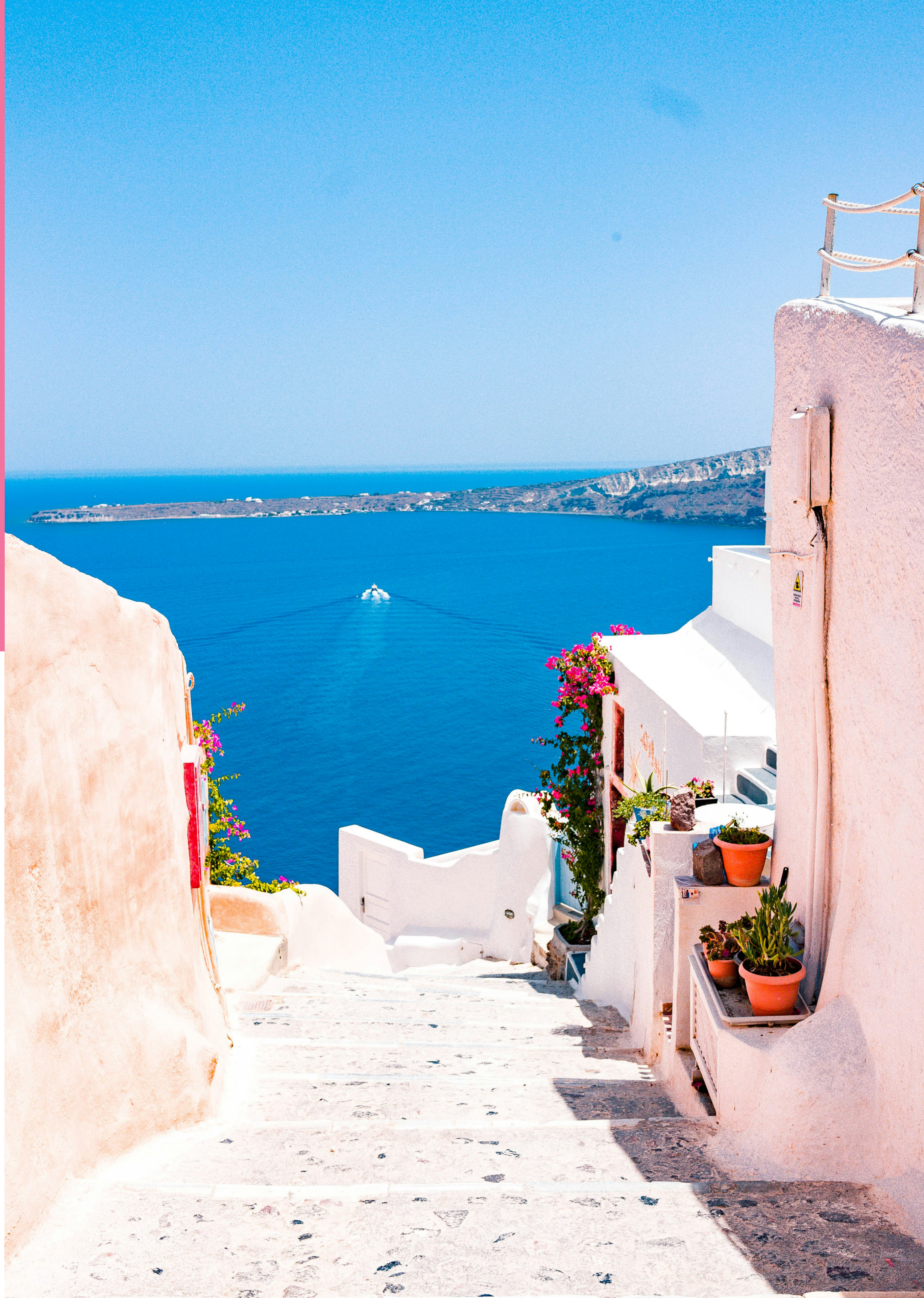
Traveling the Great Divide

The Polarizing Behaviors of Travelers in 2024

plus company



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We have wanderlust, and we're not ashamed to admit it.

In fact, we will shout it from the rooftops: We LOVE travel.

But we're not just talking about satisfying our own personal appetite for experiencing the near and the far—no, we like to get right in and unpack it as though it were a zip-busting suitcase of a Gen Z influencer just returned from a month remote working in Ubud.

Being as fascinated as we are in the matter, it is fair to say that we spend a lot of our time with our heads in the data, having a good old rummage through the who's, what's, when's, how's and why's.

And there's plenty out there; trend upon trend report, statistic upon statistic, all promising to let us in on the hottest fad, trajectory, and hashtag to elevate our product and reshape our marketing strategies.

Spoiler alert: That's not what this is. This is not just another trends report. No, because we like to take things a step further. To read between the lines. **Not the 'what is', but the 'what if'...**

When looking at a single data point, or reading a statistic based on an 'average', it is so easy to end up with a misleading narrative. We believe in breaking the data down to look at the detail and then taking a step back to see the bigger picture. At Plus Company we see into the white space beyond the trends, and we believe the nuggets of gold can be found in the nuance.

Crunching through the stats on the most significant travel and tourism trends for 2024, a rather curious pattern emerges.

So many of the trends we're seeing appear to contradict each other – or are at the very least - juxtaposed. To be more specific, they suggest we are seeing a polarization of trends in the travel space; Two unrelated trends, which, if they are both true, then what - we ask - is happening to the space in the middle? And more importantly, what does this mean for your product and brand?

Take a seat and travel with us as we take you through some of our most intriguing pairings...

Trend 1

The Metamorphosis Of Travel Groups

Group travel bookings have increased by

18%

since 2022, according to travel tech platform Amadeus

meanwhile

72%

of women in Canada and the U.S. say they like to take trips solo. The same percentage say they plan to travel solo more than, or the same as in the past

Solo female travel has found her footing

Type the words 'solo female travel' into Google and you'll be rewarded with 187 million results.

In fact, the search volume for the term across all search engines has increased by 62% over the past three years[1] as a response to the increasing appetite for women traveling solo.

The stats show that women have always led the research and decision making when it comes to travel. Why then, haven't we seen more solo female travel before now?

The reasons are not that surprising: financial limitations, including gender pay gap and the higher costs associated with solo travel (65%), safety concerns, social stigma and expectations of loneliness (57%)[1] are the main things that have held women back from traveling solo.

So, why the change now?

The pandemic influenced our travel behaviors on so many levels. Increased childcare and home responsibilities, as well as the breakdown of relationships compounded by difficult times, pushed some women close to a breaking point. From the ashes emerged a new wave of determination for women to live life as they choose, and now more than ever the opportunity for greater financial independence makes solo travel more achievable.

With social media enabling more and better connection, fears around safety have been somewhat mitigated. Furthermore, the increase in opportunities to join micro-communities focused on a specific interest or lifestyle all contribute to breaking down barriers, making solo female travel feel accessible to the many, not just the few.

As the barriers diminish, the motivation for travel gains strength.

