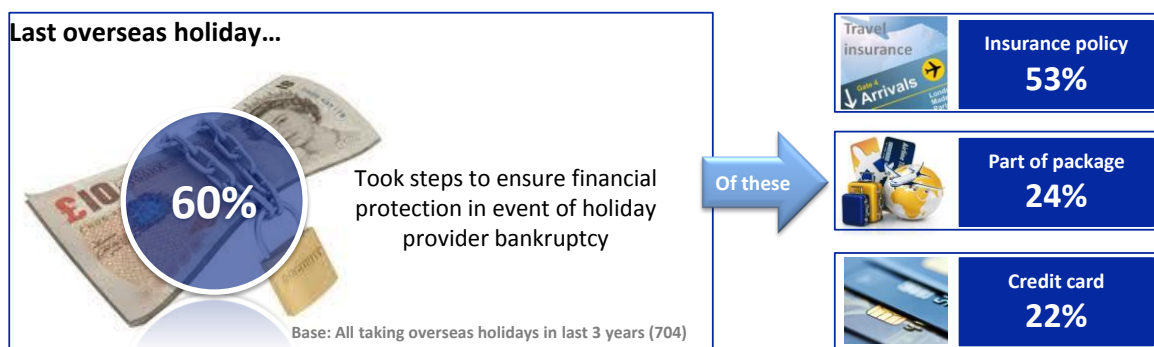
# 4. Holiday financial protection

Three in five (60%) holiday makers taking overseas holidays have actively taken steps to ensure that they would be financially protected in the event that the company providing their holiday (and any additional holiday component) went out of business either before their trip or whilst they were away (see figure 8 below).

The most seasoned travellers are the most likely to make such provision. Around two-thirds (67%) of those who have travelled overseas five times or more in the last three years have taken steps compared to just over half (53%) who have travelled overseas on one occasion. Similarly, those who have experienced a holiday provider going out of business are more likely to have taken steps to protect their most recent holiday compared with those who have not had this experience (88% versus 60%)

Under half (47%) of those aged under 35 took such steps compared to two-thirds of those aged over 35. Among travellers aged 65 the proportion rises to 75% - significantly higher than in other age groups. Those who are in relationships are also more likely to have protected their most recent holiday; 63% say this compared with 48% of those who are single.

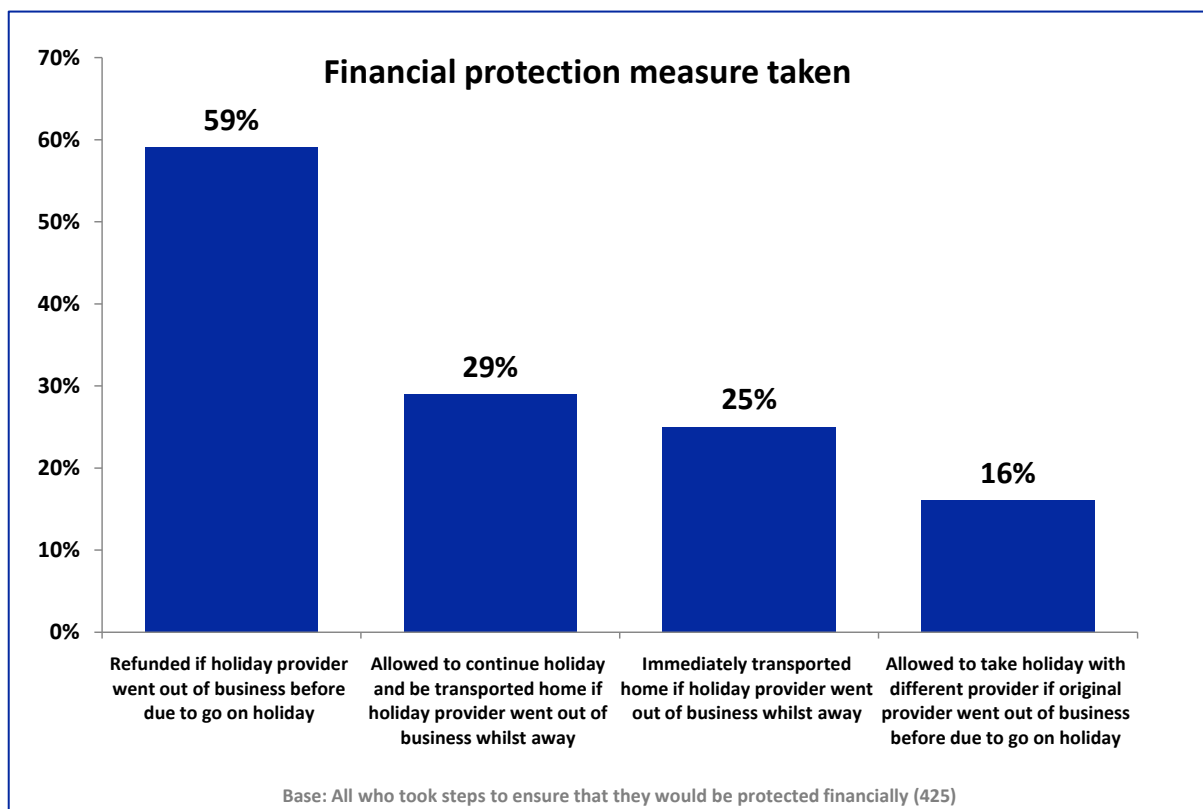
**Figure 8: Protection undertaken for last overseas holiday**



The most common source of protection amongst those who took steps to protect their holiday is through travel insurance policies taken out specifically for this purpose, with over half (53%) who took financial protection obtaining it in this way. Just under a quarter (24%) of those taking steps obtained protection through the holiday package they booked (24%) or through credit card holiday bookings (22%).

These responses, when considered in conjunction with the types of protection apparently obtained (see Figure 9 below) suggest a degree of confusion over the nature of protection provided when booking holiday packages that include flights.

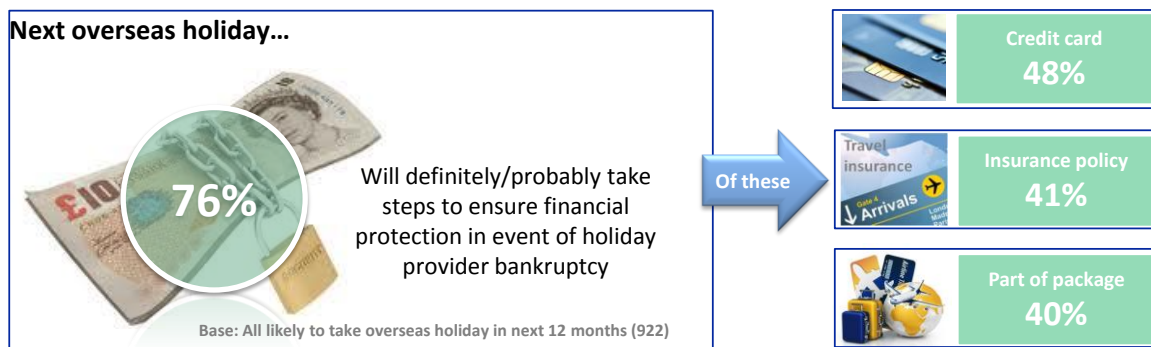
Figure 9: Financial protection measures taken



Although around six out of ten (59%) of those who actively sought financial protection took steps to ensure they would be refunded if their holiday provider went out of business before they were due to go on holiday (representing 36% of all who took overseas holidays in the last three years) the number receiving this type of protection is likely to have been higher. Of those taking holidays involving flights originating in the UK 59% (or 46% of all of those who took overseas holidays) booked the flight component of their holiday either as part of a package or as a separate component but within 24 hours of booking the first component with the same provider. In these instances the likelihood is that their journeys will already have ATOL protection applied and thus there is little need to take steps to protect the holiday further.

Among those members of the public anticipating taking a holiday involving flights in the next 12 months three-quarters (76%) will definitely or probably take steps to ensure they will be financially protected in the event that their holiday provider fails. Of these around a half (48%) say that they will do so by booking the holiday via credit card, (a finding which contrasts sharply with the 22% who said that they took this protection when they booked their last holiday) and around two in five say that they will take out holiday insurance specifically and ensure that the holiday is booked as part of a package (41% and 40% respectively).

Figure 10: Financial protection measures likely to be taken for next overseas holiday

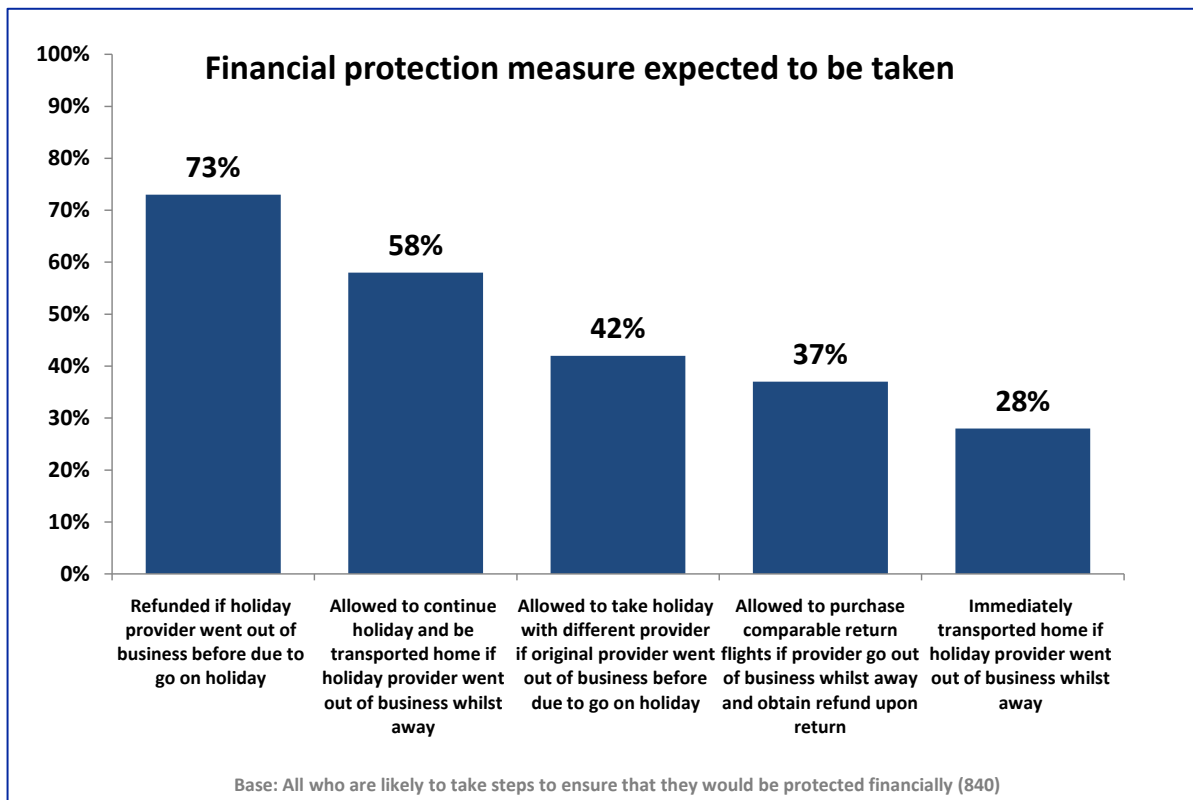


As indicated above, what people say regarding the steps that they may take to protect their holiday financially indicates a significant amount of ‘protection overlap’ which, in turn, suggests both a lack of understanding of the ATOL cover that they are likely to receive when booking package holidays and also possibly a lack of understanding of the type of financial protection (particularly when making credit card bookings) provided outside of ATOL protection. For instance, of those who intend to obtain protection automatically as part of a holiday package a quarter (25%) will *also* seek financial protection automatically through credit card bookings and/or by taking out insurance policies (26%) to cover against financial bankruptcy of their holiday provider.

Such overlaps are also obvious when the means by which holidaymakers book their arrangements are considered. Among those who will seek financial protection and anticipate taking a ‘flight only’ holiday, for instance, nearly two-thirds (63%) will obtain protection by taking out a travel insurance policy to cover them in the eventuality that their holiday provider goes out of business. Also, around a half (49%) – indicating some overlap of (assumed) protection – of those wishing to protect themselves financially and making ‘flight only’ bookings will make their booking using a credit card. The assumption here is that in paying in this way financial protection against the failure of their holiday provider will be automatically provided.



