



Travel Wrap Up 2025





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That's A Wrap!

As 2025 draws to a close, one thing is clear: Australians haven't lost their passion for travel, they've simply redefined it with sharper intent.

This report takes you inside the 2025 travel landscape, unpacking key trends, shifting behaviours, the growing influence of AI, and what all of this means for the year ahead. A new outlook for 2026 is taking shape, led by travellers who are more deliberate, value-focused, and committed to making every trip count.

Domestic travel continues to thrive, while the softer Australian dollar is steering many toward closer, better-value destinations across Southeast Asia and the Pacific rather than long-haul trips. At the same time, AI powered tools are becoming a staple in the planning process, helping Australians research smarter, personalise their itineraries, and prepare with greater confidence.

Unsurprisingly, the cost-of-living squeeze remains the single biggest force shaping where, when, and how Australians intend to travel in 2026. People aren't travelling less; they're simply travelling more selectively, making value-driven choices their number one concern.

Whether it's finding the sharpest deals or discovering destinations that match your intended experience, both travel agents and AI have a role to play. But when it comes to safeguarding your trip, true protection is best left to travel insurance specialists.

Overall, 2025 paints a clear picture of a more thoughtful and purposeful traveller. As we head into 2026, Australians are focused on experiences that matter and travel protection they can rely on.

We invite you to dive into this report and explore the trends defining travel today.

Natalie Ball

Managing Director, 1Cover Travel Insurance



Where Are Aussies Travelling?

With a notable increase on domestic travel and a slight dip in traditional holiday hotspots like Bali and Fiji, Aussies are prioritising local adventures but are still showing a keen interest in up-and-coming destinations.

External Factors Affecting Travel

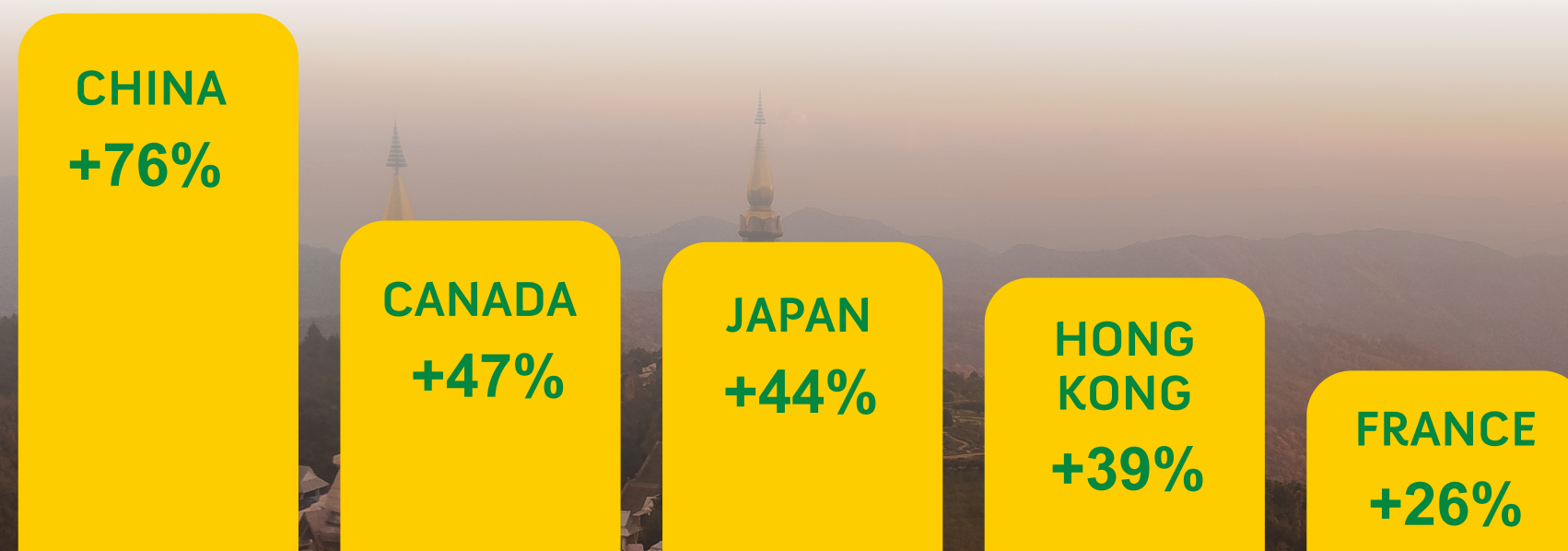
- Weaker \$AUD increases the appeal of value destinations in Southeast Asia
- Conflicts and regional tensions influencing destination choice
- AI shaping travel habits