Women choose solo travel first and foremost for the freedom and flexibility (87%)[1] it affords them. They can be fluid and spontaneous and move around as much or as little as they choose…and yes, change their minds at the drop of their hat if the urge takes them.

It's an opportunity to leave domestic responsibility where it belongs (83%), relax, take time out for the things that really matter to them (79%), and find their tribe. Whilst solo female travel is driven largely by the 45+ age group (81%), travel is a positive way for women of all ages to challenge themselves (76%) and make their dreams reality. It is no coincidence that we are also seeing a correlation between solo female travel and transformational travel, where deepening connections with ourselves and the world around us are primary motivators, as this trend is also driven by female travelers aged 45 and above.

From the ashes emerged a new wave of determination for women to live life as they choose, and now more than ever **the opportunity for greater financial independence makes solo travel more achievable.**

It's clear from the data that the solo female travel revolution is set to gain momentum; In a Plus Company survey powered by Angus Reid, we found that 72% of North American women say they like to take trips solo and the same percentage plan to travel solo more than, or the same as in the past[2]. The industry is finally responding by starting to waive or reduce the single supplement fees[3], which have made solo travel feel stigmatized for so long. While we see solo travel increasing overall, it's women who are seizing the opportunity.

72%

of US women say that they take trips solo, and the same percentage plan to travel solo more than or the same as in the past[2]

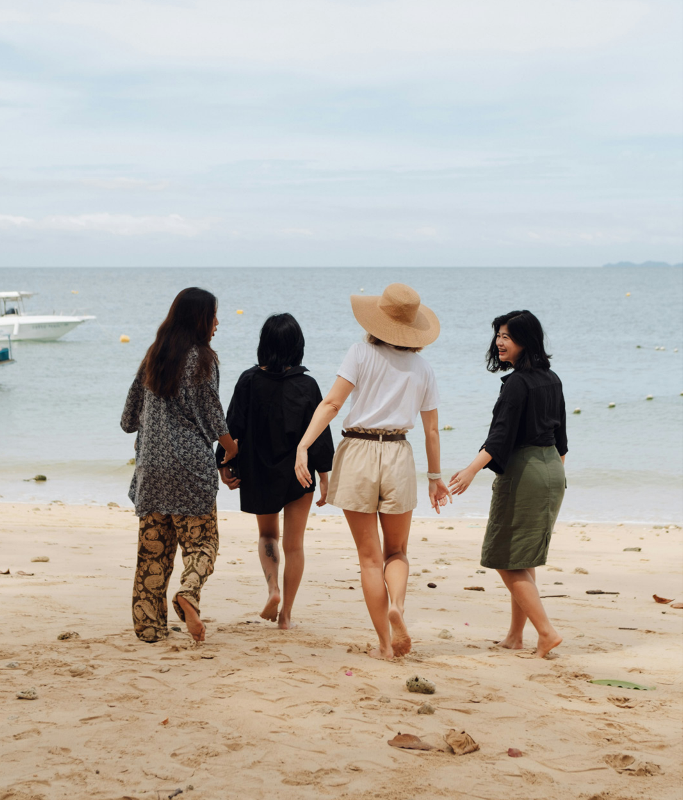
18%

Group travel bookings have increased since 2022, according to travel tech platform, Amadeus

Group trips are making big gains

As the travel world begins to act with more fervor in response to the growth of solo travel, contrastingly we're seeing increased interest in group travel too, also triggered in part by the Pandemic. The prolonged period of lockdown isolation not only drove some apart, it also stoked a burning desire in us to reconnect with our loved ones and revel in the joy of the crowd - and when the flood gates finally opened and the masks were lifted, we were ready!

According to a Plus Company survey by Angus Reid, 18% of the North American population says it is 'planning to travel in a group with family / friends more this year than in the past'[2].



The data skews higher (24%) for 18-34 year olds, and (23%) for higher income brackets (over $100,000 USD household income).

"Group trips have become gamified to mix things up, and make the planning as fun as the trip itself. There are TikTok trends of families 'pitching' the next group vacation, complete with a drink pairing, appetizer and powerpoint presentations from each family member. In other cases, friends drop names of destinations into a hat, and whatever is picked last becomes the destination of choice," says Anna Rainwater, Group Strategy Director at Mekanism.

Luxury tour operator Black Tomato has coined this trend of travel in larger groups, 'Group Therapy' – after noticing that holiday bookings for eight or more people increased by 35%, accounting for almost a third of all their holiday bookings.

Looking at data for accommodation bookings is the giveaway.

For LHW (The Leading Hotels of the World), "group bookings of three rooms or more grew 33% in 2023 from the previous year", and similarly, for travel technology platform Amadeus, group travel bookings have increased by 18%[4]." Research by YouGov into the global market cements this trend with their findings that 13% traveled with a wider group of family members and friends in the last 12 months[5]. In response, Airbnb lifted its maximum of 16 guests policy and has now upped its offering of larger, villa-style homes to accommodate groups of more than 10.

For all the virtues and cost economies of large group holidays, in practice they can be fraught with tension.

With more opinions to contend with and a wider variety of preferences to satisfy, finding something to suit all can be a minefield. Trying to organize group excursions may just leave you in need of another holiday (probably a solo female trip)! Because of this, the priority is procuring accommodation spacious and comfortable enough for everyone to hang out, relax and eat together, with options for no-hassle day trips in the local area.

By their nature, these holidays are likely to be more sedentary, i.e., once we're there, we're not moving! Luckily, for those without the benefit of a premium concierge service, help is at hand from brands like Virgin Holidays and WhatsApp who have picked up on this unmet need and offer helpful tips on navigating unwieldy, demanding travel groups.

One thing the evidence above alludes to, but doesn't state explicitly, is that this trend is driven by affluents. "YouGov's survey suggests that travel with friends and family will be even more important for affluent travelers over the next 12 months. Furthermore, the trend is set on a path of continued growth, with 23% of affluent travelers planning to take a trip with friends / family over the months, compared with the 18% who did so during the previous year [4]."

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of the US population says it is 'planning to travel in a group with family / friends more this year than in the past'[2].

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Anna Rainwater
Group Strategy Director
Mekanism

If solo travel and large groups are moving the needle in opposite directions, what does that mean for the space in between?

Here we are with two opposing trends: on one hand, we have a significant increase in solo female travel (and solo travel overall), and on the other, a growing interest in travel in larger groups.

Are people taking more trips overall to drive this change, or is there cannibalization of holiday types somewhere along the spectrum? What is not yet clear, is how this will affect the shape of travel group size across the global market. What will these shifts mean for the industry? Who will they affect the most – and how will brands need to modify their products and communications to stay relevant and appealing into the future?

Brands with the capability to be malleable and responsive to changing requirements will reap rewards, here. We've already seen Airbnb diversify its product and adapt its marketing strategy without moving away from the brand's core values or personality. The 2023 'Rooms' campaign promoted private rooms in hosted accommodation.