Figure 11: Financial protection measures likely to be taken



Overall, around three quarters (73%) of those who are likely to take steps to protect their future holidays say that they will seek that protection which ensures that they are refunded if a holiday provider goes out of business before they are due to go on holiday. Similarly, around three in five (58%) would seek that protection which would allow a holiday to continue and allow for the holidaymaker to be transported home if the provider went out of business while they were away. In contrast, less than three in ten (28%) would seek that protection which would immediately transport them home if the provider went out of business while they are away.

Some regional differences in the types of protection likely to be sought are evident. Those from the South West who protect their holiday financially are significantly more likely to seek protection that provides a refund if their provider goes out of business before they are due to go on holiday than those from many other parts of the country. Almost nine out of ten (86%) from the South West who will financially protect their holiday will seek this type of protection – significantly higher than in the North West, Yorkshire and Humberside, London, the South East and Wales.

The same group is more likely than most others to want to be allowed to continue their holiday in the event of their holiday provider going out of business while they are away. Three quarters (76%) of those from the South West will seek this type of financial protection – significantly more than among similar groups from all areas of the UK except the West Midlands, East of England, Wales and Northern Ireland.

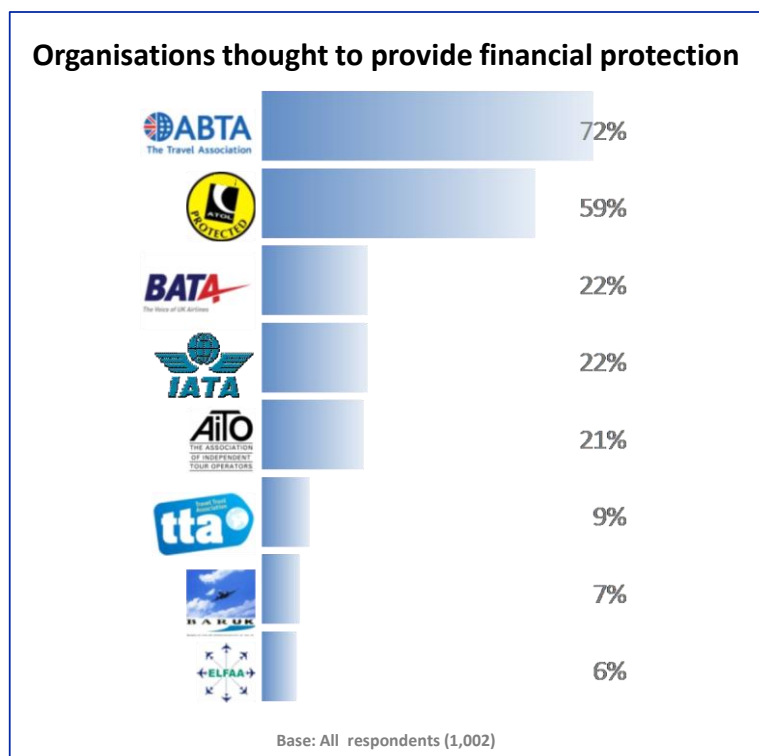
Other statistically significant differences in the data indicate that among those who will definitely or probably take steps to protect their holiday financially against the failure of their holiday provider:

- Those booking flights and accommodation through the same provider are more likely than those booking 'flight only' trips to seek protection that refunds them if their provider goes out of business before they are due to travel (77% compared to 70%)
- Those booking flights and accommodation through the same provider are more likely than those booking 'flight only' trips to seek protection that allows them to go on holiday with a different provider if their original provider goes out of business before they are due to travel (45% compared to 37%)
- 71% of those who will take out a travel insurance policy specifically to protect them financially should their holiday provider go out of business will seek protection that allows them to continue their holiday – a significantly higher proportion than among those who will acquire protection through their holiday package (30%). This is despite the fact that 44% of this same group are intending to book their flights and accommodation through the same provider and are likely to receive this type of cover through ATOL protection, a further indication that some consumers may be spending unnecessarily on additional financial protection
- More females (63%) seeking financial protection will search for cover that allows them to continue their holiday in the event that their provider goes out of business than males (52%). By contrast almost a third of males (31%) seeking protection will look for cover that repatriates them immediately in the event of the failure of their holiday provider compared to a fifth of females (21%)
- Almost two-thirds (62%) with children in their household under the age of 16 will seek protection that allows them to continue their holiday compared to just over half (54%) without children aged under 16.

## 5. Awareness of ATOL and its role

When asked to identify from a list of travel industry organisations and associations the ones that provide financial protection to consumers in the event of a holiday provider going out of business six out of ten (59%) correctly made the link to ATOL (see Figure 12 below).

Figure 12: Financial protection providers - perceptions



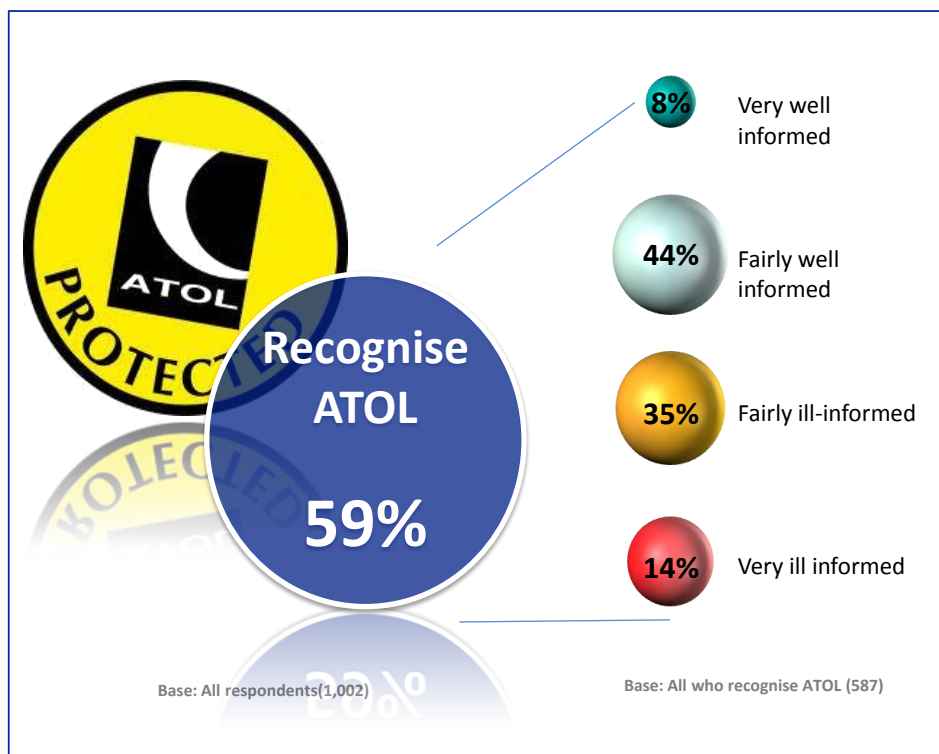
Statistical tests on the data collected show significant differences in the correct identification of ATOL as a provider of consumer financial protection as summarised below:

- Almost two-thirds (64%) who have taken a holiday including flights in the last three years – compared to just under half (47%) of those who haven't – correctly identified ATOL
- Almost two-thirds of those expecting take holidays including flights in the next 12 months (62%) compared to (47%) of those not intending to correctly identified ATOL
- Seven out of ten (70%) who actively took financial protection for their last overseas holiday correctly identified ATOL compared to half (51%) of those who didn't
- Fewer than one person in three (29%) under the age of 25 correctly identified ATOL

Those who did not correctly identify ATOL as providing consumer financial protection in the event of a holiday provider going out of business were further asked whether they had heard of ATOL. Of these half (51%) had. Therefore, taking both those who recognise the ATOL scheme and those who say that they have heard of the scheme into account, around 80% say that they have some awareness of the scheme.

Of those who are most aware of the ATOL scheme, that is those who recognise ATOL as a scheme which provides financial protection to consumers, around half (49%) declare themselves to be fairly or very ill-informed about the types and levels of protection provided by ATOL in the event that their holiday provider goes out of business (see Figure 13 below).

**Figure 13: ATOL Awareness**



Two-thirds (65%) of those who do not intend to take steps to financially protect their next overseas holiday are either fairly or very ill-informed about the protection already provided by ATOL compared to half (49%) who will take these steps. Those most likely to consider themselves very or fairly well informed about the protection afforded by ATOL are those who have been in the unfortunate position of experiencing the failure of their holiday provider in the past (80%) and/or those who took steps to protect their last overseas holiday by ensuring financial protection was provided as part of a holiday package (67%).

From a qualitative perspective the detail of the discussions held very much supports the quantitative findings. Group participants were typically aware of ABTA, however, were not sure what type of protection was provided by the organisation. Participants were a lot less likely to have heard of ATOL, and even if they had, they were unlikely to know what ATOL was or what it covered. This was also true among participants who had experience of ATOL - due to the lack of understanding of the level of cover provided by ATOL, they were unsure or unaware of whether or not they have benefited from ATOL in the past.

*"Flights are the priority, was it not that when ABTA used to be about as well – I can't remember exactly but I know there was some kind of difference between the two, they operated slightly differently."*

**Glasgow, 25-34, children under 12**

*"I think I've actually used the ATOL protection scheme before because it came with the holiday package."*

**Glasgow, 35-54, children aged 12-18**

Some of them have heard the name on television or in conversation, however, were not aware of what it was exactly. Holidaymakers associate the name with a symbol, a guarantee of a secure holiday. However, they were not aware of which aspect of their holiday it actually protects.

*"I've always understood it to be if you go to somebody that is ABTA or as you ATOL, I've never heard of them [ATOL], but if that travel agent or that company are covered by them, I am sure it is them you get the money back."*

**Manchester, 55+, Empty Nesters**

*"I have heard of ATOL protection because they say that on the adverts."*

**London, 18-24, no children**

Overall, younger participants were more likely to be aware of ATOL than their older counterparts. This may be in part due to their media consumption habits, especially online media, which tend to be accessed more frequently by the younger generation.

*"If you go on certain websites you do see the ATOL sign in the top right hand corner."*

**London, 18-24, no children**

*"If I can remember correctly, I read up on it once, but I think if the company goes bust and you are protected they have to bring you back home or something like that, something to that extreme."*

**London, 18-24, no children**

*"I think it's a body that is recognised, it has members, and you have to have certain standards to belong to that group, it is a kind of quality stamp, but you have to be a member of the group."*

**London, 35-54, children aged 12-18**

*"In case you book through a travel company, in case they go bust you're covered if they've got ATOL cover then you're covered and you should get something back."*

**Glasgow, 25-34, children under 12**

*"With booking flights or accommodation separately, sometimes only one of the two is covered, depending on if it's sub-contracted out to different, whoever runs the resort and whoever runs the airline. I've heard that people have had problems with that."*

**Glasgow, 25-34, children under 12**

Some have mentioned financial protection in the context of the Icelandic volcano eruption in 2010, which left many passengers stranded abroad. This association highlights the lack of understanding of ATOL among holidaymakers.

*"ATOL is really important; that means like this lady, if it is ATOL protected then if something like that happens you don't have to pay. But a load of them online ones aren't ATOL protected, it is just ABTA so they just want you out at 12 noon, you have to check-out whether there are ash clouds or not."*

**Manchester, 25-34, children under 12**

Upon being provided more detail about ATOL, participants were particularly surprised to find out that flight only holidays booked directly with airlines are not covered in case of airline business failure.