Top 10 Destinations

- | | |
|----------------|------------------|
| 1 Bali 🇮🇩 | 6 New Zealand 🇳🇵 |
| 2 USA 🇺🇸 | 7 Canada 🇨🇦 |
| 3 Japan 🇯🇵 | 8 Vietnam 🇻🇳 |
| 4 Australia 🇦🇺 | 9 Fiji 🇫🇯 |
| 5 Thailand 🇹🇭 | 10 France 🇫🇷 |

*1Cover purchase data

Up and coming destinations



*1Cover purchase data 2024 v 2025

The Tech— Travel Interface

Artificial intelligence is reshaping the way Australians plan and book their trips. From itinerary builders to flight-finding bots, more travellers are leaning on algorithms for ideas and inspiration, though at this stage, not without hesitation.

Trust & Limitations

6%

trust AI more than humans in their travel planning

39%

still prefer human advice

AI Adoption in Travel Planning

41% of travellers have used AI tools for research or preparation in 2025.

Most common uses

32%



Destination research

27%



Comparing prices

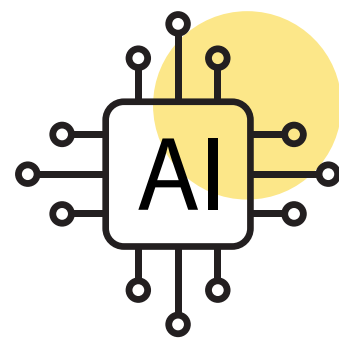
25%



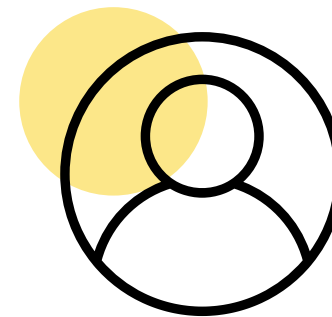
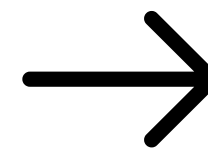
Itinerary building

Travel Insurance and AI

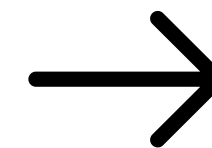
When it comes to AI controlling the whole buying process, two-thirds of customers said they would accept an AI recommendation but would still do their own research.