Given that the majority of Airbnb hosts are women over 60, the campaign will likely resonate with solo female travelers who desire an authentic cultural experience, a safe haven and the potential for community – all for great value for money. To satisfy the large group bookings, Airbnb has also increased its offering of larger villa-style self-catering accommodation, thereby flexing to accommodate both ends of this travel spectrum.

Organizations like Twin City and Kindred which operate in the facilitation of Home Swapping, will likely also enjoy a surge in business – with the ability to cater to travel groups of all shapes and sizes and to flex according to shifts in demand. We're already seeing platforms like TikTok jumping on this emerging trend, with hashtags such as #houseswap and #homeswap each having amassed over 20 million views.

Hotel brands may not have the ability to be quite so adaptable when it comes to satisfying solo travelers as well as large groups. Meeting these changing needs will require a more creative approach – strengthening ties with local communities, offering cultural experiences in the local area, and helping to make the non-package holiday as seamless as possible.

There are increasing occasions to celebrate - especially made up ones. It's not ONLY honeymoons, but baby moons (before giving birth), mini moons (small trip as a honeymoon before a big trip) etc. We're creating life occasions to celebrate vs wait for those big traditional moments to grant us permission.

Bid farewell to the traditional couple's Honeymoon, and usher in the Alonemoon and Buddymoon!

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Trend 2

Short or Long — The Changing Shape Of Trip Duration

52%

of North Americans **intend to take mini-breaks** in 2024, vs. 45% in 2022

meanwhile

Travelers are **taking longer trips** – a trend set to increase by

10% year-over-year

Short, but so very sweet

Dive into a few travel trends reports and you'll likely see the terms 'Micro-tripping', 'Set-jetting' and 'Gig-tripping' pop-up. These all refer to trips of up to 4 nights based around a specific event. Whether it be a trip to see Billie Eilish, the San Domenico Palace in Sicily to recreate your favorite scenes from White Lotus, or a long-awaited birthday jaunt to the two Michelin starred Pujol in Mexico City that you've been salivating over in blog posts since 2019 (around the same time that their latest batch of Mole was created), the micro-trip is in its heyday, and the data is plain to see.

Ben Phillips tells us that in his role as Group Strategy Director at Mekanism in New York City, it's crucial to keep abreast with global trends, and he's noticed this trend gaining strength.

"We've seen research to show that people are taking shorter day or weekend trips – or getting a super early train out and a super late train back," Phillips says.

An unlikely duo to ingeniously tap into this trend is the Romanian National Association of Travel Agents and the Society of Esthetic Dentistry in Romania, which last year launched a campaign named: 'The Most Beautiful Dental Clinic in the World', capitalizing on the trend for Brits seeking cheaper and more available dental care in Romania, and taking the opportunity to promote Romania's natural beauty; 'come for the veneers, stay for the lakes!'[6]

Read on and you may notice that Gen Z is the main protagonist in this trend; "despite their youth and comparatively low income, more than half of American Gen Z adults are frequent travelers, having taken three or more leisure trips in the past year", according to data research company Morning Consult.

This is a generation for whom the numbers matter. Gen Z's display a strong desire to tick more destinations and experiences off the bucket list. For many, the greater the number of destinations, the more opportunity for content to post on social media, which in turn boosts engagement.

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"Gen Z are more into the binge and graze lifestyle, so they travel a lot but for short periods of time. They don't sit down for three square meals a day, but they graze all day long. Likewise with travel, they'll spend the year taking short hops, favoring the most Instagrammable spots."

Judikaela Auffrédou
VP, Strategy
Cossette

Short, but so very sweet (cont'd)

"Gen Z are more into the binge and graze lifestyle, so they travel a lot but for short periods of time. They don't sit down for three square meals a day, but they graze all day long. Likewise with travel, they'll spend the year taking short hops, favoring the most Instagrammable spots," says Judikaela Auffrédou, VP, Strategy at Cossette.

But there's something else... something deeper that may also be influencing the trend toward shorter and more local, and further away from adventure and exploration.

Mekanism's Ben Phillips has an idea of what might be driving this.

"Gen Z is arguably the most risk averse generation. I do think that has an impact on travel—when you're thinking about more adventurous or off the beaten path destinations, if you've got a generation that's showing more attributes of risk aversion than Millennials, Gen X—then that's going to amplify that further."

This trait has been picked up by the UK national press. The Guardian writes: "They have been deemed 'generation sensible' for their focus on social issues, healthy living and drinking less alcohol. But therapists say Generation Z could miss out on a wealth of life experience due to their overly cautious attitude to taking risks."[7]

We're also seeing the trend for Micro-Jetting play out across other generations, albeit to a lesser extent and for more practical reasons, for e.g., employed U.S. travelers wanting to make the most of their limited holiday time. "In Q3 2023, 52.3% of North American residents say they intend to embark on "mini-breaks / long weekends (1-4 days)" for domestic vacations in the next 12 months. This reflects a notable increase of 6.8% compared to the reported 45.5% in 2022."

While not quite as limited in their holiday entitlement, this trend also plays out in the UK where travelers are squeezing every last drop out of their precious annual leave by chopping it into smaller pieces.

It's a theme seen across the board in the UK for some time, families ditching the traditional two week break for 2-3 mini holidays instead. And the data suggests this trend is set to continue, with 81% of UK travelers planning to take the same number, if not more trips abroad in 2024 vs 2023."[8] They have become 'multi-break Britain', taking up to six holidays every year.