*"I always book my flights and hotel separately, I don't do package deals. And I always thought that I would be covered, like booking flights directly. So I was a bit shocked to read that."*

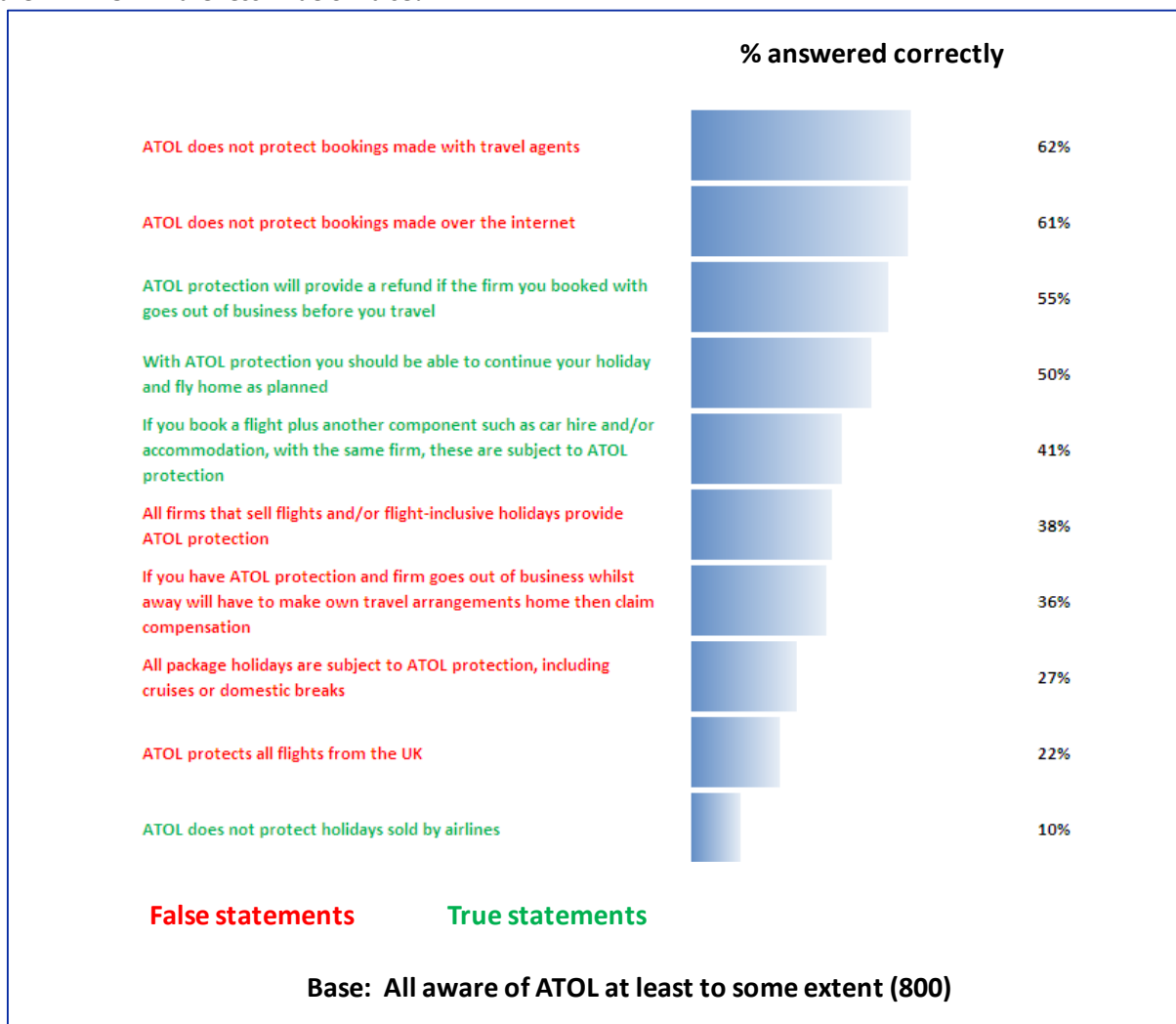
**London, 18-24, no children**

*"I think 99% of the population who book flight only holidays don't know that they are not covered."*

**Manchester, 55+, Empty Nesters**

Those with some level of awareness were asked, based purely on their current level of knowledge, which of a batch of statements relating ATOL protection they think are true and which are false (see Figure 14 overleaf).

Figure 14: ATOL Awareness: True or False?



Of all the statements presented to those with some awareness of ATOL, the greatest proportions correctly recognised as false the statements that **ATOL does not protect bookings made with travel agents** and that **ATOL does not protect bookings made over the internet**; more than three in five made the correct judgement of these statements in each case. After this, the statement that **ATOL protection will provide a refund if the firm you booked with goes out of business before you travel** was correctly recognised as true by more than a half of those with some awareness of ATOL (55%), while a half (50%) correctly identified the same of the statement that **with ATOL protection you should be able to continue your holiday and fly home as planned if the firm you booked with goes out of business whilst you are away**.

Less than a quarter of those with at least some knowledge of ATOL (22%) were able to correctly identify as false the statement that **ATOL protects all flights from the UK**, while just one in ten correctly recognised that the statement **ATOL does not protect holidays sold by airlines** is true. Lowest levels of awareness appear to be around the range of holidays that are protected by the ATOL scheme.

There are no particular characteristics based on demography that mark out individuals as being more or less likely to correctly identify which of the statements is true or false. Their knowledge is more likely to be based on holiday experiences with those having taken overseas holidays including flights more likely than others to make the correct associations. Unsurprisingly the more experienced among this group – those having made multiple overseas trip – and those who have booked package holidays in the past and/or those who will do so in the future are most likely to correctly identify ATOL protections with the statements put to them. One exception was when considering whether all flights are by protected by ATOL. In this instance almost half (49%) of those who intend to book their flight and accommodation through the same provider when they next go on holiday believed this to be true compared to around one-third (36%) of those who will make ‘flight only’ bookings.

The chart above shows only the proportion of those who were able to answer the question about the statements correctly and does not show the generally high proportions who did not feel able to answer at all. Only one statement – ‘all package holidays are subject to ATOL protection, including cruises or domestic breaks’ – was answered about by more than seven out of ten respondents as a whole, underlining the fact that although the proportion of those who express that they have at least some awareness of ATOL is relatively high (80%) there is some level of confusion around the details of the scheme generally. However, highest proportions of respondents were able to correctly identify statements ‘ATOL does not protect bookings made with travel agents’ (62%) and ‘ATOL does not protect bookings made over the internet’ (61%) as false, perhaps suggesting that people may be less confused about the way in which ATOL protection is gained than they are about what protections the scheme provides.

Some of the uncertainties relating to holiday financial protection and the role of ATOL in providing this type of consumer protection was also evident in the qualitative group discussions. Within these discussions it became clear that holiday financial protection is not something holidaymakers think about actively. When asked about ‘holiday protection’, participants automatically assumed the conversation centred on travel insurance. This was particularly the case with the older participants. Their concerns were quite different from those who were younger or had children and focused on lost luggage or injury whilst on holiday. The financial security of their holiday booking was not something they were immediately concerned with.

*“I would never ever go away without [...] travel insurance ever, because you never know, you have only got to fall and even cut yourself, and it costs you a fortune and I think, you know, I’ve known people who have gone away without insurance and landed themselves in a hell of a mess. I would never, ever do that. I buy the cheapest I can for good cover but I would never, ever go without it. [...] Well that and if you lose your luggage, if you lose your money, you know, you’ve everything to think of because it is easy, you can do, it is quite easy to be done, isn’t it?”*

**Manchester, 55+, Empty Nesters**



Older holidaymakers only began thinking about the financial security of their holidays after being prompted. This was the case even among participants who experienced difficulties as a result of their holiday provider going out of business. For example, one of the participants was not sure how or why they managed to fly back home after a tour operator based in Rochdale had gone bust.

*"And the company, you know, there were no flights back. I don't even know how we got back, you know, I mean we flew back, we didn't swim... What I am saying is I don't know how it was all arranged because the company had gone bust."*

**Manchester, 55+, Empty Nesters**

Younger participants also immediately turned to thinking about travel insurance and financial insurance provided by booking with a credit card, however, they were more aware of the financial security aspect without being prompted. This was especially evident among participants with children.

*"Especially recently a lot of companies are sort of affected by the recession and going bust and people I have seen are getting stranded and things. It has never happened to me but you hear about it happening so you do worry that it could happen to you. You spend quite a lot of money on a holiday so you don't want to take any risk; you would rather just check for that [ATOL] symbol."*

**Manchester, 25-34, children under 12**

*"If the company goes into liquidation or there is a problem that they can't offer the same quality at your resort if something is wrong then that is protected. And I wasn't aware that maybe includes insurance and stuff but I was always told to look for that [ATOL] rather than the ABTA one..."*

**Glasgow, 35-54, children aged 12-18**

Nevertheless, the overall awareness of financial protection was low and participants were more likely to think about travel insurance when asked about holiday protection, suggesting financial security in the case of their holiday provider's collapse it is not something they think about when making holiday bookings. The concept of automatically provided financial holiday protection was not something they were familiar with.

After being prompted to think more specifically about particular situations when holiday financial protection may be needed, participants were more likely to recall holiday financial protection providers. However, the discussions tended to circle back to travel or credit card insurance.

*"Protection is important for me anyway going away and stuff and insurance. [...] Because anything can happen abroad and I've been hospitalised abroad and it can cost a lot of money and stuff like that, so for me it's very important it's just a personal thing."*

**Glasgow, 35-54, children aged 12-18**

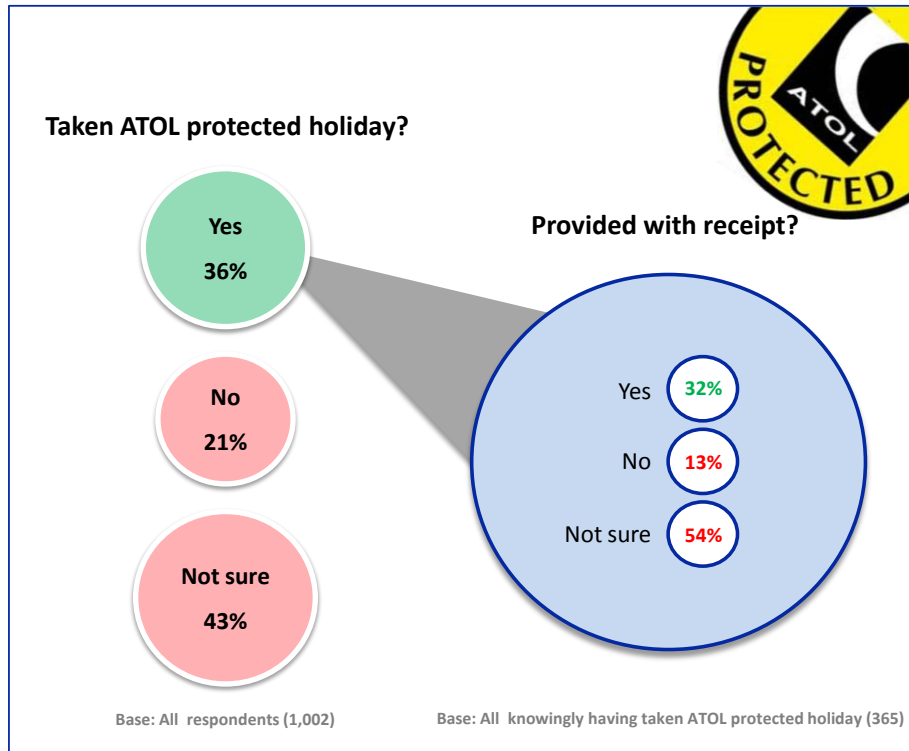
*"I thought if you booked your holiday with your credit card you were covered, insured?"*

**Glasgow, 25-34, children under 12**

## Direct ATOL experience

Just over one-third (36%) of the general population have knowingly taken a holiday protected by ATOL with those with household earnings over £25,000 (41%) and those with children under the age of 16 (44%) in the household the most likely to have done so.

Figure 15: Direct ATOL experience



Those making bookings protected by ATOL are supposed to receive a receipt from the agent booked with or directly from the ATOL holder confirming the ATOL protection applied to their holiday. However only around one-third (32%) say that they received such documentation. Over half (54%) could not remember if they were provided with a receipt or not, whilst one in eight claim not to have been provided with one at all.

## Expectations of Financial Holiday Protection Scheme

Participants seemed to be unable to separate financial holiday protection from other types of travel insurance or credit card insurance. When speaking about their expectations of a financial holiday protection package, holidaymakers' expectations became very high and often unrealistic as the discussion progressed. They were able, however, to separate financial protection from travel insurance when they

were specifically prompted to think about the effect a business failure of their holiday provider on their holiday booking.

There was consensus that financial holiday protection package, such as ATOL, should be in place, however, they felt that it should cover all flights, regardless of the method of booking or whether or not it was booked as part of a package. The main reasoning behind this was that as British citizens booking flights originating in the UK, they expect to be protected financially by ATOL regardless of the particular circumstances surrounding their flight booking.

*"There should be responsibility there somewhere, shouldn't there, because more and more people just do their own thing. I mean travel agents are shutting down. They are not being used as often as they used to be."*

**Manchester, 55+, Empty Nesters**

*"I think we should be covered. Even if you book directly with an airline, I think it should cover you as well, because so many people are doing it now and so many people will book their flights and accommodation separately. "*

**Glasgow, 35-54, children aged 12-18**

*"But I think a holiday whether it is booked direct with the airline or through a travel agent, or through the internet or whatever, if it is booked from Britain I think you should be covered, the airline should be covered by ATOL as well as travel agents, so then you have got no problems, you know you are covered."*

**Manchester, 55+, Empty Nesters**

Furthermore, participants felt that all companies providing holiday services, such as airlines or tour operators, should be required by law to provide financial protection to holidaymakers if their business was to collapse. Participants felt that if they have paid for a service, they should be provided with it regardless of the financial situation of the provider.