AI



Human Check



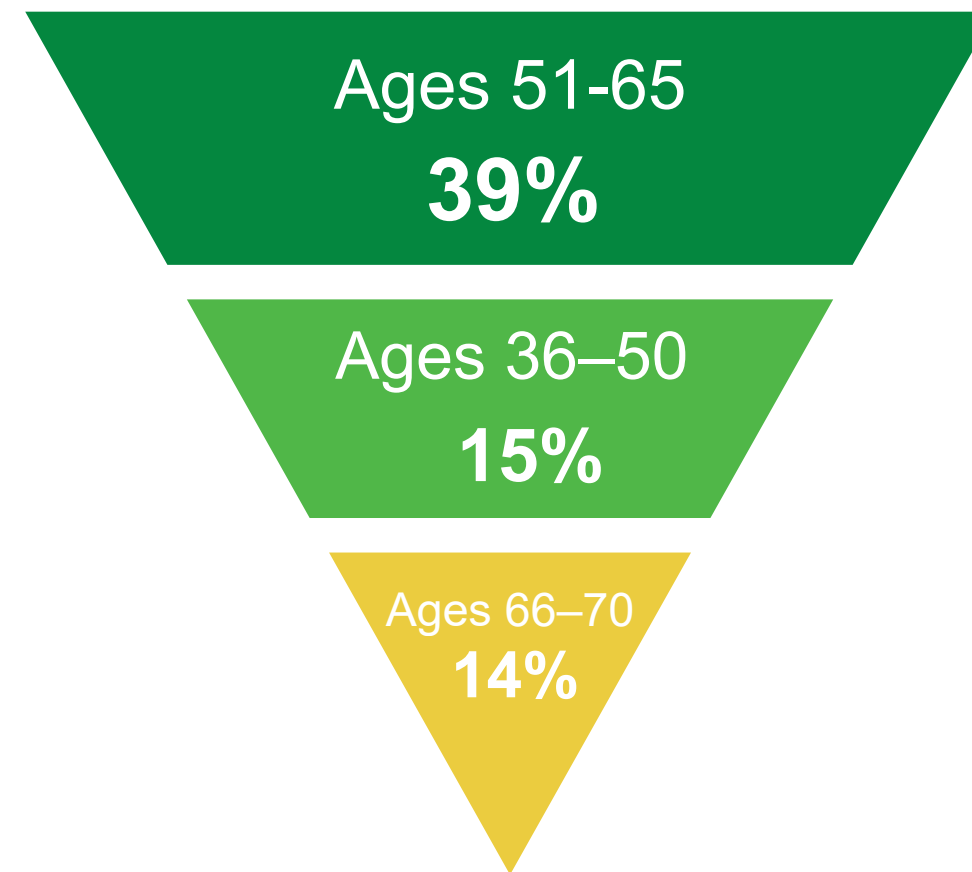
Purchase

*national survey results

Policy Buying Behaviour

1Cover's purchasing data shows that travellers aged 50 and over account for the largest share of policyholders, with younger travellers and families appearing more cautious about discretionary spending in 2025.