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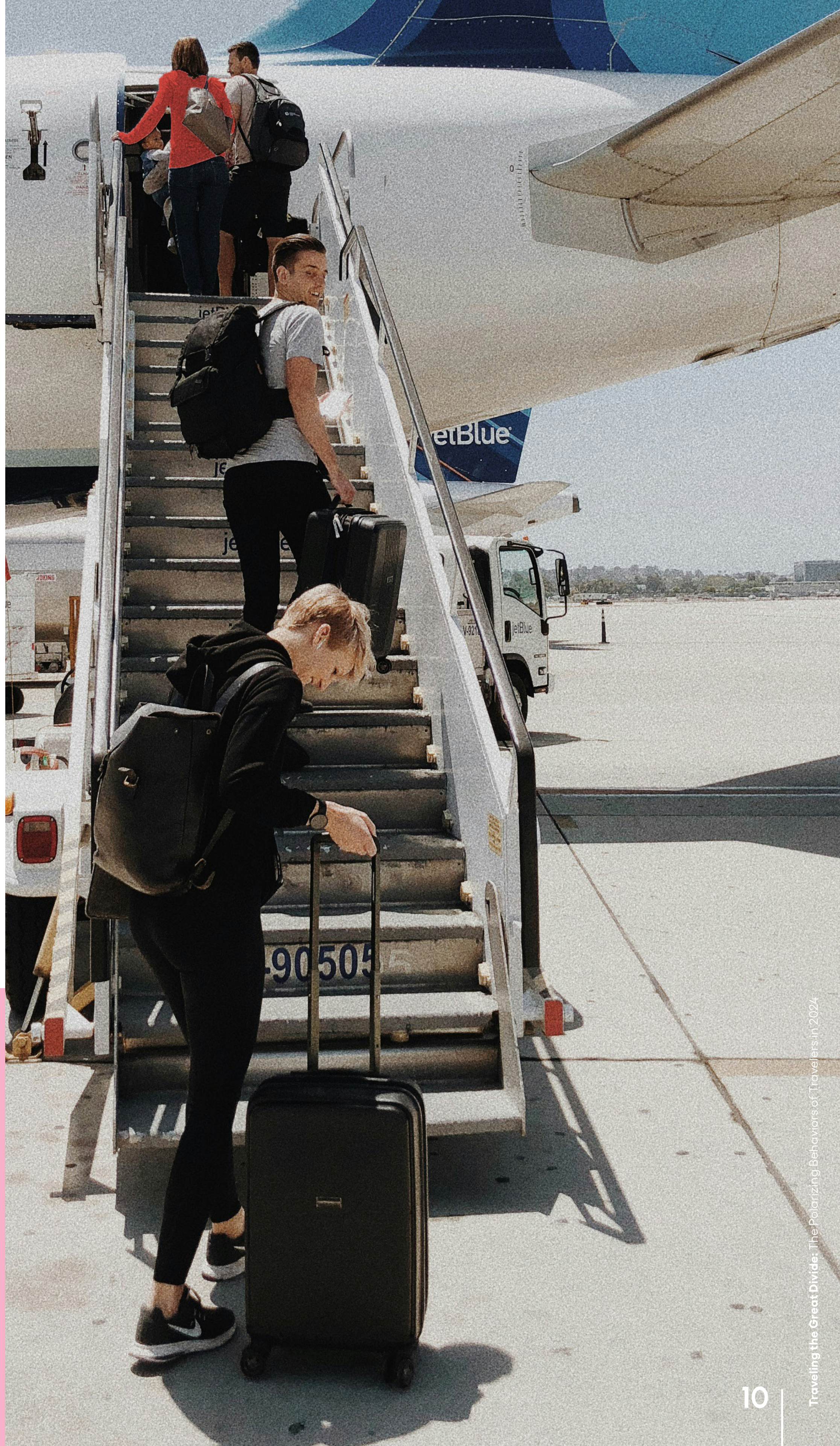

Slow and steady wins the race?

In contrast to the inclination for short and many, we are seeing an uptick in slower travel, i.e., travelers taking fewer trips for longer periods of time. This might be due to a resurgence of global travel in 2023 which is usually taken for longer periods of time.

This is a trend that is driven predominantly by Boomers with more disposable time and income, and who are intentionally traveling in a more sustainable way. For this generation, the mortgage has been paid off, the kids have flown the coop, and they can now enjoy the benefits of their hard work (not to mention the kindness shown to them by the economy).

This trend is also growing among millennials - A global YouGov poll in 2023 found that 10% of people are taking longer trips (a trend set to increase by 10% year on year in research by EHL Insights)[9], and research by Evolve states that travelers over 40 are nearly 5x as likely to book trips for longer than two weeks than younger travelers.

Aside from having the means to do so, Boomers are expressing an increased interest in cultural immersion – spending longer in places to have a more authentic experience, hosted by independent organizations and indigenous communities.

"The older travelers, who I also like to think of as being more experienced travelers, will say 'no I'm not going to do everything. I'm going to choose one experience or two experiences that are really important and meaningful for me and I'll organize a trip around those and I'll take the time and invest the money I need to do that," says Judikaela Auffrédou, VP, Strategy at Cossette.

As well as the experiences they gain from their travels, they are also keenly aware of the detrimental effects of over-tourism and are intentional about positively impacting the places they visit. 'How' they visit a destination is key. It's no secret that air and road travel are two of the biggest offenders when it comes to sustainability, meaning the opportunities for slower means of travel – train, bike, and hike, bring into focus the journey as being part of the experience, rather than purely a means to an end.

Erin Georgieff, Managing Partner at Citizen Relations in Irvine, California, and her team are tapping into this interest in slower, more sustainable travel through their work with Rocky Mountaineer – which offers luxury train journeys through the Canadian Rockies, Western Canada and the American Southwest. Rocky's world-renowned train is the best way to experience some of the most spectacular scenery North America has to offer.

"The coaches provide travelers with panoramic views of some of the most stunning landscapes you might never see otherwise. It's the majesty of the Rockies meets the comfort of luxury train travel, so it makes for a great 'soft' adventure. It's also very suitable for solo female travelers looking for reflection time, delicious locally inspired cuisine and cocktails, and an opportunity to meet other like-minded travelers all in a safe environment," Georgieff says.

According to luxury travel brand Black Tomato, 'retracing the past' is another strong theme for 2024, stemming from a renewed interest in personal and family history. Travelers are inspired to plan slower, more purposeful trips based on journeys undertaken by their predecessors.

Slowness is also aligned with a desire to build wellness into travel, addressing insomnia, anxiety, diet and much more, according to this Amex study. This year will see people choosing from a vast array of health-promoting options from breath workshops and Ayahuasca retreats, to sleep clinics and Ayurvedic workshops.

Is that slow enough for you? If not, let's talk about sleep. We know it's vital to our wellbeing, but we rarely get enough. Poor quality sleep has become such a widespread issue that people are now building their travels around good quality sleep – and the tourism industry is responding.

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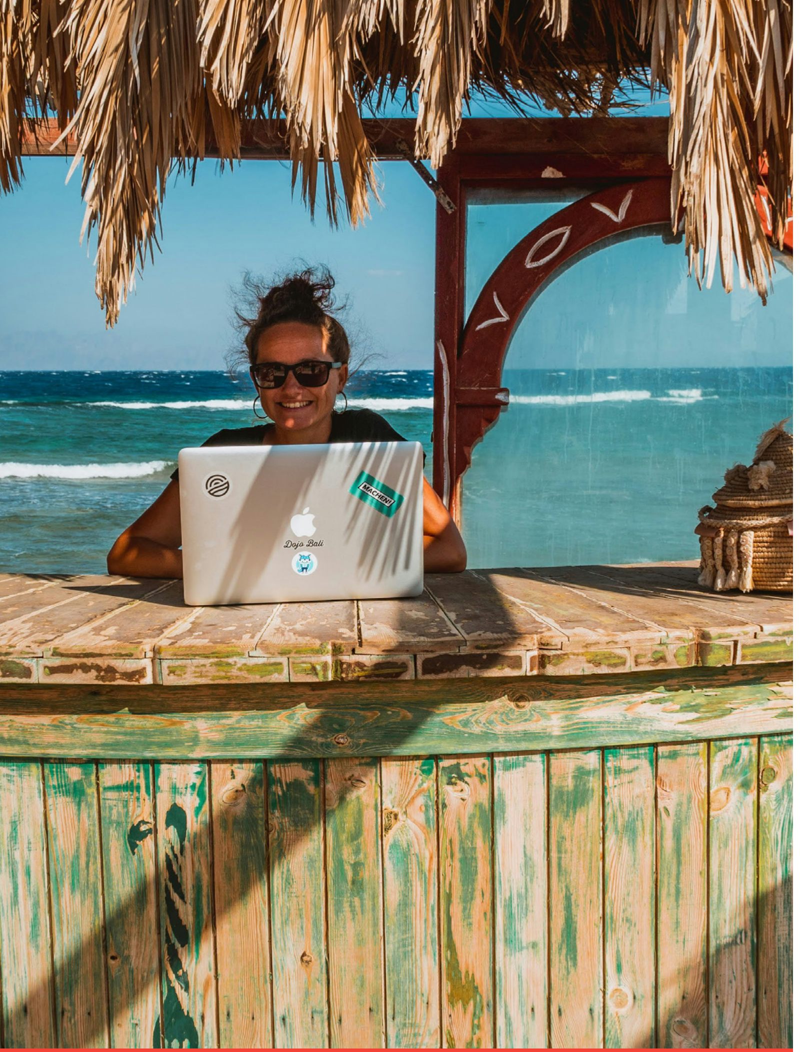