*"I think the onus should be on the companies not on the individuals. I think they should be forced to operate under the ATOL and operate under ABTA. I don't see why we should have to pay for something that is clearly a standard within the industry, that is how I feel. "*

**London, 35-54, children aged 12-18**

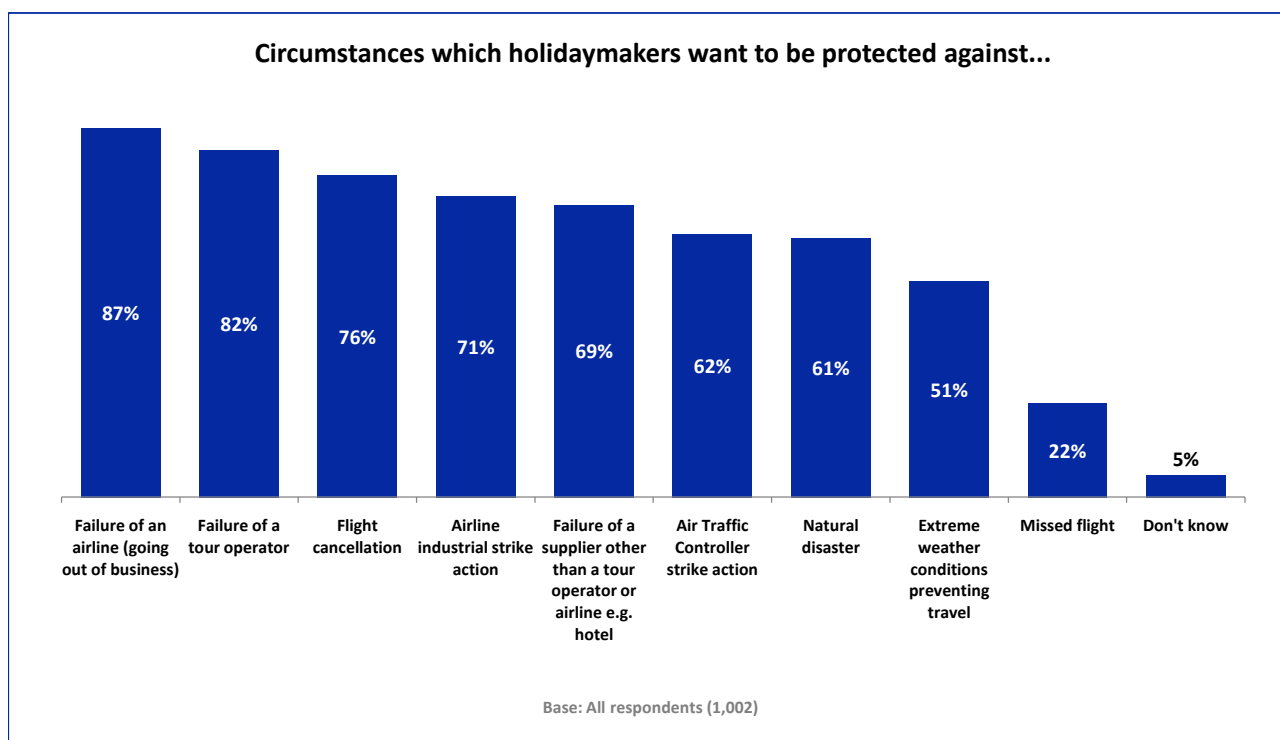
*"It is like when we were stuck, we were trying to sort it out with the Travel Insurance and they said, well when you come back you can claim. But them times you need it to be sorted then and there; you don't want to be finding your own flights and doing everything and then coming back and then claiming. It is not fair, if you have paid for the holiday they should be sorting it all out for you. If they have got problems they should be fixing it."*

**Manchester, 25-34, children under 12**

## Situations holidaymakers want to be protected against

Respondents who thought that holidaymakers should be financially protected while they are on holiday abroad were asked to indicate the circumstances or situations, the consequences of which should be covered by holiday financial protection. As was expected, respondents presented with a list of situations which may affect them while they are on an overseas holiday, felt that most of them should be eligible for such protection. Figure 16 illustrates the proportions of respondents who want to be financially protected in the event of business failures and other circumstances impairing their ability to go on or continue their holiday.

**Figure 16: Circumstances holidaymakers want to be protected against with a holiday financial protection scheme**



The qualitative findings provide a similar result. In terms of the aspects of holidays or situations which participants felt should be covered by financial holiday protection, naturally, business failure was one of them.

*"Company going bust; a range of different scenarios that can crop up, even in daily life."*  
**Glasgow, 25-34, children under 12**

In addition, participants mentioned a number of other aspects they would expect holiday financial protection scheme to cover. In particular, they felt that circumstances preventing them from travelling on

holiday should qualify for compensation under a holiday financial protection scheme. The situations mentioned by participants included illness, injury or other unforeseen circumstances preventing their ability to fly to their holiday destination or back home.

*"Injuries before you travel. Like say you're to leave and then you broke your leg you wouldn't be able to travel. So you'd like to be covered for things like that because nobody tries to go out and break their leg before they go on holiday."*

**Glasgow, 25-34, children under 12**

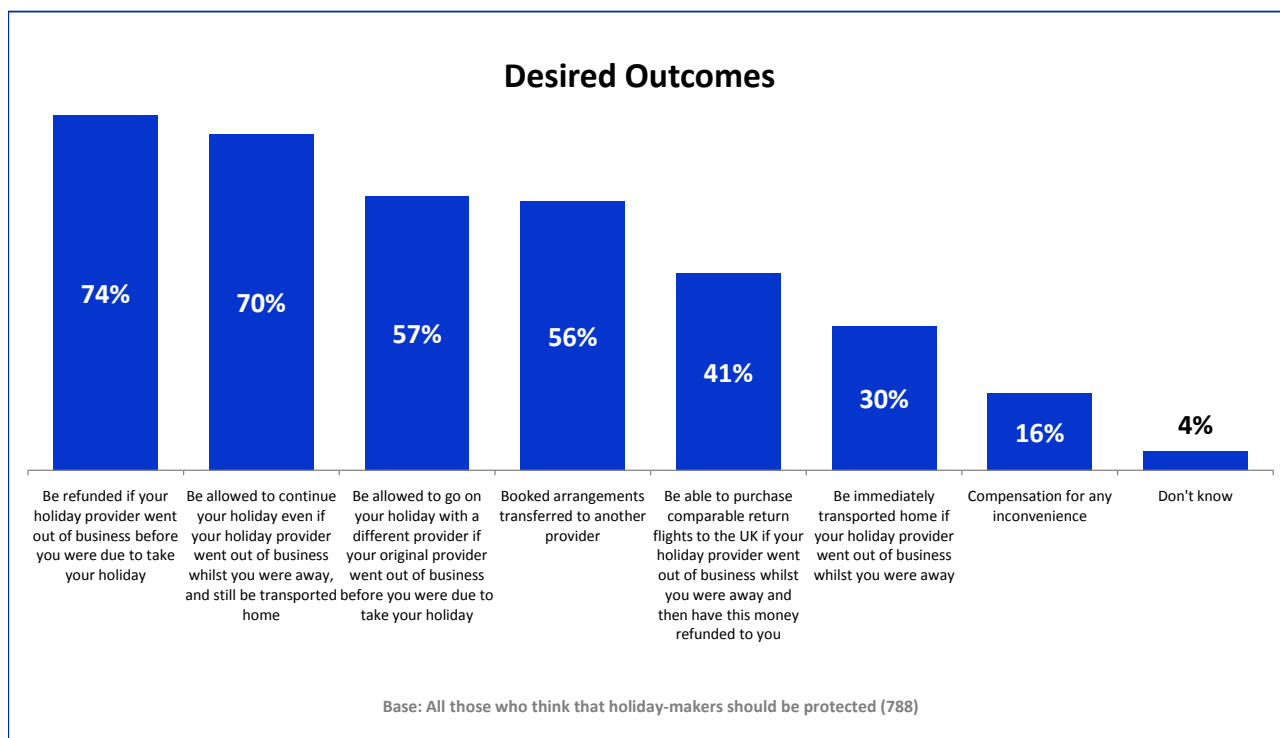
*"Yes, you would expect that something as major as [the ash cloud] with pretty much the whole of Europe shut down, for that to be protected, that they would sort you out somewhere to stay, especially if you had children and if you did have to stay longer."*

**Glasgow, 25-34, children under 12**

## Desired Outcomes

Members of the general public did not have a clear preference as to their desired outcome if one of the aforementioned circumstances was to occur. Being refunded or being allowed to continue their holiday were the options preferred by more than 7 in 10 participants (please refer to Figure 17 for more details).

**Figure 17: Desired outcomes**



These outcomes are again largely supported by the qualitative findings. Holidaymakers felt that if the company providing the holiday was to fail before holidaymakers are able to go on their holiday, participants expected to have a choice of either being refunded the cost of the holiday, or having a replacement

booking made at no additional cost to them. They felt that if they have taken the time to book in advance, and a last minute replacement booking is more expensive, they should not be expected to pay any additional fees.

*"You would want to think that if you're halfway through your holiday and it's going bust, I've heard hotels try to kick people out, but if you've paid that money up front you expect that you're hotel's already been paid for. So you'd like to think that that would be covered, that you could still be guaranteed of where you were staying. "*

**Glasgow, 25-34, children under 12**

*"If you had booked like for Lanzarote next year, if that happened a week before that holiday might be like £500 dearer. So I would want them to not expect you to pay that difference because you did go out of your way to save money and do it early. So offering you your money back for you to pay £500 more."*

**Manchester, 25-34, children under 12**

*"As long as you have the choice. I don't think they should be able to say oh we've got this hotel for you, you have to take it."*

**Glasgow, 25-34, children under 12**

If any replacement bookings were made, participants would expect them to match the quality of the original bookings they have made. However, as was already mentioned, they would like to have the choice to accept either the replacement booking, or the refund.

*"Because you might not like what they are giving you or maybe you might not like the Hotel that they are giving you; so you should have an option where we can go and which Hotel we can go to."*

**Manchester, 25-34, children under 12**

Repatriation was also important to participants, however, there was again the expectation that the quality of travel would be maintained if new flights were booked for the holidaymakers.

*"I think it's more than just getting you home though. A lot more than that. Like the gentleman said there it is quality as well, so basically your airline would have to meet a certain quality, it wouldn't be like a man with his little old 747 jet which is rickety, it has got to be up to a certain standard and the company has got to have you know, I don't know, people that are approved, people that are real stewardesses and stewards and so forth. So I think there is all that and the seat belts have got to work and all that. And you know, if you travel on a plane like that you know that if those masts come they are going to work. So I think it's things like that."*

**London, 35-54, children aged 12-18**

In addition, participants would expect any other booking they have made, such as tickets, to be refunded.

*"You can prove that you have paid for something before you go, like an extra, you know, like you could have booked a helicopter flight through the Grand Canyon, Or Disneyland tickets which we did, two hundred quid, you know? They should pay. It is like any*

*insurance if you can prove that you bought it or you possess it, then you should get paid."*

**Manchester, 55+, Empty Nesters**

Furthermore, holidaymakers expected that any costs incurred as a result of their holiday provider's failure should be compensated for. This included payment for additional fees required by the school due to child's absence, or compensation for the extra annual leave which would need to be taken as a result, among other possible costs of staying abroad for an extended period of time.

*"Yes, unplanned costs, they should be [covered]. [...] Compensation for putting you out as well depending on, it is no good saying well we will get you a flight out the next day and pay for your hotel you might have loss of earnings or ... when you get back, additional child care costs; anything that has put you out you should be compensated for."*

**Manchester, 25-34, children under 12**

*"If I am self-employed and I have had to pay out other workers I think those expenses should be looked at."*

**Manchester, 25-34, children under 12**

## Willingness to pay

During the quantitative interviews respondents were asked first, to indicate which of several outcomes they felt the ideal scheme should provide, and then to define how much they would be willing to pay for this protection. 58% of the respondents stated that they would be willing to pay various amounts up to £20, with 42% among them stating that they would not pay more than £5 for ATOL protection. On average, however, the amount respondents were willing to pay is higher: £24.55, provided that the scheme would fulfil their expectations as defined in the earlier section of the report. While this average provides some indication of how much holidaymakers might be willing to pay, the findings from the qualitative research illustrate more clearly what people's expectations would be as well as demonstrating the variety of opinions around the subject.