Who is buying



Type of Purchasers

58% Individual purchasers

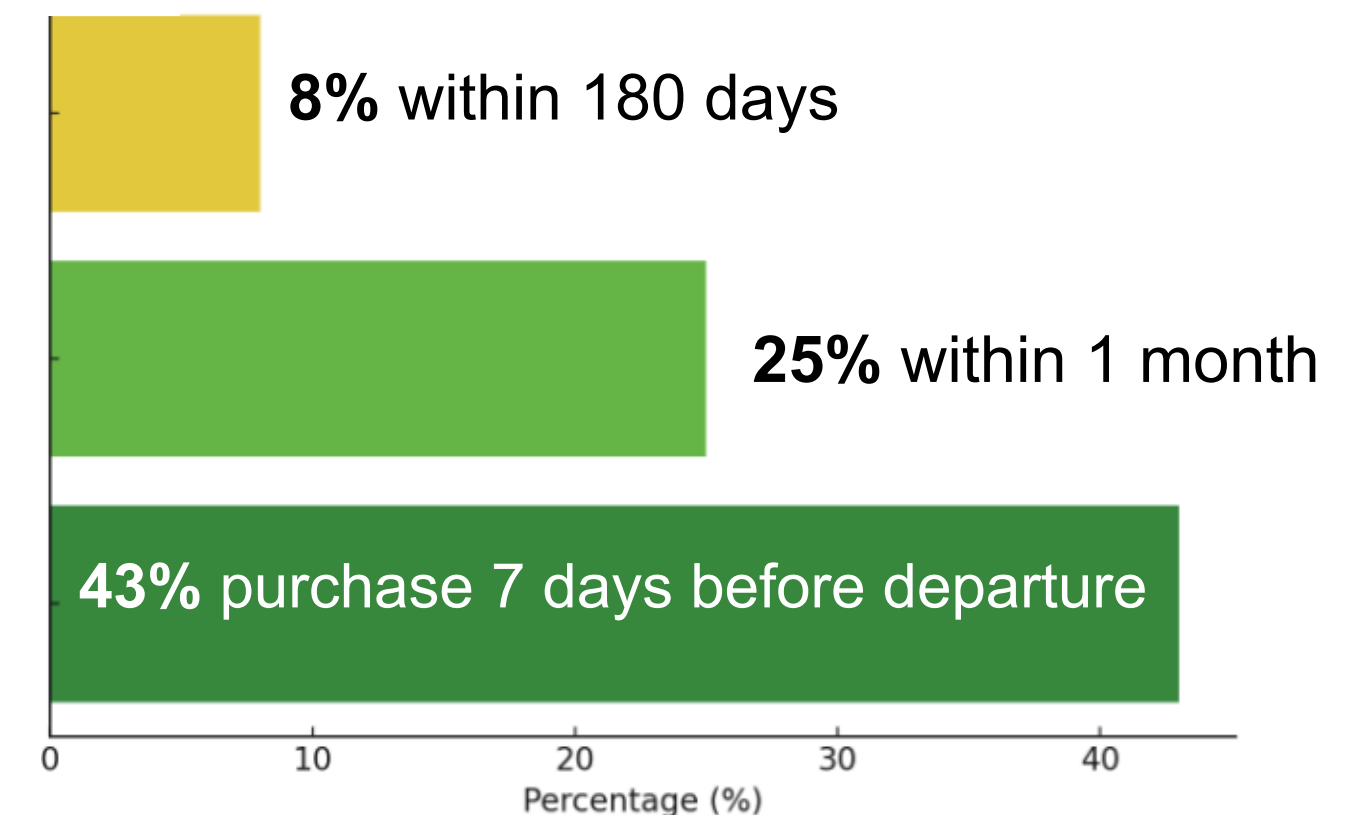
28% Couples

12% Families

Type of trips taken

20 days Average trip

Purchase Timing



*1Cover purchase data