By 2035, the Digital Nomad movement is expected to reach

1 billion

So slow, we're actually horizontal.

According to research by Skyscanner, a whopping 46% of UK travelers say they're not getting the recommended 7-8 hours of sleep a night, with 20% stating they feel the need for a sleep retreat remedy in 2024. In fact, in the Hilton Travel Trends report for 2024, sleeping tops the board of UK travelers' main activities for their next holiday (33% vs 19% for Nightlife)!

As a result, Hilton is working "to match the right mattress, pillow and bedding together to create the most universally comfortable experience possible – and so, every day, we have entire teams focused on those products and partners to make sure we are delivering an exceptional experience to every guest, every time," says Amanda Al-Masri, Hilton's Vice President, Wellness.

For those who may be staying in less attentive lodgings, it's not uncommon to pack their preferred pillow to ensure a good night's sleep, with Gen Z and Millennials leading the charge as top pillow packers.[10]

Slow travel may be led by - but isn't limited to - Boomers. There is a cross-generational movement getting on board with slow travel that appears to be flying somewhat under the radar. Whilst many reports mention 'Bleisure' travel in terms of tagging a little leisure time onto a short business trip (haven't we always done that?!), workers are realizing they can achieve their travel dreams by working remotely and traveling simultaneously – and do it in a way that maximizes their income - the world is listening.

By 2035, the Digital Nomad movement is expected to reach 1bn.[11] There are now 58 countries (an increase of 37 in only three years) offering a Digital Nomad visa or equivalent to reflect this new lifestyle[12]. This cohort may travel for durations from a few weeks at a time, to indefinitely, with the earliest adopters already into their second decade on the road.

This is a lifestyle shift that has complex implications for the travel and tourism industry and beyond. The complexities faced by Nomads span from understanding and managing tax requirements when they're living away from their country of residency but continue to receive income from there, to having no fixed address to use when completing official documents.

Then there are the smaller, but still impactful frustrations of having to purchase new sim cards every time they move to a new country, or finding travel insurance that truly reflects their way of living. On the plus side, however, every new annoyance creates an opportunity to serve this growing, affluent community. Being the entrepreneurial types that they often are, the Nomad community are creating their own products and services to serve their needs, as nobody else seems to be doing so!

Will the two-week beach holiday become something to be sneered at?

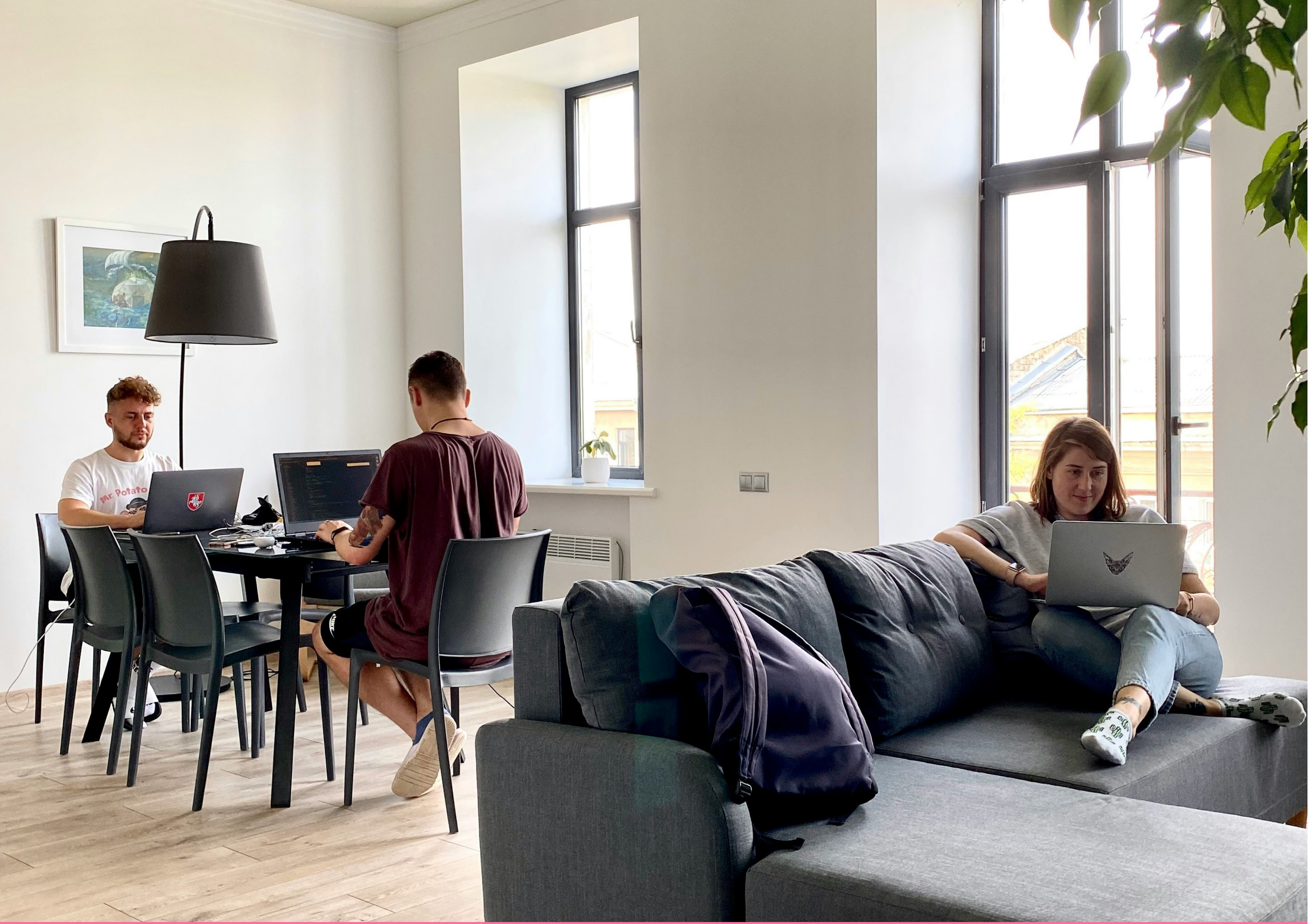
Another interesting pairing: more frequent, but shorter trips, alongside longer, less frequent trips. The questions that we're grappling with here are:

a) if these two trends persist, what will people do less of? And b) which parts of the travel and tourism industry will need to reinvent themselves to stay relevant? Could the two-week holiday become the sole domain of the young family bound by school holidays, perhaps?[13]

One possibility is that the vacation bell curve will start to flatten out, or will it diverge completely based on generation?