In focus groups, some participants stated that they would be prepared to pay a fee for financial holiday protection, however, others felt that the £2.50 cost which is most likely already passed onto them by the holiday provider is as much as many are prepared to pay. Others would be willing to pay up to 10% of their total holiday cost.

*"I think we buy services and they are guaranteed because they have a standard, it is in the price. So I shouldn't pay any more, simple as that, I don't think it's necessary. "*

**London, 35-54, children aged 12-18**

*"I wouldn't want it to be any more than something like 5%, or 10% because that is essentially your just getting travel insurance, that is how much I would imagine paying for a £125 flight, about £12.50 is what you are going to spend on travel insurance, around that. So I think any more than that is a bit much."*

**London, 18-24, no children**

*"I say flat fee because people can get flights very cheap and I don't think they would be making enough money on them if they were doing a percentage, although that would obviously be more beneficial, but I think for their benefit it would be a flat fee."*

**London, 18-24, no children**

During focus groups participants generally expressed satisfaction with the way the ATOL scheme is managed at the moment. While this is a positive finding, it should be noted that results from the quantitative survey indicate that people are largely unaware of the finer details of the scheme, and as such this sentiment perhaps should be regarded in terms of participants *imagining* that the scheme is well managed in the light of a lack of evidence to the contrary. In general participants agreed that it should be a government backed scheme, particularly because they felt that government backing would provide the scheme with the influence it requires to ensure the protection of holidaymakers. However, some respondents expressed that they felt that ATOL should be overseen by others independent to the government such as those involved in the travel industry, financial protection or an independent ombudsman to ensure the funds are managed responsibly.

*"I think an independent but working for the government like an arbitrator or, like an ombudsman type role."*

**Manchester, 55+, Empty Nesters**

## **ATOL and the future of holiday bookings**

For the most part of the research process participants were asked to base their responses on their experiences of holidays taken and current knowledge of holiday financial protections. Towards the end of the research process however, participants based their responses on newly shared knowledge and were asked to indicate how that might influence their future behaviours.

The first element of this part of the research involved the provision of a description of what cover is provided by an ATOL and a high level description of the content of the standardised ATOL Certificate to be introduced on 1st October 2012.<sup>6</sup>

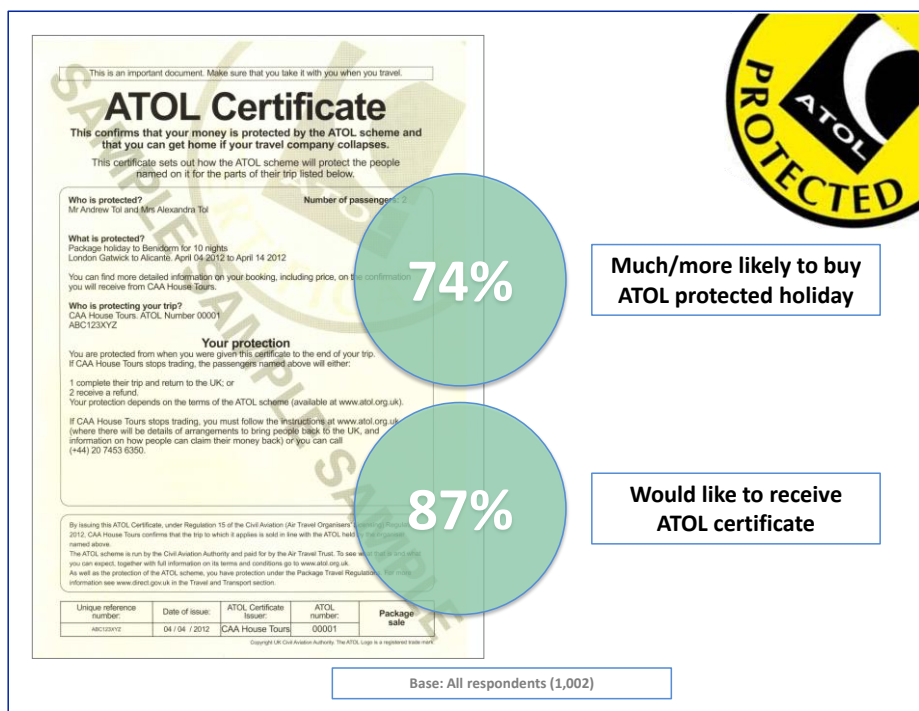
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<sup>6</sup> Please refer to Appendix x to see a copy of the description of ATOL cover and the description of ATOL Certificate used



Having been presented with this information participants in the quantitative research were asked to indicate whether they would now, in possession of this knowledge, be more or less likely to book an ATOL protected holiday in the future and whether they would like to receive an ATOL Certificate. The responses given are summarised in Figure 18 below.

Figure 18: ATOL Certificate



In the groups, despite being provided more information about ATOL financial holiday protection, participants' future holiday booking habits were likely to be changed only in some cases. Participants would actively want to ensure their holiday booking is protected by ATOL if they were embarking on a longer holiday. Otherwise, they were not willing to change their current booking habits as they were not prepared to pay more for their holiday by booking a package.

*"I book directly with an airline, so it's making me think twice, because normally it is a bit cheaper to go direct with the airline, but I suppose I can kind of see why, but I don't know. I think if I was booking a big package, normally I like to break it down, find a cheap hotel or find a cheap flight to sort out how to get there. But if it was like a big holiday I think I would be more inclined to be covered, after reading that paragraph."*

**London, 18-24, no children**

*"I have seen ABTA and ATOL many, many, years, sometimes it comes on the receipt, it's not something I look for anymore, I just look at, I take a chance, it's a good deal and I think it's a reputable airline, I will go with Easy Jet or Ryan Air or Virgin or BA just always look at the bargain basement holidays me, I am not going to change, I have been touch*

*wood lucky so far. So I just hope that my insurance does back me up if there is some kind of thing."*

**London, 35-54, children aged 12-18**

*"I just think I will just take out Travel Insurance and hope that covers everything."*

**Manchester, 25-34, children under 12**

Around three-quarters (74%) felt that having had ATOL protection explained to them they would be more likely to buy an ATOL protected holiday in the future. Over half (55%) of people over the age of 65 would be 'much more likely' to buy an ATOL protected holiday compared to just a quarter (26%) of those aged under 25. Although small in number those unfortunate enough to have suffered the failure of their holiday provider in the past are the most likely to be encouraged to book an ATOL protected holiday having had its benefits explained. Two-thirds (66%) of this group declare them to be 'much more likely' to buy now they have had the protection explained.

In the focus groups, participants have recognised that ATOL is a fairly complex system abiding by set rules and felt that more clear information should be provided informing holidaymakers of when and what is covered under the holiday financial protection scheme.

*"I think it should probably explain it all better. You can probably find out online but how many people really know about it and what it covers. It is quite hard to say what should it cover because I don't even know what it covers."*

**Manchester, 25-34, children under 12**

Participants generally felt that they should be informed if their holiday booking is eligible for ATOL protection at point of sale, i.e. a certificate detailing the cover should be provided together with their booking to ensure that the holidaymaker is aware of the protection he is provided with and is aware of what services will be provided to them and in which circumstances.

*"It should come if you book a flight, it should be part of the flight. Your insurance, I think, should be a separate thing because your insurance will cover you for medical things like that."*

**Glasgow, 25-34, children under 12**

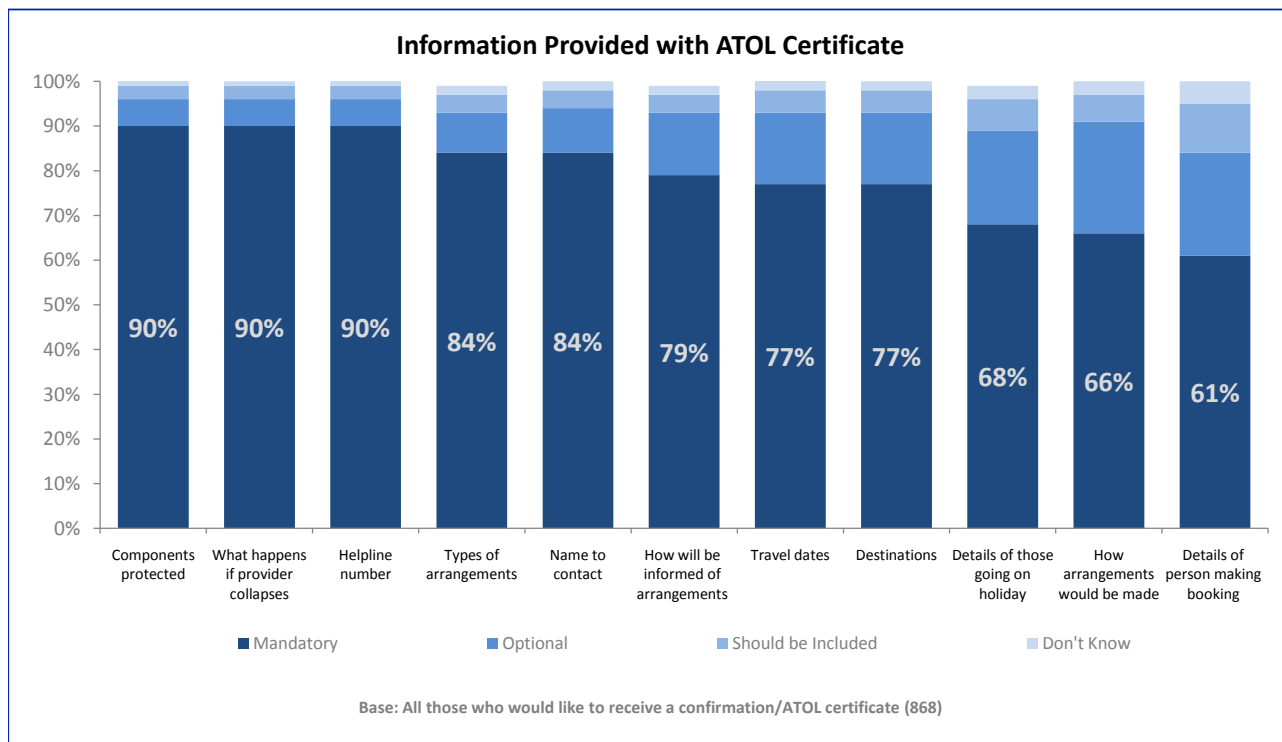
*"It's good that you get a certificate, because then it clearly states what you're covered for and what you're not. So everybody should know before they jet out."*

**Glasgow, 25-34, children under 12**

The prospect of receiving a certificate of the type described in the research is particularly appealing to older rather than younger consumers. Nine out of ten consumers (91%) aged over 55 would like to receive a certificate of this type compared to 84% of those aged under 5, though as the figures suggest there is strong support for the certificate all round.

Participants in the quantitative research were asked to think about the information which would be provided with the ATOL Certificate. They were provided with a list of items and asked to indicate whether each item should be a mandatory or an optional element of the certificate, or whether it should not be included at all.

**Figure 19: ATOL Certificate Content**



When presented with a list in this way most people chose the safe option with the majority suggesting that each of the items should be a mandatory requirement within the certificate

The preferred method for delivering the certificate depends to a certain degree on the channel through which holidays are booked and the convenience of receipt – with many wishing to receive the certificate in more than one way.

Around two-thirds (63%) would like to receive their certificate via email – particularly those under the age of 35 and/or in higher income households (with an income of over £25,000). Support for receiving the certificate by email was reflected in qualitative findings with several participants, and particularly those under 35, stating that they would like to have access to an electronic version of the certificate to refer to if things went wrong, rather than have to keep a hard-copy of the document with them. Just over half (52%) would like to receive a copy of their certificate by post and just under half (48%) would like to receive a copy in person when booking in a travel agency. This option is particularly popular among older people.

Nearly two-thirds (62%) aged over 65 would like to receive a certificate in this way as would more than half of those aged 55-64.

The principal benefits of having an official ATOL Certificate are seen to be in the reassurance it provides. When those more likely to buy an ATOL protected holiday in the future were asked to what type of benefits the certificate would bring to holiday makers travelling abroad, half (50%) said it would provide peace of mind, comfort and reassurance.

