

# downs & st. germain

## R E S E A R C H

### 2023 Travel Trends

#### Connecting the data dots

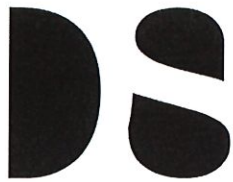
- Various technological advancements will have a significant influence on the typical trip and how destinations are marketed
- In response to technological advancements, retreats to authentic and off-the-grid types of vacations will increase in popularity

#### Responsible/Sustainable Tourism

- Focus on Responsible Tourism
  - Travelers want their spending to benefit the local economy and community and are willing to pay more accordingly (Virtuoso)
  - 70% of travelers said traveling in a sustainable way enhances their experience (Virtuoso)
  - Travelers will travel lighter reducing their carbon footprints (Amadeus)
    - Accommodations can help these visitors and generate additional revenue by renting out bulkier items such as sports equipment, exercise gear, etc.
- Rise of Experiential Travel
  - Focusing just on rest and relaxation is changing as nearly all travelers want part of their trip to be experiencing new or unique activities (Forbes)
  - 90% of travelers want to experience a destination “like a local” (Forbes)
  - DMOs that create content for their website and social media highlighting local cultural experiences will help raise the brand awareness of the destination
  - Experiential travel can take many forms including:
    - Cultural immersion: This can involve staying with a local family, participating in cultural activities and traditions, and learning about local history and customs.
    - Adventure Travel: Experiencing the outdoors through hiking, rafting, etc.
    - Volunteer travel: Give back to the community through conservation projects or working with a local organization
- Gen Z travelers are more likely to be interested in responsible and experiential travel (YouGov)

#### General

- Travel will continue to demand a larger share of the wallet resulting in an increase in travel spending in 2023 (U.S. Travel)
  - People did not truly appreciate the value of travel until it was taken away during the pandemic
  - Nearly half of travelers plan on spending more money on their next trip (Booking.com)
  - 3 in 5 U.S. adults plan to take a trip in the next 6 months, despite increased inflation (MMGY)
- Luxury travel is here to stay
  - Mid-range hotels are reducing standard offerings such as breakfast and housekeeping services, making luxury hotels stand out even more (Forbes)
- U.S. Dollar is stronger than it has been in a long time which will result in more Americans considering international trips (Forbes)



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- Most searched destinations have warm climates in common (Expedia)
- Travel planning and booking cycles shortened during the pandemic as travel rules and restrictions were constantly in flux. However, travelers are back to planning their trips well in advance (Forbes)
  - Insight: Booking ahead will become more important, especially at popular beach destinations and advertising timing will be impacted
- 39% of travelers have booked trips to destinations after seeing them on streamed shows and movies (Smart Destination)
  - TV series and movies are powerful marketing tools that will gain a greater share of ad dollars
- Growing interest in Off-the-grid vacations
  - National parks, remote areas, and the great outdoors will continue to see an increase of bookings (VRBO)
  - 57% of travelers wants to go “off-grid” in their next vacation (Booking.com)
    - How can your destination create off-grid experiences?
- Wellness retreats
  - 30% increase in demand in 2022 (Smart Destinations)
  - Almost half of global travelers are open to wellness breaks – the quirkier the better (Hotels.com)
  - Travel is a part of mental health as 93% of travelers reporting that vacations improve their mental health and well-being (ABTA)
  - Boomers will continue to be a large share of the wellness market, but other generations will place increasing importance on wellness travel in 2023

### Cruise

- More than half (55%) of leisure travelers are interested in taking a cruise in the next two years, with the highest interest coming from millennials, those with children, and those with higher household incomes (MMGY)
- The cruise market lagged other types of travel during the “revenge vacation” reaction to COVID - 2023 will increase opportunities to destinations near cruise ports to develop package vacations

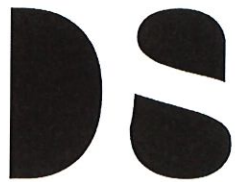
### International

- Visitors from Northern and Western Europe are most likely to take international trips in the upcoming year (YouGov)
- China will continue to lag as an origin market for North America vacations until its government lessens/removes COVID restrictions

