

640305/06 – Foreign Holidays – Self Catering and Hotels

Introduction

This index covers the cost of adult and child foreign holidays to a range of destinations.

Methodology

The index is calculated at the lowest level using an average of ratios for the RPI and the geometric mean of ratios for the CPI. Each month these are calculated for each holiday destination and tour operator and weighted by the split between adults and children. There are currently no child prices collected, so weight for children is currently zero, but the spreadsheet still has the functionality to calculate prices weighted between adults and children.

The approach used ensures that prices only enter the index in the month the holiday is taken.

Further, in the comparison of like with like the index considers the "month of holiday" to be a defining characteristic of the product. This being so, the base price for each holiday (say, a holiday to Spain in July) is not the January price for a holiday to Spain but the last price observed for a "holiday in Spain in July" - or more clearly, the price from the previous year. These issues are articulated, at length, in the Retail Prices Index Advisory Committee reports for July 1990 and January 1993.

Weights

The spreadsheet is weighted according to destination, month and tour operator. Tour Operator weights are obtained from the latest [REDACTED] report on Foreign Holidays. Destination and month weights can be obtained from the IPS survey data - data from the latest IPS survey can be found in [REDACTED]

[REDACTED]. The split between adult and children is taken from the ONS publication *Travel Trends*. Weights for 2022 have not been updated due to the pandemic.

Obtaining the data

The spreadsheet contains a large number of prices. These are extracted from brochures and tour operator websites when brochures are unavailable and inserted in the relevant destination or holiday type worksheet against the relevant tour operator. The holidays used are the same as the previous year, ensuring a direct comparison. If a particular holiday is discontinued then a new one is chosen with prices recorded for the new holiday for both the current and previous year.

The foreign holidays spreadsheet runs on a winter and summer collection, both using prices for 7 night stays wherever possible. If 7 night stays are unavailable, then 5, 10 or 14 night stays can be used. City break holidays are the exception to this, where 3 night stays are priced. Winter runs from November to April and Summer from May to October. For both these periods the holidays should be priced as of departing on the 1st of every month. If the brochure/website doesn't have this option, then the 31st (or earlier) of the previous month is taken, as long as the holiday will run over to the 1st.

Processing the data

The holiday data is entered onto the individual country sheets. The cells into which the holidays are entered are shaded yellow. Cells shaded bright yellow indicate where there were prices in the previous year. The spreadsheet then automatically calculates an overall index on the index sheet.

The individual holiday sheets should be checked by the Team Coordinator for any high or low price relatives (shaded green for ease of reference) which indicate the holiday has changed significantly in price since the previous year. These green cells should be checked against the data provided for comparability and data entry errors.

Holiday prices can be entered in advance and while this will affect the future months' indices it will not affect the current month's index. However, the prices analyst must make sure that the most up to date version of the brochure is being used as several are published throughout the year.

New Year Set-up

Each year the prices analyst updates the dates and weights in the spreadsheet. The list of items being priced is reviewed and updated by the prices analyst and senior prices analyst if necessary. Advice on sample changes can be sought from the advisor.

The prices for the current year are copied and pasted into the cells for the previous year. The prices analyst notifies the team coordinator that the spreadsheet is ready for checking and gives them the new year checking sheet along with copies of the data to be checked. The team coordinator also updates the '**Time Series Data**' worksheet which contains the data used to generate the Time Series graph on the '**Index**' worksheet. This worksheet is updated by using the following SQL:

For **Foreign Holidays - Self Catering**:

```
select * from item_index_live  
where item_id = 640305
```

For **Foreign Holidays - Hotels**:

```
select * from item_index_live  
where item_id = 640306
```

Once the spreadsheet has been checked by the team coordinator, it is passed on to the designated spreadsheet sign-off checker, along with the base prices, documentation and any new weights data.