# 6. Appendices

## Quantitative research questionnaire

### Civil Aviation Authority

#### Holiday Financial Protection

Thank you for picking up this survey. We have been commissioned by the Civil Aviation Authority to carry out research amongst the general public to understand more about the types of holidays they take, how they book them and what is important to them when choosing holidays.

There are no right or wrong answers, so please give us your honest opinions. You will not be identified as a participant in the survey and your views will not be attributed to you. Information from the survey will be reported numerically to summarise the views of everyone who takes part.

The survey will take about 10 - 15 minutes to complete, depending on the answers you give.

Before you get in to the main part of the survey please answer a few general questions that will help us when it comes to analysing the responses we receive:

C1. What is your age?

[Enter age] Allow 'prefer not to say'

If respondent under 18 thank and close

C2. Are you...

Male	1
Female	2

C3. Which of the following ITV regions do you live in?

North East	1
North West	2
Yorkshire and Humber	3
East Midlands	4
West Midlands	5
East of England	6
London	7
South East	8
South West	9
Wales	10
Scotland	11
Northern Ireland	12

**OK – let’s get going with the main part of the survey. In the next section you will be asked questions about the types of holidays and other overseas journeys you have taken in the past.**

**ASK: ALL**

Q1 Have you made any leisure or holiday trips involving at least one night’s paid accommodation in the last three years?

SINGLE CODE

Yes – in the UK	1
Yes – overseas	2
Yes – both	3
No, none of the above	4

For the rest of the questionnaire, and to make things easier, we will refer to ‘leisure or holiday trips involving at least one night’s paid accommodation’ simply as ‘holidays’. So...

**ASK: IF Q1 = 2 OR 3**

Q2 How many times in the last three years have you taken overseas holidays?

SINGLE CODE

Once	1
Twice	2
Three times	3
Four times	4
Five times or more	5
Not sure	99

**ASK: IF Q2 = 1**

Q3 Did the holiday that you took involve flights originating from the UK?

SINGLE CODE

Yes	1
No	2

**ASK: IF Q2 = 2 - 99**

Q4 How many of the overseas holidays that you took in that time involved flights originating from the UK?

SINGLE CODE

One	1
Two	2
Three	3
Four	4
Five or more	5
None involved flights	6
Not sure	99

**ASK: ALL**

Q5 Do you expect to take any overseas holidays involving flights in the next 12 months?  
SINGLE CODE

Yes - definitely	1
Yes - probably	2
No – probably not	3
No – definitely not	4
Don't Know	99

**ASK: IF Q3 = 1 OR Q4 = 1-5**

Q6 Thinking about the last holiday abroad involving flights that you took, please can you indicate whether your holiday included any of the following components and if so, were they part of a package?

Please select as many as apply in each row  
Multi CODE PER ROW

	Booked as part of a package	Booked as a separate component first or within 24hrs of booking the first component with the same provider	Booked as a separate component within 24hrs of booking the first component with a different provider	Booked as a separate component more than 24hrs after booking the first component of the holiday	Did not book this component	Don't Know
Flight(s)	1	2	3	4	5	99
Accommodation	1	2	3	4	5	99
Car hire	1	2	3	4	5	99
Theme Park ticket(s)	1	2	3	4	5	99
Events ticket(s) (e.g. theatre)	1	2	3	4	5	99

**ASK: IF Q3 = 1 OR Q4 = 1-5 AND IF Q6 = 1-4 FOR AT LEAST ONE OPTION**

Q7 Please can you indicate which of the following providers you booked the components of your holiday with?

Please select as many as apply in each row  
Multi CODE PER ROW

	Booked with a Travel Agent	Booked with an airline	Booked direct with a tour operator	Booked with another supplier (e.g. hotel)	Don't Know
INSERT OPTIONS CODED 1-4 AT Q6	1	2	3	4	99

**ASK: IF Q3 = 1 OR Q4 = 1-5 AND IF Q7 = 1-4 FOR AT LEAST ONE OPTION**

Q8 Please can you indicate how you made your bookings?  
Multi CODE PER ROW

	In person	Online	Via Telephone	Don't Know
INSERT OPTIONS CODED 1, 2, 3 OR 4 AT Q7	1	2	3	99

**ASK: Q1 = 2 OR 3**

Q9 Did you take any steps to ensure that you would be financially protected in the event that the company providing your holiday (and any additional holiday components) went out of business either before or during your trip?  
SINGE CODE

Yes	1
No	2
Can't remember	3

**ASK: IF Q9 = 1**

Q10a How was this protection provided?  
SINGLE CODE

It was automatically provided as part of the holiday package	1
It was automatically provided because I/we booked the holiday by credit card	2
I/we took out a travel insurance policy specifically to cover such eventualities	3
Other (Please Specify)	98
Can't remember	99

**ASK: IF Q9 = 1**

Q10b Which, if any, of the following measures did you take as part of the financial protection? Did you make sure that you would...  
MULTI CODE

Be refunded if your holiday provider went out of business before you were due to take your holiday	1
Be allowed to go on your holiday with a different provider if your original provider went out of business before you were due to take your holiday	2
Be immediately transported home if your holiday provider went out of business whilst you were away	3
Be allowed to continue your holiday even if your holiday provider went out of business whilst you were away, and still be transported home	4
None of the above	96
Not sure, can't remember level of protection received	99



**ASK: IF Q1 = 2 OR 3**

Q11a Thinking about your recent overseas holiday, did the company providing your holiday go out of business either before or after going on holiday, which meant that you had to make use of the financial protection provided with your holiday?

SINGLE CODE

Yes	1
No	2
Can't remember	99

**ASK: IF Q11a = 1**

Q11b Please select which of the following arrangements you were provided with?

SINGLE CODE

I was refunded before I was due to take my holiday	1
Arrangements were made so that I could go on my holiday with a different provider	2
I was immediately transported home as my holiday provider went out of business whilst I was away	3
I was allowed to continue my holiday and was transported home at the end of it	4
None of the above	96
Not sure, can't remember level of protection received	99

**ASK: IF Q11b = 1-4**

Q11c How satisfied were you with the arrangement that was provided for you?

SINGLE CODE

Very satisfied	1
Fairly satisfied	2
Neither satisfied not dissatisfied	3
Fairly dissatisfied	4
Very dissatisfied	5
Don't know	99

**ASK: IF Q11c ≠ 99**

Q11d What, if anything, would have worked better for you?

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**ASK: IF Q5 = 1, 2 OR 3**

Q12 Thinking about the next holiday overseas (involving a flight) you are likely to go on, which of the following combinations of holiday components are you likely to book?

SINGLE CODE

<b>Flight</b> only (other components would be booked separately through a different provider(s))	1
<b>Flight</b> with <b>accommodation</b> booked through the same provider	2
<b>Flight</b> with <b>car hire</b> booked through the same provider	3
<b>Flight</b> with <b>accommodation</b> and <b>car hire</b> booked through the same provider	4
Not sure	99

**ASK: IF Q12 = 1-4**

Q13 How do you plan to book your holiday?

Please select as many as apply in each row  
Multi CODE PER ROW

	Book with a Travel Agent	Book with an airline	Book direct with a tour operator	Book with another supplier (e.g. hotel)	Don't plan to take this component	Don't Know
USE ANSWER LIST FROM Q6	1	2	3	4	5	99

**ASK: IF Q5 = 1 – 3 OR 99**Q14 When booking your next holiday involving flights will you take any steps to ensure that you would be financially protected in the event that the company providing your holiday (and any additional holiday components) goes out of business either before or during your trip?  
SINGLE CODE

Yes – definitely	1
Yes – probably	2
No – probably not	3
No – definitely not	4
Not sure	99

**ASK: IF Q14 = 1 - 4**Q15 Why do you say that?  
OPEN END

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**ASK: IF Q14 = 1 OR 2**

Q16 How will you make sure the level of protection you require is provided?

Please select as many as apply  
MULTI CODE

I/we will make sure it is automatically provided as part of the holiday package	1
I/we will book the holiday by credit card to ensure it is automatically provided	2
I/we will take out a travel insurance policy specifically to cover such eventualities	3
Other (Please Specify)	4
Don't Know	99

**ASK: IF Q14 = 1-3, OR 99**

Q17 Which, if any, of the following measures would you wish to seek protection for?  
MULTI CODE

Be refunded if your holiday provider went out of business before you were due to take your holiday	1
Be allowed to go on your holiday with a different provider if your original provider went out of business before you were due to take your holiday	2
Be immediately transported home if your holiday provider went out of business whilst you were away	3
Be allowed to continue your holiday even if your holiday provider went out of business whilst you were away, and still be transported home	4
Be able to purchase comparable return flights to the UK if your holiday provider went out of business whilst you were away and then have this money refunded to you	5
None of the above	96
Other - specify	99

**ASK: ALL**

Q18 A number of travel industry associations exist and some offer to protect the certain interests of consumers. Which, if any, of the following organisations and associations do you think provide financial protection to consumers in the event of a holiday provider going out of business?  
SINGLE CODE PER ROW  
RANDOMISE ORDER

	Yes	No	Don't know	Haven't heard of them
Air Travel Organiser's Licensing – ATOL	1	2	3	4
Association of British Travel Agents – ABTA	1	2	3	4
Association of Independent Tour Operators – AITO	1	2	3	4
British Air Transport Association – BATA	1	2	3	4
International Air Transport Association – IATA	1	2	3	4
Travel Trust Association – TTA	1	2	3	4
ELFAA The European Low Fares Airline Association	1	2	3	4
Board of Airline Representatives in the UK (BAR-UK)	1	2	3	4

**ASK: IF CODED 2, 3 OR 4 FOR ATOL AT Q18**

Q19 Have you heard of ATOL before today?

Yes	1
No	2

**ASK: IF CODED 1 FOR ATOL AT Q18 OR Q19 = 1**

Q20 How well informed do you feel about the types and levels of ATOL protection available to consumers in the event that their holiday provider goes out of business?

Very well informed	1
Fairly well informed	2
Fairly ill-informed	3
Very ill-informed – I have heard the name but don't really know anything about it	4

**ASK: IF CODED 1 FOR ATOL AT Q18 OR Q19 = 1**

Q21 Based purely on what you know about ATOL protection today which of the following statements relating to ATOL protection do you think are true?

CARD SORT – RANDOMISE ORDER THAT CARDS ARE PRESENTED

	True	False	Don't know
All firms that sell flights and/or flight-inclusive holidays provide ATOL protection (e.g. airlines, tour operators, travel agents)	1	2	99
If you have ATOL protection you will be provided with a refund if the firm you booked with goes out of business before you travel	1	2	99
If you have ATOL protection you should be able to continue your holiday and fly home as planned if the firm you booked with goes out of business whilst you are away	1	2	99
If you have ATOL protection and the firm you booked with goes out of business whilst you're overseas, you will have to make your own travel arrangements to get home and then claim compensation after the event	1	2	99
ATOL protects all flights from the UK	1	2	99
ATOL does not protect holidays sold by airlines	1	2	99
ATOL does not protect bookings made over the internet	1	2	99
ATOL does not protect bookings made with travel agents	1	2	99
All package holidays are subject to ATOL protection, including cruises or domestic breaks	1	2	99
If you book a flight plus another component such as car hire and/or accommodation, with the same firm, these are subject to ATOL protection	1	2	99
ATOL protects all types of holidays from city breaks, safaris and two-week beach holidays, to round the world trips.	1	2	99

**ASK: ALL**

Q22 Have you ever taken a holiday that has had ATOL protection?

Yes	1
No	2
Not sure	99

**ASK: IF Q22 = 1**

Q23 Were you provided with a receipt, either by a travel agent that you booked with or directly from the ATOL holder, confirming the ATOL protection applied to your holiday?

Yes	1
No	2
Can't remember/Not sure	3
Don't know – I wasn't directly responsible for arranging the holiday	4

**SHOW INFO TO ALL:**

Please read this information carefully.

An Air Travel Organisers Licence (ATOL) protects you from losing your money or being stranded abroad. The ATOL protection scheme is managed by the Civil Aviation Authority (CAA) and all travel firms selling air packages must have an ATOL or act as an authorised agent of an ATOL holder.

Before an ATOL is issued the CAA checks firms in order to reduce the risk that companies offering air packages are at risk of going out of business. It also requires firms to pay into the CAA's financial guarantee scheme. This provides money to protect customers. If your tour operator were to fail, the CAA will make a refund to you from this fund, or, if you are abroad, it will arrange for you to finish your holiday and fly home.

If an airline you are due to travel with fails, the ATOL-protected tour operator must make alternative flight arrangements for you, whether you're already on holiday or due to go.