### Millennial and Gen Z Travelers

- Younger travelers intend to splurge on travel moving forward
  - 80% of 18- to 34-year-olds are willing to pay to upgrade their experience (Expedia)
- 2 in 3 millennials worry about whether or not their vacation is an authentic experience (Forbes)
  - Remember the old adage: Tell them what they are going to get; give it to them; and tell them what they received





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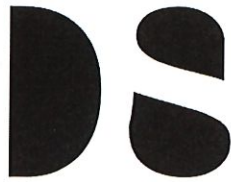
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## R E S E A R C H

- Millennials, the most well-traveled generation, are now taking their children (Generation Alpha) on adventures and seeking out exciting family vacation experiences that appeal to both generations (MMGY)
  - When catering to the Gen Alpha travel market, it's important to consider amenities such as convenient and fast Wi-Fi, in-room charging stations with multiple USB ports, recommendations from trusted influencers, visually appealing content (photos, videos, etc.), unique sleeping options (e.g. hammocks, tents, teepees), round-the-clock food options, and interactive features (e.g. gamification). These features can help you stay ahead of the Gen Alpha travel trend (MMGY)
- Gen Z is the first generation to have constant access to the internet, connected devices, and social media since they were born. This has shaped their perception of the world as a seamless blend of physical and digital experiences, where offline and online information are seamlessly integrated for entertainment, communication, and commerce (YouGov)
- Gen Z puts more weight in online reviews (YouGov)
- Use of Google as the place to begin travel planning has decreased among Gen Z and younger millennials, replaced by social media - particularly Tik Tok and Instagram
  - Keep an eye on U.S. regulations of Tik Tok
- Gen Z is more likely to follow a social media influencer – 88% of Gen Z compared to 47% of adults older than 25 (YouGov)

### Business

- Remote work poses a challenge to team bonding and collaboration - to help with this, companies are organizing trips with the purpose of strengthening relationships
  - DMOs should consider promoting the destination as a venue for professional events and team-building activities to improve employee satisfaction, foster company loyalty, and stimulate creativity (Smart Destination)
- “Hush” trips will be more popular than the digital nomad (Forbes)
  - Hush trips are remote workers heading to a destination for a week or two
  - These trips allow remote workers to combine work and leisure, allowing them to experience a new destination while still fulfilling work commitments
  - These trips also provide a refreshing change of scenery and break from the monotony of working from home. (Houst)
  - To appeal to business travelers, provide private spaces for calls or meetings, desks with access to natural light and power outlets, and special packages such as afternoon coffee or smoothies to combat mid-afternoon fatigue. Get creative and think about what amenities and services will make your destination attractive to business travelers (MMGY)



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### Technology

- The utility of artificial intelligence (AI) will increase dramatically
  - AI will not replace people, but people using AI will replace people not using AI
  - The value of humans will shift from making documents, designs, etc. to telling the AI tools to make them for you and then updating as you see fit rewarding creativity and reducing the tactical grind
- There is an increased appetite among domestic and international visitors to virtually visit a destination that they would like to visit in real life via Augmented Reality, the Metaverse, etc. (YouGov)
  - The online world can be used by the real world as a “try before you buy” platform (Amadeus)
    - Lesson from consumer goods marketing: Letting people try a brand is the best way to speed up the brand adoption process
  - A significant number of people view virtual reality and the metaverse as similar to the real world
    - In fact, many of the activities that people engage in within virtual reality and the metaverse align with their everyday lives, such as attending concerts, playing video games, shopping, watching sports, and going to the movies. (YouGov)
  - The main difference between these activities in virtual reality/the metaverse and in real life is that they can be experienced immersively while allowing people to transcend geographical boundaries (YouGov)
  - Insight: Virtual reality (VR) is expected to play a role in promoting travel, rather than replacing it. Apple's upcoming VR/augmented reality (AR) headset, set to launch in 2023, is expected to be a game changer.