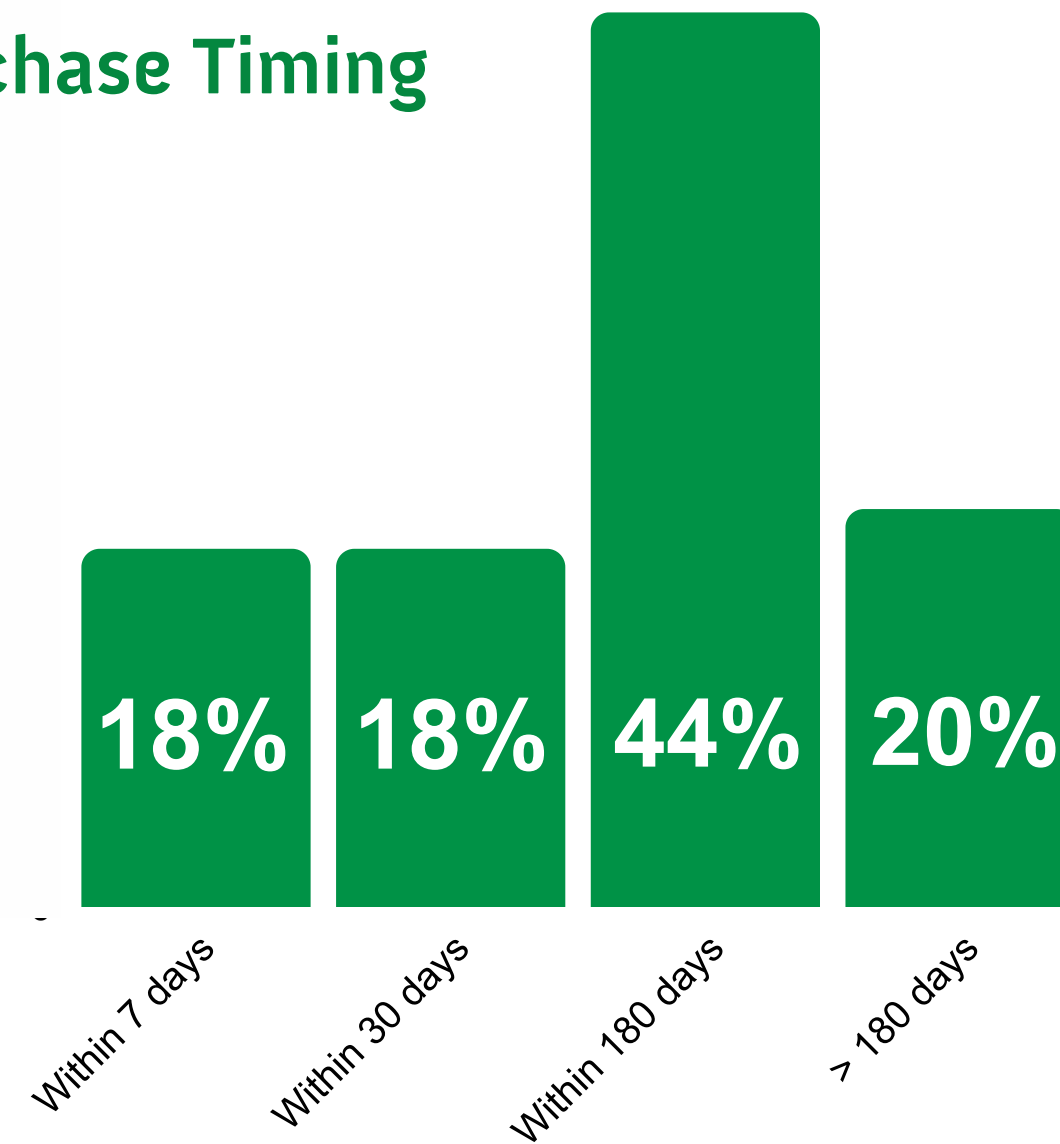
On Deck: 2025 Cruise Outlook

Cruising continues to be a popular holiday choice by Australians, with travellers booking longer voyages and planning well ahead in 2025.