ATOL does not protect you if you book direct with an airline or just book accommodation abroad.

**ASK: ALL**

Q24 Currently it is a requirement that when you pay any money (even a deposit) towards an ATOL protected flight or package, the ATOL holder, or their agent, should issue documentation that identifies the services that they have paid for, which of these are ATOL protected and whose ATOL licence is protecting those services. From 1<sup>st</sup> October 2012 it will become a requirement to present this information in a standardised format on an ATOL Certificate. The ATOL Certificate will also tell consumers what they need to do if the holiday provider fails. Would you be more or less likely to book an ATOL protected holiday knowing that you will be issued with an ATOL Certificate?

Much more likely to buy an ATOL protected holiday	1
A little more likely	2
It won't make any difference	3
A little less likely	4
Much less likely to buy an ATOL protected holiday	5
Don't Know	99

**ASK: ALL**

Q25 When or if booking holidays eligible for ATOL financial protection, would you like to receive a confirmation/ATOL Certificate from your holiday provider to inform you that your holiday is ATOL protected?

Yes	1
No	2
Don't know	99

**ASK: IF Q25 = 2**

Q26 Please can you explain why?

**ASK: IF Q25 = 1**

Q27 Thinking about the information which would be provided with the ATOL Certificate, what should be optional, what should be mandatory or should it be included at all?

MULTI CODE

	Optional	Mandatory	Should not be included	Don't know
Which components of my holiday are protected	1	2	3	99
What will happen if my holiday provider's business collapses	1	2	3	99
What types of arrangements will or can be made to ensure I am not stranded abroad or can still go on my holiday, and if I have a choice	1	2	3	99
How any necessary arrangements will be made	1	2	3	99
How will I be informed of any new arrangements made for me	1	2	3	99
Dates of my travel	1	2	3	99
Destination(s) of my travel	1	2	3	99
Name and details of the person making the booking only	1	2	3	99
Names and details of all those going on that holiday	1	2	3	99
Helpline number to call in case my holiday provider's business collapses	1	2	3	99
Person to contact in case my holiday provider's business collapses	1	2	3	99
Other (Please Specify)	1	2	3	99

**ASK: IF Q25 = 1**

Q28 How should this ATOL Certificate be provided?

MULTI CODE

E-mail	1
Post	2
In person (when booking face-to-face at a travel agent's shop)	3
Other (Please Specify)	98
Don't know	99

**ASK: ALL**

Q29 Why do you say that?

OPEN END

**ASK: IF Q24 = 1**

Q30 What benefits would this type of ATOL protection certificate bring to holidaymakers travelling abroad?

OPEN END

**ASK: ALL**

Q31 Thinking more generally about holidays and risks involved, how likely are you to book ATOL protected holidays in the future, i.e. ones which include a flight booked with an ATOL holder or an air travel package with at least accommodation or car hire booked with the same provider?

SINGLE CODE

Very likely	1
Fairly likely	2
Neither likely nor unlikely	3
Fairly unlikely	4
Very unlikely	5
Don't Know	99

**ASK: ALL**

Q32 Why do you say that?

OPEN END

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**ASK: ALL**

Q33a At the moment, holidaymakers who book ATOL protected holidays (that are those which include a flight from an ATOL holder or a package holiday) are protected financially in case the company which providing these arrangements collapses. This ensures that they are able to either continue their holiday or return home.

Do you think that holiday makers should be protected, against circumstances which may prevent air travel for those who have already booked their holiday?

Yes	1
No	2
Don't Know	99

**ASK: IF Q33a = 1**

Q33b Which, if any, of the following outcomes do you think such a scheme should provide?  
MULTI CODE

Booked arrangements transferred to another provider	1
Be refunded if your holiday provider went out of business before you were due to take your holiday	2
Be allowed to go on your holiday with a different provider if your original provider went out of business before you were due to take your holiday	3
Be immediately transported home if your holiday provider went out of business whilst you were away	4
Be allowed to continue your holiday even if your holiday provider went out of business whilst you were away, and still be transported home	5
Be able to purchase comparable return flights to the UK if your holiday provider went out of business whilst you were away and then have this money refunded to you	6
Compensation for any inconvenience (Please specify what this would consist of)	
Other (Please Specify)	98
Don't Know [SINGLE CODE]	99

**ASK: IF Q33b ≠ 99**

Q34 Thinking about the outcomes that you think a scheme should provide (please see below), how much, if anything, would you be willing to pay for this?

- [INSERT ALL OPTIONS SELECTED AT Q33b AS BULLET POINTS]

[OPEN NUMERIC] (£)	1
Nothing at all	2
Don't Know	99

**ASK: IF Q33c ≠ 99**

Q35 If the ATOL financial protection scheme provided the outcomes that you selected (please see below), how much more likely would you be to book ATOL protected holidays?  
SINGLE CODE

- [INSERT ALL OPTIONS SELECTED AT Q33b AS BULLET POINTS]

Much more likely	1
More likely	2
Neither likely nor unlikely	3
Fairly unlikely	4
Not at all more likely	5
Don't Know	99



**ASK ALL**

Q36 Which, if any, of the following circumstances do you think a scheme should protect against?  
MULTI CODE

Airline industrial strike action	1
Natural disaster	2
Flight cancellation	3
Missed flight	4
Failure of an airline (going out of business)	5
Failure of a tour operator	6
Failure of a supplier other than a tour operator or airline e.g. hotel	7
Air Traffic Controller strike action	8
Extreme weather conditions preventing travel	9
Other (Please Specify)	98
Don't Know [SINGLE CODE]	99

**Thanks, that is almost the end of the survey. We just have a few more questions that will help us to analyse the data we collect:**

**ASK: ALL**

C4. Please tick the box that best matches the occupation of the person who receives the highest income in your household

Higher managerial / professional / administrative - e.g. Established doctor, Board Director in large organisation (200+ employees), top level Civil Servant / public service employee)	1
Intermediate managerial / professional / administrative – e.g. newly qualified doctor (under 3 years), Solicitor, Board director small organisation, middle manager in large organisation, principal officer in civil service / local government	2
Supervisory or clerical / junior managerial / professional / administrative - e.g. office worker, Student Doctor, Foreman with 25+ employees, salesperson etc)	3
Student	4
Skilled manual worker (e.g. Skilled Bricklayer, Carpenter, Plumber, Painter, Bus/ Ambulance Driver, HGV driver, AA patrolman, pub/bar worker, etc)	5
Semi or unskilled manual work (e.g. Manual workers, all apprentices to be skilled trades, Caretaker, Park keeper, non-HGV driver, shop assistant)	6
Casual worker - not in permanent employment	7
Housewife/ Homemaker	8
Retired and living on state pension	9
Unemployed or not working due to long-term sickness	10
Full-time carer of other household member	11
Other	98
Prefer not to say	97

**ASK: ALL**

C5. Into which band does your average annual household income fall before deductions (such as income tax)?

Under £5,000	1
£5,000 - £14,999	2
£15,000 - £24,999	3
£25,000 - £34,999	4
£35,000 - £49,999	5
£50,000 - £74,999	6
£75,000 - £99,999	7
£100,000 - £149,999	8
£150,000 +	9
Prefer not to say	97

**ASK: ALL**

C6. Which of the following best describes your current circumstances?

Married or in a civil partnership and living with partner	1
Not married or in a civil partnership and living with partner	2
In a relationship but not living with a partner	3
Single and living alone	4
Single and living with parents / family	5
Single and living with friends	6
Other (specify) _____	98
Prefer not to say	97

**ASK: IF C6≠4**

C7 Including yourself, how many people in total are there in your household?

One	1
Two	2
Three	3
Four	4
Five or more	5
Prefer not to say	97

**ASK: IF C7 = 1–4**

C8 Are there any children under the age of 16 living in your household?

No, none	0
Yes – one	1
Two	2
Three	3
Four	4
Five or more	5
Prefer not to say	97

**Thank you very much for completing our questionnaire.**

**If you would like to find out more about ATOL protection go to:**

[www.atol.org.uk](http://www.atol.org.uk)

# Focus groups recruitment screener



## Recruitment Questionnaire Research among Holidaymakers

Good morning/afternoon. I work for a company called Opinion Leader, an independent research agency. I am looking for people to take part in some research about booking holidays. We are holding a focus group to discuss how you currently book your holidays and what the main things are that you look for when booking holidays. The group would take place in the evening and last around 1.5 hours.

As a token of our appreciation for your valuable time and input and to cover any expenses you might incur travelling to the group, we will be offering you £50 in cash

If you are interested I just need to ask you a few questions first. (If yes continue, if no, thank and close)

1. Have you, any member of your family or your friend been employed in marketing or market research?

Yes	THANK AND CLOSE
No	CONTINUE

2. Have you been on holiday abroad (outside of the UK) in the last three years?

Yes	CONTINUE TO Q4
No	CONTINUE TO Q3

3. Are you planning to go on holiday abroad in the next 12 months?

Yes	CONTINUE
No	THANK AND CLOSE

4. Did (or will) your holiday involve a flight?

Yes	CONTINUE
No	THANK AND CLOSE

### **GROUPS:**

5. Please indicate city where recruitment is taking place:

<b>London</b>	2 x evening groups on 20 <sup>th</sup> August 2012	GO TO Q6
<b>Manchester</b>	2 x evening groups on 21 <sup>st</sup> August 2012	GO TO Q7
<b>Glasgow</b>	2 x evening groups on 22 <sup>nd</sup> August 2012	GO TO Q8

6. London, 20th August 2012 - evening

	<b>Group 1 – 6.30pm start</b>	<b>Group 2 – 8.15pm start</b>
	Have no children / not pregnant	Have children 12-18 years old
18-24	Recruit 8	-
35-54	-	Recruit 8

7. Manchester, 21st August 2012 - evening

	<b>Group 3 – 6.30pm start</b>	<b>Group 4 – 8.15pm start</b>
	Have children under 12 years old	Children left home
25-34	Recruit 8	-
55+	-	Recruit 8

8. Glasgow, 22nd August 2012 - evening

	<b>Group 5 – 6.30pm start</b>	<b>Group 6 – 8.15pm start</b>
	Have children under 12 years old	Have children 12-18 years old
25-34	Recruit 8	-
35-54	-	Recruit 8

#### **DEMOGRAPHIC INFORMATION**

To ensure that we are speaking to a fairly representative sample of people, please can I ask a few questions about you?

9. Which of the following best describes your ethnic background? We are asking this as we want to ensure we speak to people from different sorts of backgrounds. (PLEASE TICK ONE BOX ONLY)

<b>White</b>		<b>Black or Black British</b>	
White British	1	Caribbean	9
White Irish	2	Ghanaian	10
Eastern European	3	Nigerian	11
Any other white background	4	Somali	12
		Any other African background	13
		Any other Black background	14
<b>Asian or Asian British</b>		<b>Mixed</b>	
Indian	5	Mixed - White and Black Caribbean	15
Pakistani	6	Mixed - White and Black African	16
Bangladeshi	7	Mixed - White and Asian	17
Any other Asian background	8	Any other mixed background	18
		<b>Chinese or other ethnic group</b>	
		Chinese	19
		Other (please state):	20

**QUOTAS: 10 x BME across all groups**

10. What is your working status? (PLEASE TICK ONE BOX ONLY)

Male	1	Female	2
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**QUOTAS: Minimum of 3 men and 3 women per group**

11. What is your working status? (PLEASE TICK ONE BOX ONLY)

Employed full or part time	1	Full-time student/school	7
Self-employed	2	Looking after home/family	8
Retired	3	Permanently sick or disabled	9
Other inactive (e.g. maternity leave, carer etc)	4	Other (please write in):	10
Unemployed	5		

12. What is the occupation of the chief income earner in your household? [WRITE IN ]

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CODE SOCIO ECONOMIC GROUP		
1	AB	High / Intermediate managerial, administrative or professional
2	C1	Supervisory, clerical and junior managerial, administrative or professional
3	C2	Skilled manual worker
4	D	Semi and unskilled manual worker
5	E	State pensioners, casual and lowest grade workers, unemployed with state benefits only

**QUOTAS: Ensure a good spread**

**ADDRESS AND CONTACT DETAILS**

13. In order that we can contact you to arrange a time for you to attend a discussion, can we take down your contact details? (RECORD CONTACT DETAILS)

Name	Full Name	
Contact	Telephone No.	
	Mobile No.	
	E-mail Address	
Postal	Address Line 1	
	Address Line 2	
	City / Town	
	Postcode	

**SPECIAL REQUIREMENTS**

14. Do you have any communication, access or dietary requirements that we need to take in to account?  
PLEASE RECORD

<p><b><u>INTERVIEWER'S DECLARATION:</u></b></p> <p>THIS IS A TRUE RECORD OF AN INTERVIEW WHICH HAS BEEN CONDUCTED WITH A RESPONDENT WHO IS NOT A RELATIVE OR A FRIEND OF MINE</p> <p>INTERVIEWER'S SIGNATURE ..... DATE .....</p>
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# Discussion guide

## CAA – Holiday Financial Protection

### Group Discussion Guide (90mins)

#### 1. Introduction (10 minutes)

*(To introduce the research, warm up participants and begin to introduce the topics of internet use and household decision-making to participants)*

##### Moderator

- Introduce self and Opinion Leader
- Outline purpose of research: Opinion Leader is carrying out research commissioned by the Civil Aviation Authority which explores what people think about financial protection when they book an overseas holiday that involves a flight.
- Remind participants to be open and honest with their feedback. Stress confidentiality and mention that discussion will be recorded, though reported comments not attributed to them personally.