We may see travel become more evenly distributed throughout the year, as Micro-jettors and Slow travelers not restricted to peak seasons take advantage of cost savings and less crowded destinations. Already on the lips of the trend-savvy is the rise of the 'Shoulder Season', referring to the two months either side of the peak summer season in NA and Europe. Stretching out the season could mean consumer behaviors become less predictable – something that all those in the travel market would do well to be mindful of. It would then follow, that these behavioral changes will also affect how suppliers serve the tourism industry, including rethinking advertising creative, audience touchpoints and campaign planning.

Slower modes of transport go hand in hand with Slow Travel, and we're expecting to see greater opportunities for rail networks to promote train journeys as part of the overall experience – not to mention a great alternative for those looking to reduce their carbon footprint without sacrificing their wanderlust.



This data leads us to question, if these two trends persist, what will people do less of? And which parts of the travel and tourism industry will need to reinvent themselves to stay relevant?

So slow, we're actually horizontal (cont'd)

As more people blend work and travel in a sustainable way, it paves the way for less conventional accommodation, such as Coliving spaces, which provide homely lodging, communities and networks for people on a short- or long-term basis, often with a range of options to suit all budgets. Such spaces that incorporate areas dedicated to work and socializing are fast becoming a popular alternative to more traditional travel accommodations.

Selina, one of the larger and more commercialized players in the Coliving space, promises to provide its guests with "beautiful places to stay, travel, and work abroad indefinitely." They say they use their "in-depth local knowledge to create thousands of authentic activities and experiences in over 110 destinations worldwide. From the heart of urban cities to the depth of the Amazon Jungle, we put our heart, soul, and wanderlust into providing forever-travelers, break-takers, and staycaters with a new and exciting way to explore the world."[14]

For Nomads who lust after a more low-key home from home, independent spaces such as Nine Coliving, situated in the heart of the historical center of Tenerife provides guests with weekly Family Dinners, yoga on the roof at sunrise, 'lunch and learn' sessions, surf lessons and walks with the residential rescue 'caNine', Lara.

Home Swapping is also popular with Digital Nomads, many of whom crave the feeling of home after months or years on the road. Noad is a Home Swapping platform catering exclusively for remote workers, where users have the option to build up credits which can then be used to pay for their stays.

With the right pricing structure in place, alternative dwellings such as these we have discussed above may start to steal share from more traditional travel accommodations.

Could the two-week holiday become the sole domain of the young family bound by school holidays, perhaps?[13]

Trend 3

The Travel Budget Juxtaposition

79%

of more than 2000 respondents in the U.S. and Canada 'generally travel as cheaply as possible'

meanwhile

36%

of older US Millennials and Gen X in the U.S. and Canada (35-54) are happy to splurge on accommodation, in particular

The pressure on our wallets is real

It's a universal truth that the last few years have hit our wallets hard. Due to the rising costs of living, many of us have had to adjust our lifestyles and reassess our priorities.

Luxuries, including fashion and even tech have been temporarily canceled, but even in tough times like these, we're not prepared to relinquish every one of our treats. If the Pandemic taught us anything, it's that little pleasures make a big difference to our wellbeing. What brings Tom pleasure might not be the same for Taylor, but it appears there's one area we almost all agree on: travel. This is why the data that at first glance seems counter-intuitive, actually makes a lot of sense: we are willing to forgo material possessions to protect our experiences.

What brings Tom pleasure might not be the same for Taylor, but it appears there's one area we almost all agree on: travel.

The financial strain, however, remains front of mind and money-saving tools continue to gain in popularity. Skyscanner's 'Everywhere' search, displaying prices "from the lowest to highest from airports to global destinations, is the top search destination (on the site) for travelers globally this year"[8], demonstrating that cost is the key determining factor for the majority, and that travelers are "willing to economize by picking a destination where their currency will buy more (36%)."[8]

Cheap matters, but so does expensive travel—so much so that some are willing to go into debt. This is reinforced in Plus Company's research in 2024[2], where 79% of more than 2000 respondents in the U.S. and Canada (87% 18-34 yr olds) stated they 'generally travel as cheaply as possible', and 19% say they're 'sometimes willing to go into debt for traveling'[2].

Our key take-away from the wealth of data available on spending habits, is not that consumers are unwilling to spend on travel, but that they are savvier than ever before. They have their eyes on the prize and are determined to find their way to it. They can choose from a variety of financial options, including: 'Buy Now Pay Later', paying in installments, using credit earned through loyalty rewards, whacking it on the credit card and worrying about it later (otherwise known as the head in the sand approach), and cutting costs elsewhere to funnel their finances into travel.

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are willing to economize by picking a destination where their currency will buy more.[8]

19% are willing to 'sometimes go into debt for travel.'

The pressure on our wallets is real (cont'd)

"We recently launched a campaign for Alaska Airlines, highlighting those premium touches that Next Gen desire speaking to the travel lifestyle they embody. When travel is an identity, it's not just about getting somewhere A-B, but about the overall experience of the trip."

Anna Rainwater,
Group Strategy Director
Mekanism

47%

Of Next Gen (millennials and Gen Z combined) have planned an entire trip around visiting a specific restaurant

The savviest among us are jumping on the trend of 'Destination Duping', where travelers explore lesser-known alternatives to the world's more familiar hotspots. Think: Choquequirao instead of Machu Picchu – equally impressive, much less crowded, easier on the wallet, and... (listen up if you're a Gen Z) ...massive 'discovery' kudos for all those social media hustlers out there.