Top Cruise Destinations



Purchase Timing



Purchase Trends

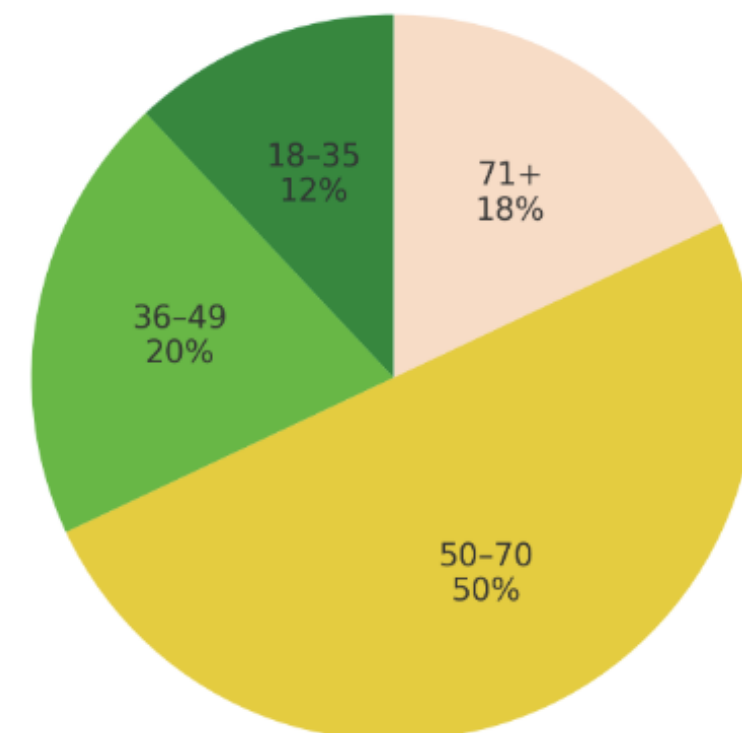
Cruise policy sales up YoY



Average cruise length



Age of Purchasers



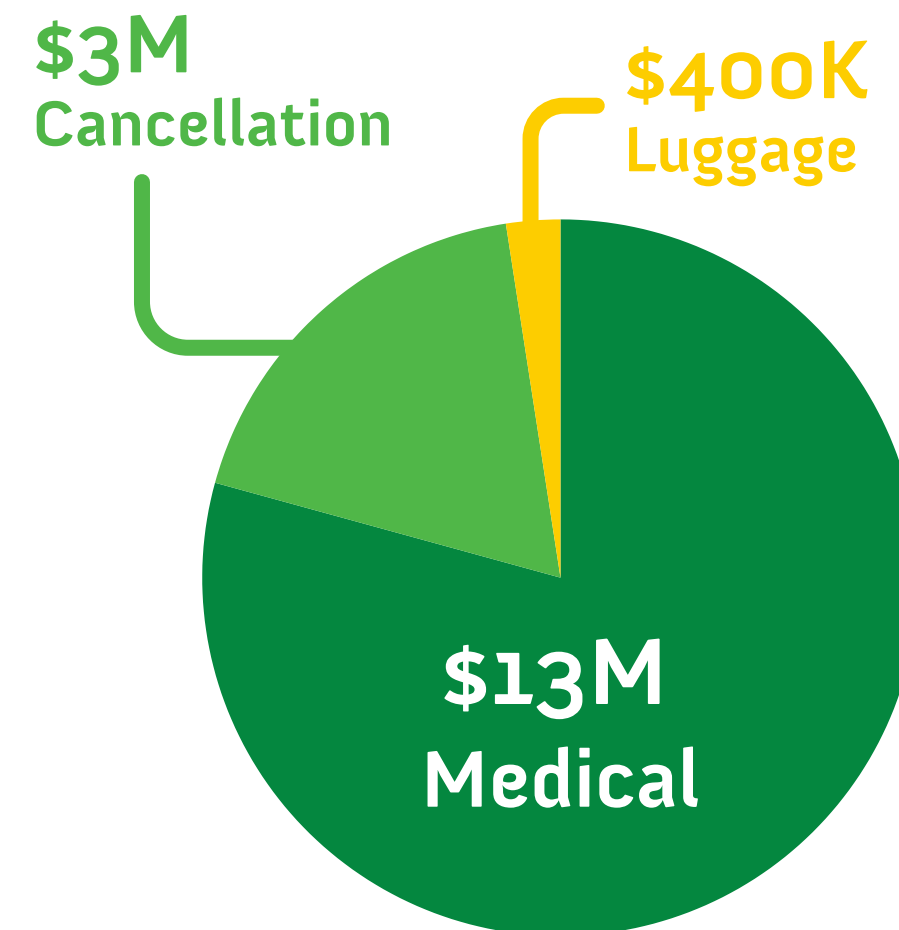
Claims Insights

Claims activity in 2025 highlighted just how unpredictable travel can be. Medical issues remained the most common reason people needed help, followed by trip cancellations and lost belongings. More than 11,000 claims were lodged across the year, with the largest cases involving major medical emergencies.