##### Warm up exercise

*Moderator ask participants to answer in turn:*

Name, tell me a little bit about yourself, something about some recent holidays that you've been on or are going on in the future and where you'd like to go if you could go anywhere in the world.

#### 2. Awareness of consumer holiday protection (25 mins)

*(Aims to explore generally the process by which people book their holidays. Examine the extent to which people consider protection when going through this process and the importance of having protection for them. Also to explore people's awareness of different sorts of protection and the ATOL scheme particularly.)*

- I'd like to think initially about how you came to book the holiday that you had recently or that you're going on soon. Can you describe the process that you went through in coming to book your holiday?
- When did you make the decision to go on holiday?
- How did you research what was available? PROBE: Online, through travel agents, press
- And how did you come to book the holiday that you went on / are going on soon? PROBE: Online, through travel agents, booked directly from service providers
- In terms of getting ready for and booking your holiday, did you or do you usually consider what might happen should your holiday plans 'fail' in some way? For example if the company providing the holiday or the airline you're using go bust?
  - What sorts of considerations of this type do/did you have?

- What do / did you think you might do or what do you think would happen with your holiday should these things occur?
- Did or do you usually consider how you would be protected *financially* in relation to your holiday, should the things we mentioned occur?
- Did you think that you would be protected financially from events such as these naturally?
  - In what way / why did you think you'd be protected?

IF WAS CONSIDERED:

- Can you describe when in the process of booking and getting ready for your holiday you considered or would consider how you would be protected financially?
  - PROBE: was this something you consider(ed) from the outset or were you prompted in some way?
  - Why did/do you think about this initially / Why do you consider this protection to be important?
  - How were you prompted to think about this?

IF WAS NOT CONSIDERED OR DID NOT THINK ABOUT PROTECTION INITIALLY:

- Can you describe why you didn't think about protection initially or why don't you think about protection usually?
- I now want to think about more specifically about the forms of financial protection for holidays that are available. Can you tell me any ways in which holidays are protected or protection schemes that you are aware of which I can list?

Moderator to write-up suggestions and to probe accordingly after each suggestion:

- How much do you know about this sort of protection? Can you tell me how this protection works / what it consists of?
- How is this protection usually gained? Is there a charge? How much?
- Which of these schemes and ways of protecting your holiday do you use or prefer? Why?
- Would your choice of protection depend on the type of holiday that you were booking? For example, what about for a foreign city break versus a two week holiday abroad, or for a holiday in the UK, or for a holiday that doesn't involve a flight such as a ferry / drive in Europe or holiday in this country versus one that does? Why would / why wouldn't it depend?
- Would you be more or less likely to think about protection in any of these scenarios? Why/ why not?
- Would the way in which you're likely to book these sorts of holidays have any impact on your thinking about protection? For example are you more likely to think about protection when you book a holiday yourself by contacting providers directly or through a travel agent? Why / why not?

- And would the way you book the holiday, for example by going through a travel agent versus booking flights and accommodation yourself have an impact on the type of protection that you'd be looking for? Why / why not?

IF ATOL NOT MENTIONED SPONTANEOUSLY:

- Specifically I'm going to be interested in talking about the ATOL protection scheme. Is this a scheme that you are aware of?
- What in particular do you know about it?
- On what occasions is the ATOL scheme relevant? PROBE: For what sorts of holidays? What would have to happen for this protection to come into play?

### 3. Preferences of financial holiday protection (20 mins)

*(Aims to explore what people's expectations are of financial holiday protection)*

Moderator to provide more detail on the reasons for the research:

The Civil Aviation Authority who manage the ATOL (Air Travel Organisers Licensing) scheme have commissioned Opinion Leader to undertake research on people's attitudes towards the extent of protection afforded to them, whether they want protection and for what, as well as general awareness of ATOL.

We'd like to know more about your expectations of protection schemes generally.

- When you look for, or when you think about financial protection for your holiday, what are your expectations of what the scheme will cover?
- In what situations would you expect the protection to come into play?
  - PROBE: Tour operator collapse? Airline collapse? Natural disasters preventing travel? Anything else?
- Which of these situations should the protection cover as standard and which do you feel are 'nice-to-haves'? Why?
- Would you expect to pay some cost to gain any of these protections? Which ones? Why / why not?
- Can you describe what you would expect the protection to do in the light of these sorts of events?
- Which of these things are particularly desirable or important?

Moderator to provide more detail on what protection is available using handout

If you look at this handout it shows you some of the options which are available regarding how you might protect the holiday that you've booked. For instance refund and repatriation services through ATOL, protections available through purchasing with credit cards and other types of travel insurance.

- Were you aware that these protections are available?
- Are any of these protections particularly interesting to you? Which ones / why?



- PROBE: What about the protection enabling repatriation, providing a full refund or allowing for the fulfilment of booked travel services, are these outcomes the sorts of things you'd be interested in? Why / why not?
- Are any of these protections particularly important? Why / why not?
- Would you expect the way that you booked your holiday, such as through a travel agent versus contacting providers directly, would have an impact on what sort of protection is available? Why / why not?
- Do you think that the way in which you book your holiday should have an impact on whether or not you are protected? Why / why not?

#### Moderator to provide more information on the ATOL scheme specifically:

ATOL covers customers who buy flights or holidays including a flight plus accommodation or car hire through a tour operator. At present flights (whether with or without accommodation or car hire) purchased directly from an airline are not be protected by ATOL if the airline fails.

- Do you think that ATOL Protection should be extended to cover individuals who don't book their travel through tour operators but who purchase flights directly from an airline? Why / why not?
- What if there was some cost applied to your holiday to account for this extended protection? How much, if any, would you be willing to pay?
  - PROBE, £1, £5, £10, £20?
- Do you think that any other conditions other than offering protection just to those who book through a tour operator should be put in place in order to reduce any additional costs?
- What would these conditions be?

#### 4. Preferred detail of protection scheme (20 mins)

*(Aims to explore the details of any protection scheme in terms of who is the provider and the logistics of delivering protection by providing participants with scenarios)*

We've discussed the role of the ATOL scheme, what it covers and what you can expect from this protection, now I'd like you to consider what you'd ideally want the protection to provide. For this, first imagine a scenario where you are planning a holiday to Turkey and you have booked your flights and hotels:

#### Moderator to present scenario 1:

##### **Scenario 1**

Imagine that the airline or tour operator you booked your holidays with collapsed before you embarked on your holiday.

- How would you want the protection scheme to cover you in this situation?
- What would you want to happen / What would you want the outcome of this to be?

- PROBE: Would you want to be re-funded or would you expect another outcome?
- PROBE: What about the holiday you booked being provided by another operator? Would that be something that you might be interested in?
- Why / Why not?

### Moderator to present scenario 2:

#### **Scenario 2**

And now imagine that the airline or tour operator you booked your travel with collapsed whilst you were abroad.

- How would you want the protection scheme to cover you in this situation?
- What would you want to happen / What would you want the outcome of this to be?
  - PROBE: Would you want the holiday to continue as booked and to be repatriated at the end of your holiday, provided with some sort of compensation or would you expect another outcome?
  - PROBE: What would you want this compensation to consist of?
- Who would you like to provide and govern this holiday financial protection scheme?
  - PROBE: Would this ideally come from Government / consumer bodies / financial sector / travel industry?
  - Why / Why not? What would be the advantages or disadvantages of these bodies in particular being responsible for providing this protection?
- In what way would this body provide the protection scheme? How would the body be responsible?
  - PROBE: Who would they work with in order to deliver the scheme?
  - PROBE: Who would your contact be with should you need the scheme to cover your holiday?
  - PROBE: How would protection be delivered to you should you require it?
- What would be the best way for the scheme to be funded?
- PROBE: Would this be through tax, a levy against travel industry, consumer money held in a trust, personal insurance?
- Who should manage those funds? Why?
- If you were expected to make a financial contribution towards having your holiday protected against the collapse of an operator, what would you consider to be a reasonable price for this type of protection?
  - Which services would you expect a protection scheme to provide for this price?

### **5. Ideal protection scheme (15 mins)**

*(Aims to understand what the key features of the ideal protection scheme are considered to be. Aims also to get participants to produce outputs which may be used for analysis / reporting)*

Moving on and thinking about all the things that we've discussed, I'd like you to work together to design the ideal holiday protection scheme.

#### Moderator to split participants into smaller groups

I'm going to give each group a list of questions about the ideal holiday protection scheme and in your groups please try to answer these questions and outline what the most important elements would be.

#### Moderator to give participants a handout to get them to answer key questions:

- What aspects of your holiday travel would your scheme cover?
- Which situations would be covered?
- What services would the scheme provide?
- Who would provide the scheme? How would you obtain it?
- How would the scheme be paid for?
- How would people know they were protected?

#### Moderator to get groups to feedback their answers to the questions

### 6. Conclusions and close (5 mins)

*(Aims to draw the session to a close and to distil what are considered to be the most important features of a holiday protection scheme)*

- Thinking about everything we have talked about today, what are the 3 key elements which should be included in the improved ATOL protection scheme?
- Are there any other elements of holiday protection which we've not discussed that you think are relevant?

Thank and close.

# ATOL handout



## ATOL

ATOL is a Government-backed scheme that financially protects holidays that include flights.

ATOL makes sure that if the firm you booked with ceases trading, you either receive a refund if you have not yet travelled, or can finish your holiday and come home to the UK if you are overseas at the time of failure.

It only protects air holidays (including flights, and either accommodation or car hire) and some flight only sales. Flights booked directly with airlines are not protected by ATOL.

The scheme has recently been reformed to ensure that any booking that seems like an air holiday, must be protected, stopping firms from selling travel arrangements that seemed like packages but in fact were not protected. In addition, from 01 October 2012, anyone who books an ATOL-protected holiday will be given a standardised ATOL Certificate clearly setting out what they have booked and what their protection is.

Any firm selling air holidays must by law hold an ATOL licence from the Civil Aviation Authority to do so. The CAA imposes strict checks on those who hold ATOLs to ensure they are fit and proper to run holiday companies and that they have suitable finances in place. This reduces fraud and the number of travel firm failures.

## Other protection

If you book a flight directly with an airline, **you will not be covered by ATOL if it fails when you are abroad**. You will need to book a new return flight with another airline. If there is a delay or no other airline flies the same route, you may need to book a hotel and/or do some extra travelling at one or both ends of your journey. You will have to make and pay for these arrangements yourself.

Some airlines offer reduced 'repatriation fares' for stranded passengers. These are usually available, by telephone only, within a few hours of an airline going bust (but maybe not immediately) and last about two weeks. For ordinary fares, you can check with other airlines or local travel agents, or ask at airport information or ticket desks.

However, if you are not booking an ATOL protected holiday or flight, if you wish you can protect yourself when booking by paying by **credit card** (for sums over £100) or Visa debit card - check what cover your card issuer offers.

Other insurance options may also be available. Some policies cover airline failure, usually by including **Scheduled Airline Failure Insurance** (SAFI). However, many policies don't include SAFI and some insurance providers exclude particular airlines. You may be able to buy SAFI as an add-on or buy separate holiday protection insurance.

## Scenarios

## SCENARIO 1

Imagine that the airline or tour operator you booked your holidays with **collapsed before you embarked on your holiday.**

WHAT NEXT?



## SCENARIO 2

And now...  
imagine that the airline or tour operator you booked your travel with **collapsed whilst you were abroad.**

WHAT NEXT?