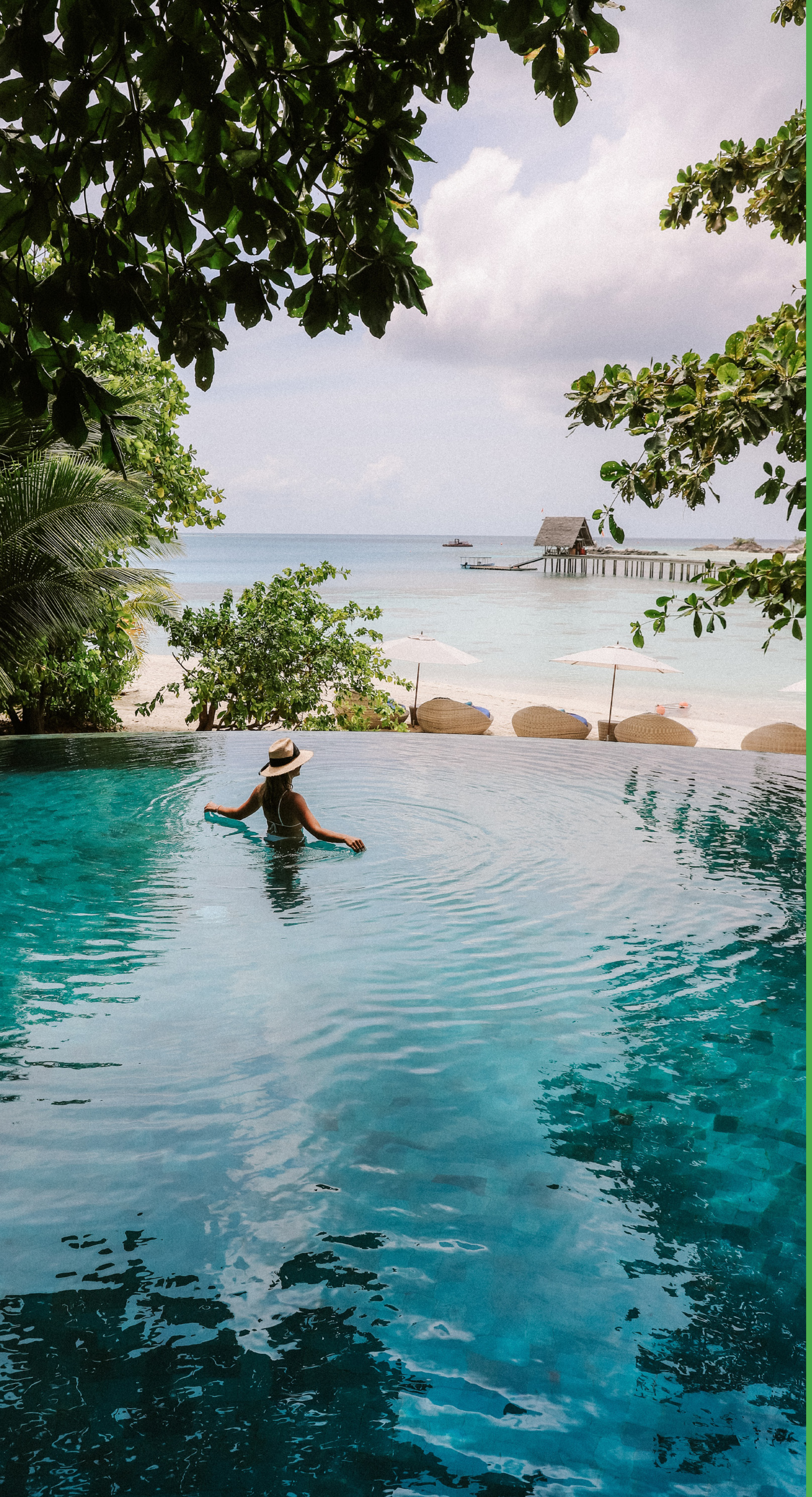
Another popular route is the 'mix and match' approach to curating a vacation – borrowing from the fashion industry where one might say team a Chanel clutch bag with a Primark shift and vintage mules from eBay. We also like to think of this as the 'tapas' vs the 'set menu' approach. Travelers will save in certain areas to splurge in others that matter more to them, like stay in a hostel to splurge at an Instagrammable restaurant, or eat at hole in the wall restaurants in order to fly comfortably in business class for a long haul flight."

In fact, according to American Express, 47% of Next Gen (Gen Z & Millennials combined) have planned an entire trip around visiting a specific restaurant[15], and 81% believe that trying local foods is the best part of a trip. Essentially, they're willing to do more of the work themselves to maximize their budgets. With all the information available online and a multitude of competitive booking options at their fingertips, it makes sense. In fact, a study by Visa in 2023 states "More than half of travelers are booking the elements of their trips separately, while far less than a quarter of them are opting for all-inclusive trips."[16]

This behavior is echoed by Caroline Khangi, Trends & Foresight Expert at Cossette: "People are finding super creative ways to keep on traveling. They might want to experience this crazy, over the top Mamma Mia experience in London, so, if the price is really high then they are going to book a really cheap hotel for three days. This mix and match is super important for all travel and tourism businesses to consider, because if they only offer luxury or if they only offer economy they're not going to hit that sweet spot."

Millennials and Gen Zers don't just want to travel, they want to travel well. Travelers are willing to pay for extra for perks that elevate their trip, like airport lounges, premium food and beverage, flight seat legroom, and accommodations with pools and pet friendly options, and they'll sacrifice elsewhere in their budgets to make this happen (i.e. among Gen Z, food, fashion, and tech spending was down while travel spending was up 60% in 2022).

"We recently launched a campaign for Alaska Airlines, highlighting those premium touches that Next Gen desire speaking to the travel lifestyle they embody. When travel is an identity, it's not just about getting somewhere A-B, but about the overall experience of the trip," says Anna Rainwater, Group Strategy Director at Mekanism.



40%

of travelers booking hotels are opting for 4 stars or above[17]

36%

of Gen Z and Young Millennials are happy to splurge on accommodation

17%

of higher-income households prefer to upgrade to first-class clights, compared to 12% of travelers[2]

36%

of Gen Z and Young Millennials say they 'look for the best experiences I can have while travelling, and don't care about the costs'

High-end travel is in high demand

With all the strains on our finances and efforts to travel more cost effectively, it may seem surprising that the luxury end of the travel market is enjoying what looks to be a sustained period of growth. Research by LinkedIn in 2024 predicts the value of the global luxury travel market will rise at a considerable rate across the board from now until 2031[17], however, it's not immediately obvious who or what is responsible for driving this growth, because how people spend their travel budgets varies widely across customer segments.

The desire to splurge on travel extras appears to be intergenerational.