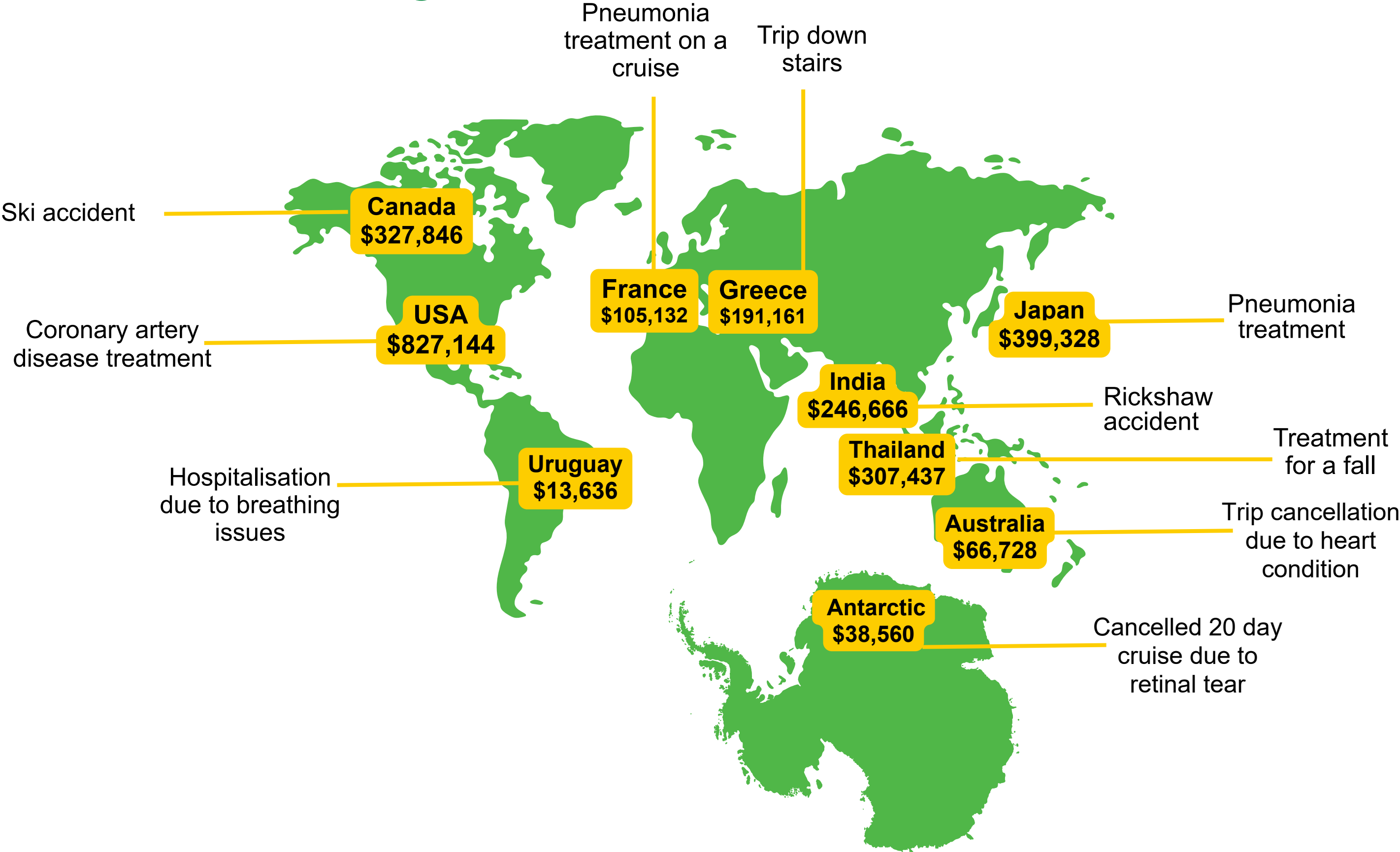
Top Destinations for Claims

- | | |
|----------------|---------------------|
| 1 Indonesia 🇮🇩 | 5 Thailand 🇹🇭 |
| 2 Australia 🇦🇺 | 6 New Zealand 🇳🇿 |
| 3 USA 🇺🇸 | 7 United Kingdom 🇬🇧 |
| 4 Japan 🇯🇵 | 8 Italy 🇮🇹 |

Claims Paid Out by Benefit



Claims Paid in 2025



*1Cover claims data

OUTLOOK: What's Next for Travel

Key Anticipated Trends for 2026

From budget-conscious choices to AI-powered planning, the way travellers are behaving is changing and highlights how they are likely to journey in 2026. More preparedness and value seeking are likely to shape more tailored, smarter and safer travel choices in 2026.



More Travel Ahead

Australians are expecting to travel more in 2026, or at least the same as they did in 2025



Cost-of-Living Shapes Choices

61% say cost will be their biggest influence on their travel choices in 2026



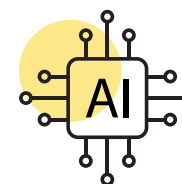
Closer, Better-Value Destinations Win

Asia and the Pacific are expected to grow in 2026



Preparedness Matters

Insurance and planning earlier in the booking cycle is top of mind for travellers heading into the new year



AI Enhances Travel Planning

Increasingly, travellers are using AI tools to discover destinations, personalise itineraries, and optimise bookings, making trip planning faster, smarter, and more tailored



THANK YOU

Drawing upon more than two decades of experience as one of Australia's premier travel insurers, we hope you enjoyed our insights into the travel industry and the behaviours of Australian consumers.

The report was created using our own sales & claims data, a nationwide survey and our own knowledge of the travel sector.