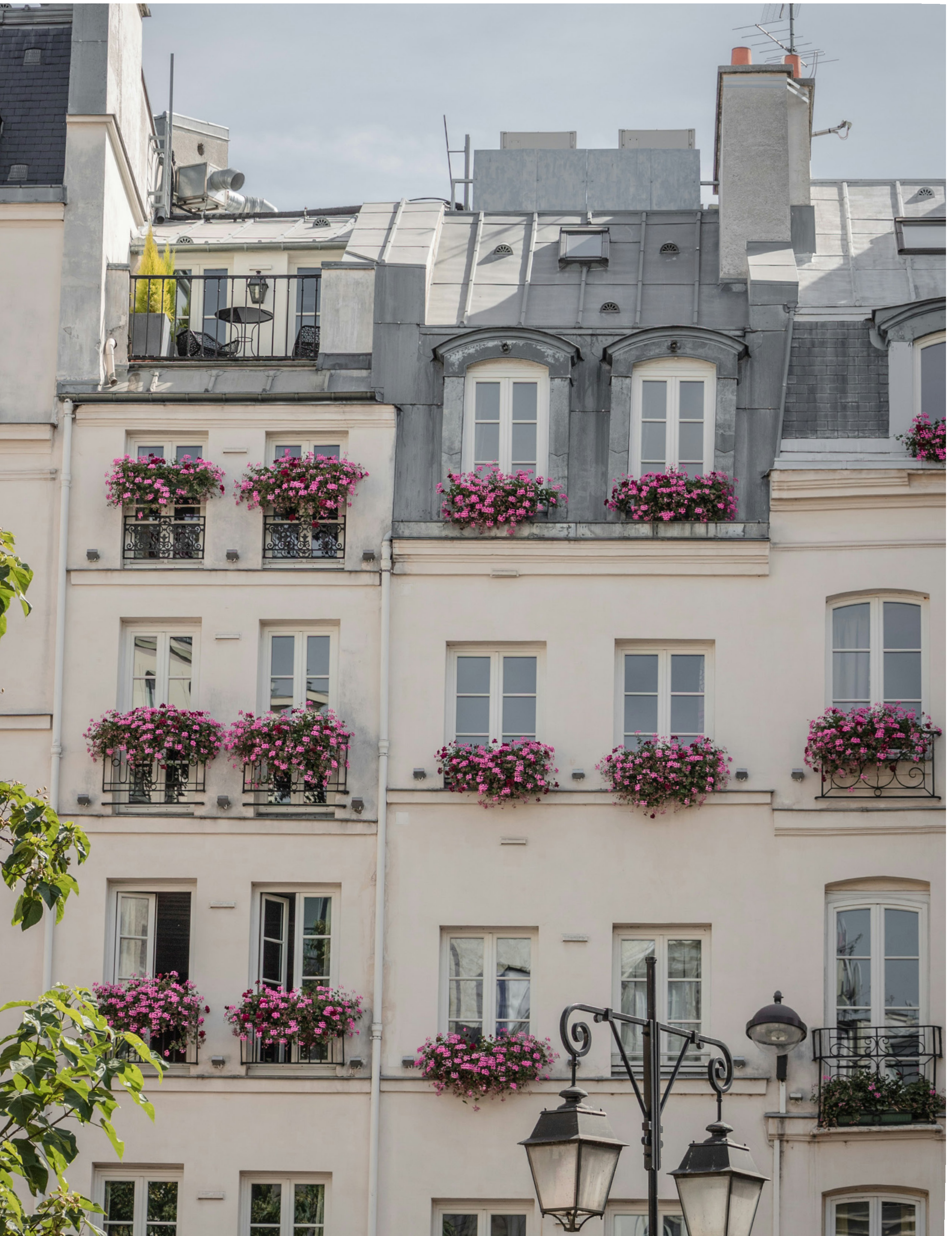
For some, it's about knowing you have somewhere super comfortable and stylish to stay, with excellent service. 36% of Older Millennials and Gen X (35-60) are happy to splurge on accommodation, in particular. This is in line with Visa's research that 40% of travelers booking hotels are opting for 4 stars or above[17].

Contrastingly, higher income households (USD $100k+) prefer to spend more of their travel budget on premium transportation, e.g., upgrading to first class flights (17% Vs 12%)[2]. It's not all about physical comfort though. The data gets even more interesting when we look at where other supplemented spending on transportation is allocated: choosing seats (32%), buying extra insurance (31%) and adding extra baggage (30%) – all of which bestow more emotional comfort by enabling travelers to feel more in control of their journey.

What's more, the areas of the industry expected to enjoy the greatest growth are quite diverse: Customized & Private Vacation, Adventure & Safari, Cruise / Ship Expedition, Small Group Journey, Celebration & Special Event and Culinary Travel & Shopping. Conspicuous by its absence, does this suggest that beach holidays are falling out of favor, or is the beach becoming less of a focal point of the holiday?

Having dug deep into our data tote and looking around, we have reached the conclusion that while we all like to incorporate some element of luxury into our travels, the younger affluents take most of the credit for this trend. In fact, 36% Gen Z / young Millennials (18-34) say they 'look for the best experiences I can have while traveling, and don't worry about the costs'.

Making sense of these juxtapositions and how the Travel & Tourism industry can respond



Perhaps there is less tension between these two trends than initially thought. The key to understanding the relationship between them is to look through a more emotional lens than a rational one. Travel (leisure travel) is, after all, about fulfilling our desires.

For the middle-income earners — feeling financially stretched, but not prepared to give up traveling, it's about making the most of the budget that's available. Saving on the things that matter less and spending more on the things that mean the most — it's worth putting in the work to find the best deals and hacks.

As we've already discussed, this looks like more modular travel, more tips and tricks learned from social media influencers, and, importantly, choosing the brands that demonstrate understanding of this complex relationship between wealth and travel.

Alaska Airlines is one brand who's done its due diligence here; it understands which customer segments are happy to spend / save on different touchpoints in the customer journey and this insight is activated through its customer loyalty program, which, by the way, is one of the most generous in the world.

Our advice: don't be scared to get closer to your customers. Don't limit your knowledge to their spending habits. Understand who is driven by fear (and what you can do to alleviate it), and who is driven by desire (and what you can do to fulfill it).

We're aware that we haven't talked much about tech in this piece, because, again, we're not here to reinvent the wheel, but we wouldn't be doing our job properly if we didn't pay homage to the massive value of AI in helping to better understand consumer behaviors.

For the 'young affluents', (in particular those who have no ties to a particular place), the opportunities really are endless. They decide how they want to live and can afford to choose.

Working remotely means making their (already substantial) income go even further, by earning in places with a high standard of living, and living in places with lower costs, thereby living a life of luxury that their parents could only dream of. The implications here are that many high-end brands will need to rethink their marketing to target younger audiences.

Summary

What does it all really mean?

In the fast-paced world of travel and tourism, we may have left it a little later than most to air our views on this year's trends. Perhaps though, the valuable insight gained from mulling things over in a style more akin to Slow Travel than Micro-Jetting will yield sustainable results.

By and large, the world has moved beyond the post-pandemic 'Revenge Travel' era but along with our newfound respect for the freedom to travel are mental and behavioral shifts that go way deeper; some of these changes are going to stick.

As we've highlighted in this report, category experience is pulling in opposite directions.

If this polarization of trends persists, travel players will need to make a strategic and conscious choice to either invest in diversification or servicing a niche. Central to this will be having the foresight to distinguish between the fads (Micro-Jetting?), the true trends (Sustainability, Modular travel) and the paradigm shifts (Digital Nomadism).

We may not have mentioned it explicitly, but it's fair to say that 'Hyper-personalization' is the golden thread that weaves throughout this narrative.

The industry front-runners will be those who recognize this and prioritize adaptability, proactivity and customer-insight. The ability to flex to changing needs will be facilitated by the tech platforms that can predict our behaviors further into the future than we are able to see.

> "Travel and Tourism is having a reality check, as **the allure of pixel-perfect, destination content is being eclipsed** by a demand for more nuanced and diverse perspectives on the **unfiltered reality of travel.**"

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